

Valley Rural Electric Cooperative, Inc.

A Touchstone Energy® Cooperative 



One of 14 electric cooperatives serving Pennsylvania and New Jersey

VALLEY RURAL ELECTRIC COOPERATIVE, INC.

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BOARD OF DIRECTORS

James Stauffer
Chairman
Allegheny Director

Leroy Barnes
Vice Chairman
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Cindy Bigelow
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Gregory Henry
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Kenneth Soder
Kevin States
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Corporate Office Hours
Monday - Thursday
7 a.m. - 5:30 p.m.

Huntingdon/Martinsburg/Shade Gap

Office Hours
Monday - Thursday
7 a.m. - 5:30 p.m.

Outages & Emergencies
1-800-432-0680

The Valley difference



WHEN PEOPLE ASK ME WHERE I work, and I tell them Valley Rural Electric Cooperative (REC), you can tell right away those who are familiar with cooperatives and those who have never been a member of one.

For those people who aren't familiar with cooperatives, the first question I get is, "So what is the big difference? You are just a power company."

I love explaining to them the benefits of being a member-owner versus a customer with those other guys. You have a voice at Valley, and our No. 1 goal is to adjust to the needs of our membership and provide the best possible service at the lowest possible cost. We truly live by that motto, and we are always looking to improve our system to increase our reliability while monitoring every job to ensure we are doing it at the lowest possible cost.

One of the biggest advantages of being a cooperative member is the return of capital credits. The best way to describe capital credits is that any margin we make throughout the year is proportionally allocated back to those who used the energy. Valley REC is a "not-for-profit" company, which means we must return those margins to you, our members.

Most of you have seen this on your December bill each year as a credit, and I am happy to report the board has authorized the return of almost \$2.4 million to the membership this month. This amount will pay back all the margins from 1995 and most of 1996, plus half the margins owed to you for 2021. The board knows it is extremely important to get these margins back in the hands of those who provided them. This method of payback seems to be working out extremely well, and almost all members will receive some type of credit on their bill. This benefit only adds to the advantage of being a cooperative member-owner.

We understand it is tough out there, with several factors that seemed to hit all at the same time and are causing chaos throughout the world. The war in Ukraine, pandemic-driven supply chain disruptions, skyrocketing natural gas prices and government policy changes have fueled inflationary pressures and cost increases in almost every industry in the world.

From the gas pump to the grocery store, we've seen costs continue to rise on almost every item we purchase daily. These pressures have caused electric generation to see one of the largest jumps in the past 30 years. Though we were able to keep our costs down for all of 2022, the estimated wholesale power costs for 2023 are through the roof. We are working diligently to keep them as low as we possibly can, but it is very likely we will have to increase our rates for 2023. While we aren't 100% sure what that increase will be, be assured that we are exhausting all resources to make it as minimal as possible. Once we have all the costs, we will be able to give you more detailed figures in the next issue of *Penn Lines*.

I hope you all had a wonderful Thanksgiving, and for those of you who hunt, I hope you had some luck in the woods. If you have any questions, comments or suggestions, please feel free to contact me any time. Take care and God bless. 🙏

RICH BAUER
PRESIDENT & CEO

Putting money back into your pockets

Valley Rural Electric Cooperative retires almost \$2.4 million to members

IT'S TIME FOR YOU TO get the credit — capital credits, that is — for helping build, sustain and grow your local electric cooperative. This December, Valley Rural Electric Cooperative (REC) will be returning — or paying by check or credit — almost \$2.4 million to members like you served by the co-op.

When you signed up to receive electric service from Valley REC, you became a member of an electric cooperative. While investor-owned utilities return a portion of any profits to their shareholders, electric co-ops operate on a not-for-profit basis. Instead of returning leftover funds, known as margins, to folks who might not live in the same region or even the same state as you do, the co-op allocates and periodically retires capital credits (also called patronage dividends, patronage refunds or equity capital) to its members based on how much electricity they purchased during the year.

Any margins we made throughout the year are allocated and returned to those who were members at the time. Most of you have seen this on your December bill each year as a credit, and your board has authorized the return of \$2.4 million to the membership. This amount will pay back all the margins from 1995 and a portion of those for 1996 and 2021.

Common capital credits questions

What are capital credits?

An electric cooperative operates on an at-cost basis by annually allocating to each member, based on the member's purchase of electricity, operating revenue at the end of the year. Later, as financial conditions permit, these allocated amounts, called capital



credits, are retired. Capital credits represent the most significant source of equity of Valley REC. Since a cooperative's members are also the people the co-op serves, capital credits reflect each member's ownership in, and contribution of capital to, the cooperative. This differs from the dividends investor-owned utilities pay shareholders, who may or may not be customers of the utility.

Where does the money come from?

Member-owned, not-for-profit electric co-ops set rates to generate enough money to pay operating costs, make payments on any loans and build an emergency reserve. At the end of each year, we subtract operating expenses from the operating revenues collected during the year. The balance is called operating "margins."

How are margins allocated?

Margins are allocated to members as capital credits based on their purchases from the cooperative — or how much power the member used. Member purchases may also be called patronage.

Are capital credits retired every year?

Each year, the Valley REC Board of Directors decides whether to retire capital credits based on the financial

health of the cooperative. During some years, the co-op may experience high growth in the number of new accounts, or severe storms may result in the need to spend additional funds to repair lines. These and other events might increase costs and decrease member equity, causing the board not to retire capital credits. For this reason, Valley's ability to retire capital credits reflects the cooperative's strength and financial stability. The board alone decides whether to retire capital credits.


How often do members receive capital credits retirement?

The Valley REC Board of Directors determines in the fall of each year whether to retire capital credits. When the cooperative is strong enough financially and member equity levels are high enough, the board directs staff to retire some portion of the past years' capital credits.

What if I have moved?

If you move or no longer have electric service with Valley REC, it is important that you inform the cooperative of your current address so that future retirements can be properly mailed to you. If you purchased electricity during the years being retired, then you are entitled to a capital credits retirement, even if you have moved out of the cooperative's service area. If the cooperative has your current address, then Valley REC will send your retirement check by mail.

Your representatives on Valley's board of directors are pleased the co-op enjoys the financial stability to permit the return of capital credits to its members.

If you have any questions or concerns about capital credits, please call us at 800-432-0680. 

Be prepared for winter storms

Storm preparation helps you weather winter storms

WHEN WINTER TEMPERATURES drop and storms hit, it can be challenging to stay safe and warm. Winter storm severity varies depending on where you live, but many Americans are affected by extreme winter storms at some point. Valley Rural Electric Cooperative (REC) cares about your safety, and we want you to be prepared.

Heavy snow and ice can lead to downed power lines, leaving co-op members without power. During extremely low temperatures, this can be dangerous.

During a power outage, our crews will continue to work as quickly and safely as possible to restore power, but there are a few things you can do to prepare yourself.

STAY WARM — Plan to use a safe alternate heating source, such as a fireplace or wood-burning stove during a power outage. These are great options to keep you and your loved ones warm, but exercise caution. Never leave the heating source unattended. If you are using gas-, propane- or natural gas-burning devices to stay warm, never use them indoors. Remember that fuel- and wood-burning sources of heat should always be properly ventilated. Always read the manufacturer's directions before using.

STAY FED — Preparing for a winter storm that may impact our area is the time to stock up on necessities. The Centers for Disease Control and Prevention recommends having on hand a several-day supply of food that does not need to be cooked. Crackers, cereal, canned goods and bread are good options. Three gallons of water per

Storm Prep Tip #1:

WATER
Three-day supply,
one gallon per
person per day.

Source: American Red Cross,
Federal Emergency Management Agency

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Storm Prep Tip #2:

TOOLS

- Battery-Powered Radio
- Manual Can Opener
- Flashlight
- Extra Batteries

Source: American Red Cross,
Federal Emergency Management Agency

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person should also be available in the event of an extended power outage.

STAY SAFE — When an outage occurs, it usually means power lines are down. It is best not to travel during winter storms. If you must, bring a survival kit along, and do not travel alone. If you encounter downed lines, always assume they are live. Stay as far away from the downed lines as possible and report the situation to our dispatchers by calling 800-432-0680, if possible.

If temperatures remain below freezing for several days, be prepared for frozen pipes. Keep garage doors closed if you have water supply lines in the garage. Open kitchen and bathroom cabinets to allow warmer air to circulate around plumbing. Let cold

Storm Prep Tip #3:

First Aid Kit & Prescriptions
First aid supplies, hand sanitizer
and at least one week's supply
of prescriptions and medications
for the family.

Source: American Red Cross,
Federal Emergency Management Agency

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water drip slowly from faucets served by exposed pipes.

If your pipes burst or you suspect freezing and want to avoid potential interior damage, be prepared to shut off your main water valve, which is typically located on the perimeter of your home. You will likely need a water shutoff wrench to do this. Know where and how to shut off your water main (before the storm) so you can avoid unnecessary flooding in your home.

We know it's cold out there. Our crews are standing by, ready to get to work in the event of major storm.

Winter weather can be unpredictable and dangerous, and planning ahead can often be the difference between life and death. Valley REC is ready for what Mother Nature has in store, and we want you to be ready, too. ❄️

Apply now for help with home heating expenses

THE WIND CHILL IS BELOW zero when your furnace breaks down. You've barely been making ends meet; you certainly have no savings set aside for emergencies. Where do you turn for help?

Fortunately, there is a program that can assist families with low or fixed incomes to survive an energy emergency and pay their home heating obligations.

The Low Income Home Energy Assistance Program (LIHEAP) has been helping needy families in Pennsylvania pay their heating bills since 1981. Funded by the federal government, LIHEAP is not a public assistance program, although it is administered through the state Department of Public Welfare.

Two types of financial help are available through LIHEAP. The first is cash grants, paid directly to energy providers to assist consumers in paying their heating bills. The second is crisis grants, awarded when households are in immediate danger of being without heat.

Homeowners as well as renters

may qualify for LIHEAP aid. Income limits are set at 150% of the federal poverty income guidelines and include the combined wages of all persons living in the household.

The following chart illustrates maximum income levels for energy assistance benefits for 2022-2023:

Household Size	Maximum Income (before taxes)
1	\$20,385
2	\$27,465
3	\$34,545
4	\$41,625
Add \$7,080 for each additional member of the household	

You do not have to be on welfare to receive energy assistance. In fact, most recipients are either employed, elderly or disabled. No liens are placed against your property if you participate in the program. And any heating source can qualify for LIHEAP benefits.

LIHEAP applications are available at your county assistance office. Simply call to make an appointment

or stop by during regular business hours. Be prepared to supply the names and Social Security numbers of everyone living in your household along with proof of income (such as a check stub or award letter) and a copy of your most recent heating bill.

Don't wait until you have an unpaid bill or you receive a service termination notice before applying for energy assistance. Both the cash and crisis grant programs opened on Nov. 1, and both are scheduled to close on April 7, 2023. More than 429,000 households are expected to receive awards.

Under the crisis component, up to \$800 may be obtained for emergencies, such as restoring utility service that has been disconnected or paying for heating fuel when tanks are empty. In critical situations involving higher expenses, such as furnace replacements, consumers will be referred for weatherization assistance.

For more information on LIHEAP, contact your county assistance office. 📞

