
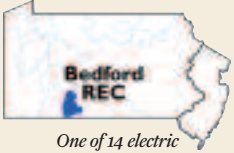


Bedford Rural Electric Cooperative

A Touchstone Energy® Cooperative 



One of 14 electric cooperatives serving Pennsylvania and New Jersey

Bedford REC
P.O. Box 335
Bedford, PA 15522
814/623-5101

Email: support@bedfordrec.com
Website: www.bedfordrec.com

BOARD OF DIRECTORS

President & PREA Director
Owen L. Miller
East St. Clair Twp.

Vice President & Allegheny Director
C. Robert Koontz
Colerain and Snake Spring Twps.

Secretary
Donald Hoenstine
Kimmel and King Twps.

Treasurer
Reuben R. Lafferty
Juniata Twp., Bedford County, and Allegheny Twp., Somerset County, New Baltimore Boro

Assistant Secretary
Earl W. Garland
East Providence Twp., Bedford County, and Brush Creek Twp., Fulton County

Assistant Treasurer
William "Howard" Atkinson
Monroe and West Providence Twps., Everett Boro

Wayne M. Hillegass
Napier and Harrison Twps.
John R. Koontz
Bedford Twp.
Ned H. McDonald
West St. Clair, Pavia, and Lincoln Twps.

John J. Dirienzo Jr.
Attorney

OFFICE HOURS

Monday through Friday
7:30 a.m. - 4 p.m.

Reprinted from 2007 Bedford Rural Electric Cooperative, Inc. Annual Report

REPORT FROM THE Board President and General Manager



by Owen Miller
Board President



by Brooks Shoemaker
General Manager

IT IS OUR PRIVILEGE to report to you on the operation of your electric cooperative. The following pages present the highlights, statistics and financial reports for the year ending Dec. 31, 2007.

Highlights

BEDFORD Rural Electric Cooperative is your local, member-owned distribution cooperative. On Dec. 31, 2007, we completed our 69th year of operation. We continue to grow because of you, our members and owners, as well as a dedicated workforce and board of directors, who are always looking out for your best interests.

2007 was a busy year from all standpoints; we continued our aggressive, system-wide line-rebuilding efforts, completing major projects in Snake Spring Valley along Route 56 and near Shawnee State Park south on Route 96. We also built new line to serve the REI East Coast Distribution Center. Finally, we completed the right-of-way maintenance cycle for the Point and Sulfur Springs substations.

Inside the office, we said goodbye to Wayne Miller, a 30-year employee and our general manager since 1986. We wish him well in the future. On a happier note, Brent Kauffman, a six-year veteran of our billing department, was promoted to accounting and finance manager, and Wade Mellott joined our team as the information technology manager.

In April, after nearly six months of

testing and preparation, we completed a major computer system hardware and software upgrade. The new system provides better coordination of computer applications, enabling us to process and track data more efficiently.

Touchstone Energy

When the Rural Electrification Administration was established in 1935, friends and neighbors banded together to create a new kind of electric company, one where the voice of every person made a difference. Together, they brought power to the countryside, when no other company would.

Today, America's electric cooperatives continue to answer that call. With the same focus on customer needs, today's electric cooperatives provide much more than competitively priced, reliable energy. We are committed to improving the quality of life in our community for all of the owner-members who live there.

Because of our commitment to our members, we are strongly affiliated with the nation's largest utility alliance,

(continues on page 12b)

REPORT FROM THE PRESIDENT & MANAGER

(continued from page 12a)

Touchstone Energy. Touchstone Energy is a national alliance made up of more than 640 local, consumer-owned electric cooperatives in 46 states. Touchstone Energy cooperatives collectively deliver power and energy solutions to more than 30 million members every day. Together, using 2.4 million miles of power lines, cooperatives distribute power to 75 percent of the U.S. land mass. Cooperatives have grown and matured over the years, and the Touchstone Energy banner provides a national network that helps enhance our unique relationship with our local consumer-members.

Touchstone Energy co-ops are different from our investor-owned utility counterparts. Because we are non-profit and owned by the members we serve, we are not motivated by our stock price on Wall Street. We simply provide high standards of service according to Touchstone Energy's four core values:

- ▶ Integrity — The co-op business model puts the customer first. We are honest with our members, communicating in an informative and understandable way, while delivering energy at cost.
- ▶ Accountability — Consumers own the co-op and chart its course. We are responsible for delivering superior service in an efficient, cost-effective manner.
- ▶ Innovation — We use new technology



MESSAGE: Bedford General manager Brooks Shoemaker urges members to get involved in the climate change debate by contacting legislators.

to improve service delivery and reliability. However, we continue to find new ways to improve on “the way we have always done things.”



LEADERSHIP: Directors re-elected at Bedford's 69th annual meeting, from left, John Koontz, Owen Miller and Reuben Lafferty, stand with Bedford General Manager Brooks Shoemaker.

- ▶ Commitment to community — We understand the needs of our communities and work hard to find the appropriate balance between our neighbors and the cooperative.

Touchstone Energy co-ops are committed to operating under these values. Not only does the cooperative business model guarantee each member a voice in business decisions, but as a result, members know they can trust us. While large utilities are closing local offices and increasing rates and fees, we are located in your community, right down the street, providing stability and reliable electricity to you at the lowest price possible. In short, Touchstone Energy co-ops “look out” for our members and we are proud of that — it’s our job!

Financial matters

The year ending Dec. 31, 2007, was a banner year for the cooperative. Kilowatt-hour (kWh) sales increased 4.4 percent, significantly more than our 2.5 percent annual average. In fact, we sold 160 million kWh's in 2007, a Bedford Rural Electric record! The record sales level generated margins (our “bottom line”) of \$2.2 million, also a record. They included \$199,000 of interest income and \$700,000 in allocated margins from our wholesale power supplier, Allegheny Electric Cooperative.

In December, the cooperative returned

approximately \$805,000 in capital credits to the membership, including \$177,000 from Allegheny Electric. Over the past 27 years, your cooperative has returned \$7 million to its members — just one more advantage to being a cooperative member!

A job well done

Safety is our No. 1 priority here at the cooperative. We stress safe-work practices to all employees, not just our linemen. It is a way of life for each of us. Every three years, we participate in the Rural Electric Safety Accreditation program, which is an auditing tool for safety and loss prevention record keeping and good business practices within the electric utility industry. It is a rigorous review of our safety policies, practices and procedures, along with a physical inspection of our vehicles, equipment, distribution lines and substations. In August, we earned our “safety accreditation.” Bedford REC has now been accredited for 33 consecutive years!

Rest assured, we are always looking out for you, our members and our owners. We will continue to make decisions the old-fashioned way, using common sense and fiscal responsibility, with a vision for the future. You see, the board of directors and employees at your local Touchstone Energy Cooperative truly are “The People You Can Count On!” ☀

Bedford Rural Electric Cooperative, Inc. 2007 Members' Financial Report

Balance Sheet

	December 31,	
	2007	2006
<u>ASSETS</u>		
Net Utility Plant	\$ 27,615,804	\$ 26,465,097
Equity in Associated Organizations	2,824,659	2,374,477
Cash and Temporary Investments	167,514	126,453
Accounts Receivable	1,504,969	1,253,158
Materials and Supplies	509,507	500,046
Other Assets	406,022	314,365
TOTAL ASSETS	\$ 33,028,475	\$ 31,033,596
 <u>LIABILITIES AND EQUITIES</u>		
Long-Term Debt	\$ 10,874,353	\$ 9,465,416
Consumer Deposits	208,584	76,357
Accounts Payable	1,042,423	1,158,928
Other Liabilities	2,407,646	3,242,048
Operating Reserves	258,707	258,707
Equities	228,386	225,248
Patronage Capital	18,008,376	16,606,892
TOTAL LIABILITIES AND EQUITIES	\$ 33,028,475	\$ 31,033,596

Statements of Revenue and Patronage Capital

	Year Ended December 31,	
	2007	2006
OPERATING REVENUES	\$ 15,842,338	\$ 14,206,773
OPERATING EXPENSES		
Cost of Power	\$ 9,904,716	\$ 8,993,289
Distribution - Operation and Maintenance	1,561,205	1,374,047
Customer Service and Information	582,998	551,032
Administrative and General	985,099	820,041
Taxes	760	770
Depreciation	836,034	794,106
Interest on Debt	758,524	724,809
TOTAL OPERATING EXPENSES	\$ 14,629,336	\$ 13,258,094
OTHER OPERATING INCOME		
G & T and Other Capital Credits	809,676	309,905
Net Operating Margins	\$ 2,022,678	\$ 1,258,584
Non - Operating Margins	184,329	231,498
NET MARGINS	\$ 2,207,007	\$ 1,490,082
PATRONAGE CAPITAL, Beginning of the Year	16,606,892	15,902,539
PATRONAGE CAPITAL, Before Capital Credit Retirement	18,813,899	17,392,621
CAPITAL CREDIT RETIREMENT	805,523	785,729
PATRONAGE CAPITAL, End of the Year	\$ 18,008,376	\$ 16,606,892

Buffamante Whipple Buttafaro, Professional Corporation, P.O. Box 849; Jamestown,
New York 14702-0849, audited the Cooperative's accounts and records for
calendar years 2007 and 2006. A complete copy of their report is available for
inspection at Bedford Rural Electric Cooperative, Inc.'s office in Bedford, PA.



Our Energy, Our Future
A Dialogue With America

IT'S OUR TIME.

It's our time to lead America in a national dialogue – about America's climate change goals and energy challenge. It's time to raise awareness. Have the hard conversations with our elected officials. Empower people. It's not us versus them. It's me. It's you. It's all of us. Together. It's about the energy to effect positive change. It's about the power of conversation. It's about the power in all of us, to find the right answers.



IT'S ABOUT OUR ENERGY. OUR FUTURE.

Let's get the conversation going. Visit www.ourenergy.coop and start the dialogue. Don't have access to a computer? Stop in the office, we have one you can use. It's always logged on to ourenergy.coop. Don't use a computer? We'll provide letters for your legislators – just sign them, fill in your name and address and drop them in the mail. It's that easy!

Office Closing

Bedford REC's office will be closed on Monday, May 26, in observance of Memorial Day.

Trading Post

SERVICE: Custom Poultry Butchering. Phone Gerald Mowry, Osterburg 276-3952.

FOR SALE: Fresh dressed chickens. Phone Gerald Mowry, Osterburg 276-3952.

WANTED: Local farmer looking for land to lease in Bedford County area. Phone 484/797-2670.

Emergency Power Needs

During outages, as a service to our members with special needs (specifically members who need continuous electricity for life support apparatus or farming operations), Bedford Rural Electric attempts to prioritize service restoration. If a special need exists, we need to be aware of the situation. Please provide the following details:

Reason: _____

Type of life support machine: _____

Doctor's name (please print): _____

Doctor's signature: _____

Name, address, and telephone number of the person Bedford REC may contact about this form, or in an emergency.

Unfortunately, service restoration may take several days, especially during severe storms. Therefore, we recommend that our members with special needs consider stand-by back-up generation equipment. Please contact our office for more information on this type of equipment.

TROUBLE CALL SCHEDULE

In case of trouble ...

First Check your fuses or circuit breakers.

Second Check with your neighbors, if convenient, to see if they have been affected by the power failure.

Third **Call 24-hour number, 623-7568**
OR call 1-800-808-2732 during office hours -
Please help us save money - only use this number if toll charges apply.

Please give person receiving call your name as it appears on your bill, your telephone number and your map number if known. Any specific information about the outage will also be helpful in pinpointing the problem.

Alternate numbers ...

Ed Hankinson	Week of May 5	733-2495
Scott Bischof	Week of May 12	839-4640
Gary Lafferty	Week of May 19	842-9925
Scott Shook	Week of May 26	623-2395
John Karns	Week of June 2	977-5109
Troy Mock	Week of June 9	276-9759

In case you cannot reach any of the above ... Call:

Jim Wood	Bedford.....	623-6121
James Clark	Everett	652-9791
Mark Rowan	Bedford.....	623-7890

During widespread power outages, many members are calling to report power failures, so you may receive a busy signal. Please be patient and try again in a few minutes.