

Bedford Rural Electric Cooperative

A Touchstone Energy® Cooperative 



One of 14 electric cooperatives serving Pennsylvania and New Jersey

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

BOARD OF DIRECTORS

President & Allegheny Director
C. Robert Koontz
Colerain, Snake Spring and South Woodbury Twp.

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

Secretary
Donald Hoenstine
Kimmel and King Twp.

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 Twp., Everett Boro

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

John J. Dirienzo Jr.
Attorney

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

REPORT FROM THE Board president and general manager



by Owen Miller
Board President



by Brooks Shoemaker
General Manager

Highlights

THE BOOKS ARE closed for 2009 and as difficult as it is to believe, another year has passed. We have now completed our 71st year of operations, and it is time to provide a summary of your cooperative's activities and performance. We are pleased to report that we have had a productive and successful year. Your cooperative is fiscally strong and staffed with good, dedicated employees who strive to provide outstanding customer service in all areas of our operations.

At every juncture, it seems that today's world is filled with politically motivated, self-serving, backroom deals. As your local, member-owned and member-governed distribution cooperative, we hope that our transparent, non-profit business model reassures you, our consumer-member, that we have your best interests at heart.

As mentioned, 2009 was another fine year for the cooperative. While kilowatt-hour (kWh) sales decreased slightly from 2008, we still sold 174 million kWhs, which represents the second best sales figure in our history. Operating revenues exceeded \$17 million for the first time, and we were able to limit operating expenses to just a 1.4 percent overall increase. We believe that is quite an accomplishment in this era of rising prices. These factors

combined to generate margins (our "net profit") of \$2.6 million. They included \$183,000 of interest income and \$510,000 in allocated, but not realized, margins from our wholesale power supplier, Allegheny Electric Cooperative.

As usual, in December, the cooperative returned approximately \$797,000 in capital credits to the membership, including \$149,000 from Allegheny Electric Cooperative. Over the past 29 years, your cooperative has returned \$8.55 million to its members — just one more advantage of being a cooperative member! The board strongly believes in the cooperative business model, and regular capital credit refunds are a hallmark of our business philosophy.

From all standpoints, 2009 was a busy year as we continued to aggressively rebuild our system, replacing many miles of brittle, worn-out conductor with new, heavy-duty wire.

Multimillion dollar investments in line rehabilitation projects were completed all across the system, including projects in Glade Springs, Blackburn Hollow, Valley Road, Milk and Water Road, and Milligans Cove. This is challenging work. Many times, these lines were built "cross-country" through fields, along hillsides and over

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**REPORT FROM THE
PRESIDENT & MANAGER**

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mountains, making them difficult to access. We do our best to relocate these lines to more easily accessible locations. Although it is not always possible, each time we are able to relocate a line, it builds better service reliability into the system.

In addition to system improvements and rehabilitation, we continue a regular vegetation management program, controlling unwanted trees, brush and undergrowth in the vicinity of our power lines. All of our right-of-way is trimmed on a four-year cycle. Trimming an average of 300 miles of lines annually is a big undertaking. However, an active program is essential to the dependable service we want our members to enjoy because it reduces unnecessary and costly outages. In fact, cooperating with our right-of-way maintenance efforts is one of the most beneficial ways that you can help us. We certainly appreciate those members who allow us onto their property so that we can work toward safer, more reliable service.

All of our system improvement work is planned several years in advance, and 2009 was the first full year of a comprehensive, four-year construction work plan that began in 2008. Although the process of developing the plan is very time consuming, it provides a roadmap of upcoming projects and ensures that they are properly coordinated within our system.

During the latter part of 2009, your cooperative embarked on the largest single project in our 71-year history, the installa-



DIRECTORS RE-ELECTED: Brooks Shoemaker, general manager, right, congratulates C. Robert Koontz, Earl W. Garland and Ned H. McDonald on their re-election to the Bedford REC Board of Directors.

tion of system-wide advanced metering infrastructure (AMI). The project is quite large. In the initial phase, every meter on our system will be replaced with a new, electronic “smart” meter that can not only be read from the office, but also provides real-time, two-way diagnostic data. Phase 2 involves replacing each of the 2,500 load control receivers (LCRs) that we currently have installed in members’ homes and businesses. LCRs are the cornerstone of our coordinated load management system (CLMS), which helps us reduce our system-wide peak demand. The CLMS has saved millions of dollars over the last 25-

plus years, while establishing the Pennsylvania cooperatives as pioneers in demand response programs. While this multiyear project represents a significant commitment of cooperative resources, once completed, our members will be connected to the smart grid, which should ultimately save energy, reduce costs and increase reliability.

On the political front, in December 2009, the U.S. Environmental Protection Agency (EPA) declared that six key greenhouse gases, including carbon dioxide, are endangering public health and welfare. Carbon dioxide, blamed as a principal cause of climate change, is said to contribute to dangerous air pollution under this “endangerment finding.”

This action could allow EPA to enact sweeping new regulations that could impose strict limits on carbon emissions from power plants, driving up electric bills. The concern is that with carbon dioxide emissions from vehicles falling under federal Clean Air Act regulation, other emitters of carbon dioxide — fossil fuel-fired power plants included — may also soon be subject to EPA oversight.

We believe that any controls on carbon dioxide should be established by Congress, where the impact of these proposals can have full public debate. Unfortunately, previous climate change bills have included unachievable goals and timelines for reducing carbon dioxide emissions, inadequate technology development incentives, and no guarantee that electric bills will remain affordable. Current proposals will unfairly penalize some consumers with higher bills, while essentially subsidizing others, resulting in lower electric bills.

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ANNUAL MEETING CROWD: The 71st annual meeting of Bedford REC had 219 voting members with a total attendance of 284.

Bedford Rural Electric Cooperative, Inc. 2009 Members' Financial Report

Balance Sheet

	December 31,	
	2009	2008
ASSETS		
Net Utility Plant	\$ 31,462,390	\$ 28,908,636
Equity in Associated Organizations	4,051,089	3,196,681
Cash and Temporary Investments	568,578	290,680
Accounts Receivable	1,381,151	1,263,524
Materials and Supplies	457,296	463,012
Other Assets	563,018	460,845
TOTAL ASSETS	\$ 38,483,522	\$ 34,583,378
LIABILITIES AND EQUITIES		
Long-Term Debt	\$ 14,003,256	\$ 10,665,641
Consumer Deposits	110,900	130,612
Accounts Payable	1,144,845	1,164,510
Other Liabilities	1,675,819	2,922,986
Operating Reserves	258,707	258,707
Equities	232,220	229,055
Patronage Capital	21,057,775	19,211,867
TOTAL LIABILITIES AND EQUITIES	\$ 38,483,522	\$ 34,583,378

Statements of Revenue and Patronage Capital

	Year Ended December 31,	
	2009	2008
OPERATING REVENUES	\$ 17,182,136	\$ 16,214,986
OPERATING EXPENSES		
Cost of Power	\$ 10,288,932	\$ 10,267,542
Distribution - Operation and Maintenance	1,696,689	1,584,979
Customer Service and Information	634,946	610,962
Administrative and General	1,005,703	953,465
Taxes	11,113	11,113
Depreciation	941,578	882,464
Interest on Debt	655,115	719,572
TOTAL OPERATING EXPENSES	\$ 15,234,076	\$ 15,030,097
OTHER OPERATING INCOME		
G & T and Other Capital Credits	529,666	581,791
Net Operating Margins	\$ 2,477,726	\$ 1,766,680
Non - Operating Margins	165,338	202,857
NET MARGINS	\$ 2,643,064	\$ 1,969,537
PATRONAGE CAPITAL, Beginning of the Year		
	19,211,867	18,008,376
PATRONAGE CAPITAL, Before Capital Credit Retirement		
	21,854,931	19,977,913
CAPITAL CREDIT RETIREMENT		
	797,158	766,046
PATRONAGE CAPITAL, End of the Year	\$ 21,057,773	\$ 19,211,867

Buffamante Whipple Buttafaro, Professional Corporation, P.O. Box 849; Jamestown,
New York 14702-0849, audited the Cooperative's accounts and records for
calendar years 2009 and 2008. A copy of their report is available for
inspection at Bedford Rural Electric Cooperative, Inc.'s office in Bedford, PA.


**REPORT FROM THE
PRESIDENT & MANAGER**

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Climate change legislation is currently being addressed in Washington, and we expect that it will begin receiving more attention this spring. Not having a current legislative fix, however, makes it all the more important for us to pay careful attention to the EPA's current efforts.

We must insist that any climate change legislation should protect consumers and preempt use of the federal Clean Air Act and any other existing laws. Otherwise, utilities and businesses could be burdened with the task of trying to comply with more than one set of regulations. Any climate change bill should become the roadmap — the single strategy — for reducing carbon dioxide emissions at federal, state and local levels.

As cooperative members, we must stay engaged in the process. We can have a measurable impact on the outcome, fighting to ensure that any climate change policy goals adopted are fair, affordable and achievable. You can make a difference by making your voice heard in this debate — join NRECA's Our Energy, Our Future™ grassroots awareness campaign at www.ourenergy.coop. More than 600,000 of your fellow cooperative consumers across the country have already done so.

As always, tough decisions loom on the horizon — decisions that will affect us for generations to come. Please be assured that we are looking out for your best interest, using common sense and fiscal responsibility. You see, the board of directors and employees at Bedford Rural Electric Cooperative continually strive to be "The People You Can Count On!" 

OFFICE CLOSING
Bedford REC's
office will be
closed on Monday,
May 31, 2010, for
Memorial Day.

Emergency Power Needs

As a service to our members, Bedford Rural Electric needs to be aware of situations where special needs exist. Please provide the following details:

(Please print clearly)

Account: _____

Name: _____

Address: _____

Home Phone: _____

Email Address: _____ Cell Phone: _____

Special Needs: Medical Farming/Livestock
 Other _____

Each year, our goal is to provide service with no outages. Unfortunately, that is not a realistic expectation. Outages do occur, and especially during severe storms, service restoration may take several days or longer. Therefore, we strongly recommend that our members with special needs install standby backup 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 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 ...

Scott Bischof	Week of May 10	839-4640
Scott Shook	Week of May 17	623-2395
Troy Mock	Week of May 24	276-9759
Greg Miller	Week of May 31	839-0037
Al Hileman	Week of June 7	766-9971
Jim Seymour	Week of June 14	839-2848

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.