

Bedford Rural Electric Cooperative

A Touchstone Energy® Cooperative 



One of 14 electric cooperatives
serving Pennsylvania and New Jersey

Bedford REC

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Bedford, PA 15522
814-623-5101

Email: support@bedfordrec.com

Website: www.bedfordrec.com

BOARD OF DIRECTORS

President & PREA Director

Donald Hoenstine
Kimmel and King Twps.

Vice President & Allegheny Director

Ronald W. Wilkins
Napier and Harrison Twps.,
New Paris, Manns Choice and
Schellsburg Boroughs

Secretary

Paul L. Rummel Jr.
Bedford and Cumberland Valley Twps.

Treasurer

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

Assistant Secretary

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

Assistant Treasurer

Dale Sprigg II
West St. Clair, Pavia, and Lincoln Twps.,
Pleasantville Borough

Brian I. Hoover

Monroe and West Providence Twps.,
Everett Borough
John A. Oldham

East St. Clair Twp., Bedford County

William F. "Bill" Popovich Jr.
Colerain, Snake Spring and
South Woodbury Twps.

Attorney

James R. Cascio

Office Hours

Monday through Friday
7:30 a.m. – 4:00 p.m.

Board President and General Manager's Report...

By Donald Hoenstine, *Board President*

By Brooks Shoemaker, *General Manager*

LAST FEBRUARY and March, with our 2020 annual meeting quickly approaching and COVID-19 just beginning to impact the United States, we made the difficult decision to cancel the meeting. We made that decision using an abundance of caution for the safety of our community. The decision was unprecedented for the co-op. We had never canceled one, never even had to discuss such a drastic measure.

That was the beginning of a very challenging year for us. We had hoped that as May 2020 rolled around, things would return to normal. That did not happen. The pandemic's changing circumstances created both challenges and opportunities. Over the past year, we have all been challenged to operate differently, to change our routines and sense of normal. We are no different; we've had to develop new policies, procedures and business practices. In the process, we have stepped up to help our members and strengthen the safety net for our more vulnerable neighbors.

As an essential business, your friends here at Bedford Rural Electric worked hard to ensure that your power supply was unaffected by the new "normal." Regardless of the challenge, we always have emergency plans. Over the course of the last 82 years, they have served us well in a variety of circumstances, from ice storms to tornadoes to blizzards, and now pandemics. Early in this crisis, our staff updated our plan with a special emphasis on ensuring that we continue to provide the reliable electric service you have come to expect from the cooperative. Safety is the culture of the co-op. In joining the efforts of our government, we worked hard to protect one an-

other from contracting and spreading COVID-19. We used good, old-fashioned common sense and implemented lessons learned from others to slow the spread of the coronavirus.

We took a multitude of steps to keep the cooperative functioning, healthy and ready to serve you 24 hours a day, seven days a week. This was challenging, because we are a small organization, which limited some of our options. We closed our lobby to the membership in mid-March 2020 to limit the spread of germs. Our drive-up remained open, and we also encouraged members to use our drop box at the office, the mail, our online payment system or our pay-by-phone system to pay bills. Other business was transacted over the phone, through the mail or via email.

Those employees who were able, worked from home. We divided into two groups so that no more than half were in the building at a given time. We made a habit of practicing social distancing even when in the office. We worked with skeleton crews. Naturally, we made sure that if the phones rang, they were answered as always.

We also separated our line crews into two groups, keeping each group separate from the other to limit possible spread of the virus. The lineworkers traveled in separate vehicles. New routines were put in place for contractors working on our system in order to keep them away from employees. Deliveries were quarantined, and drivers were distanced from the employees.

Our efforts to combat the pandemic went much further than these workforce measures. We also worked to

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From the General Manager

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support members in response to the coronavirus crisis, including:

- ▶ Suspending disconnections for over seven months to ease the economic hardships facing the members,
- ▶ Waiving late payment penalties for 10 months, saving members \$35,000,
- ▶ Providing energy assistance, either directly or through partner agencies, to those members who were most affected,
- ▶ Working with members individually to establish practical payment arrangements to offset lost wages and income, and
- ▶ Most noticeably, financially assisting the Bedford County Chamber of Commerce in building the Silver Lining Drive-In to provide some socially distanced, “normal” entertainment for the entire community.

We kept our employees separated into distinct groups until June 1, when everyone returned to the office. We remained socially distant, while adhering to the appropriate guidance from the Centers for Disease Control and Prevention and the Commonwealth. We continued to wear masks in the office, traveling separately when possible



and wearing masks when traveling or working in pairs. It was a challenge in every respect.

We continued in this quasi-normal workforce alignment until mid-November when local COVID-19 cases began to spike again. We quickly reverted to our previous split staff alignment, hoping to minimize cooperative cases and maintain our ability to continue providing power to the membership. This time, we relied on many of the lessons that we learned during the March — June timeframe. We also utilized technological enhancements that allowed our folks working from home to essentially be as productive as they are at their desks. The investment in technology was well worth it.

The board and management team constantly refined and recreated our plans. We were also in constant contact

with the other electric co-ops in Pennsylvania and with the Pennsylvania Rural Electric Association, which in turn has worked closely with the National Rural Electric Cooperative Association, the state legislature, the governor’s office, and many other state and local emergency management agencies.

So far, it has worked well, and everyone has adapted to the new normal as we battled the COVID-19 storm. We’ve done this before. Crisis situations bring out the best in our employees!

Our focus here is on doing our part to keep your life as normal as possible through this situation and beyond. The cooperative way of doing business has brought us this far, and the cooperative way will help us through this crisis.

While COVID-19 has infiltrated every aspect of the organization, from lineworkers to office staff, management and the board, we have achieved our goal of being open for business every day, serving the needs of the membership.

In 1939, the Bedford Rural Electric Cooperative was built by the community, to serve the community, and that is what we continue to do, rain or shine, snow or sleet, COVID-19 storm, drive-thru or online.

The numbers

Looking back, 2020 was an excellent year. We sold 348 million kilowatt-hours and operating revenues exceeded \$29.3 million. It was a very profitable year, exceeding our budgeted expectations.

During 2020, we completed some challenging projects, in every case, replacing decades-old equipment with new, modern technology. We finished the year with margins (our “net profit”) of \$3,585,000. That included \$43,000 of interest income and \$1,688,000 in allocated, but unrealized, margins from our wholesale power supplier, Allegheny Electric Cooperative, Inc.

Our annual December Christmas present to our members put more than
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READY FOR MEMBERS: Employees prepare to greet members at the annual meeting.

Bedford Rural Electric Cooperative, Inc. 2020 Members' Financial Report

Balance Sheet

	December 31,	
	2020	2019
ASSETS		
Net Utility Plant	\$ 39,219,378	\$ 38,093,852
Equity in Associated Organizations	9,131,618	7,618,901
Cash and Temporary Investments	1,845,672	605,971
Accounts Receivable	1,597,986	1,559,681
Materials and Supplies	778,531	757,254
Other Assets	1,629,360	1,748,972
TOTAL ASSETS	\$ 54,202,545	\$ 50,384,631
 LIABILITIES AND EQUITIES		
Long-Term Debt	\$ 19,635,536	\$ 17,600,799
Consumer Deposits	1,170,901	993,803
Accounts Payable	2,209,351	2,224,556
Other Liabilities	2,019,979	2,523,763
Operating Reserves	233,707	233,707
Equities	510,781	527,588
Patronage Capital	28,422,290	26,280,415
TOTAL LIABILITIES AND EQUITIES	\$ 54,202,545	\$ 50,384,631

Statements of Revenue and Patronage Capital

	Year Ended December 31,	
	2020	2019
OPERATING REVENUES	\$ 29,266,306	\$ 30,498,652
OPERATING EXPENSES		
Cost of Power	\$ 20,028,597	\$ 22,194,177
Distribution - Operation and Maintenance	3,275,293	3,035,408
Customer Service and Information	666,605	685,413
Administrative and General	1,467,128	1,493,846
Taxes	19,244	17,336
Depreciation	1,442,609	1,388,138
Interest on Debt	528,826	554,221
TOTAL OPERATING EXPENSES	\$ 27,428,302	\$ 29,368,539
OTHER OPERATING INCOME		
G & T and Other Capital Credits	\$ 1,711,955	\$ 444,436
Net Operating Margins	\$ 3,549,959	\$ 1,574,549
Non - Operating Margins	35,208	26,696
NET MARGINS	\$ 3,585,167	\$ 1,601,245
PATRONAGE CAPITAL , Beginning of the Year	26,280,415	25,890,189
PATRONAGE CAPITAL , Before Capital Credit Retirement	29,865,582	27,491,434
CAPITAL CREDIT RETIREMENT	1,443,292	1,211,019
PATRONAGE CAPITAL , End of the Year	\$ 28,422,290	\$ 26,280,415

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

From the General Manager

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\$1,443,000 of returned capital credits back into your pockets! The seven years since 2014 have been by far the largest capital credits retirements in the cooperative's history — over \$9.6 million. Over the past 40 years, your cooperative has returned \$22.56 million to the members — just one more advantage of being a cooperative member. Economic participation and regular capital credits refunds are hallmarks of the cooperative business model. The cooperative's board demonstrates that annually and strongly believes in that philosophy. The past seven years of record retirements were part of our equity management plan that was designed to shorten our cycle of returning capital credits. We wanted to get the money back into the pockets of the members sooner. The board anticipates, if our financial condition remains strong, a retirement of around \$1.25 million in 2021.

Operationally, 2020 was another busy year, in spite of COVID-19. We spent our time energizing 64 new services and working on several major line rehabilitation projects. For the most part, our rehabilitation work involves replacing poles and wire from the late 1940s, 1950s and early 1960s with new poles and conductor. As we re-engineer the system, we also make every effort to move our lines out of your fields and off the hillsides, and relocate them adjacent to the roads. It makes it better for everyone. We can

access them easier during outages, and it is no longer necessary for members to navigate around them. Some of the larger projects included jobs in East St. Clair Township, Weyant, Imler and Cessna areas, Bedford Springs, Buffalo Mills, and Schellsburg areas. All together, these projects, along with other smaller line replacements and extensions, multiple bridge replacement relocations, and rehabilitation work in substations, covered 9.4 miles of line and cost over \$1.4 million. We also replaced 1.3 miles of old primary underground, which cost \$188,000.

Member focused

As always, we are here every day looking out for you. That hasn't changed over the past 81 years. It is our way of life. We do the things that the investor-owned power companies only claim they do in their fancy television commercials. If something breaks, we fix it. If a tree endangers our lines, we cut it. If a piece of equipment is nearing the end of its useful life, we replace it — before it fails and causes an outage. Speaking of outages, they happen, even though we try to avoid them at all costs. When they do, our crews are ready to respond. They respond immediately, and you don't have



LINE UP: Employees prepare to welcome members at this year's unusual annual meeting.

to wait for three hours while we travel from the neighboring county!

Rest assured, throughout every season of every year, we are working hard to deliver power to you as efficiently, affordably and transparently as possible. The management, staff, and board of directors are here to answer any of your questions or concerns. We're your electric cooperative. We are the people that you can count on! 🌞

OFFICE CLOSING

Bedford REC's office will be closed Monday, May 31, 2021, in observance of Memorial Day.

OUTAGE REPORTING

In case of an outage...

- 1** Check your fuses or circuit breakers.
- 2** Check with your neighbors, if convenient, to see if they have been affected by the power failure.
- 3** Call the 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 the person receiving the 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.

**To report an outage call:
(814) 623-7568**

During widespread power outages, many members are calling to report power failures. You may receive a busy signal, or in certain cases your call may go unanswered. This occurs in after-hours outages when the office is not fully staffed. Please be patient, and try again in a few minutes.