

Somerset Rural Electric Cooperative, Inc.

A Touchstone Energy® Cooperative 



One of 14 electric cooperatives
serving Pennsylvania and New Jersey

Somerset REC

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Somerset, PA 15501
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800-443-4255

Email: e-mail@somersetrec.com
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BOARD OF DIRECTORS

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Vice President

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**Ruston Ogburn
General Manager**

Staff

Gary Gindlesperger,

Manager of Information Technology

Douglas E. Glessner,

Manager of Outside Operations

Jonathan Hillegas,

Director of Finances

Emily Baer,

Director of Marketing and Member Services

Phil Stern,

Manager of Metering

Jessi Ditzler,

Executive Assistant

Office Hours

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

Emergency Outage Number

814-445-4106
800-443-4255

From the General Manager



Rate increase for members – electricity remains a good value

By Ruston Ogburn

ECONOMIC forces have pushed energy and supply costs higher globally. We absorbed many operational costs over the last few years and now face additional increases in the electric services we purchase to supply our members. Beginning with the October billing calculations, our members will see increases in their basic service fees and kilowatt-hour (kWh) energy rates. Our commercial members will also see increases in the kilowatt (kW) demand rates.

An average residential member uses between 900 and 1,000 kWh each month. The upcoming rate increases will impact these average bills by 12% to 14%.

The largest portion of our annual budget pays for the electricity we purchase and distribute to members. Somerset Rural Electric Cooperative (REC) continually focuses on holding down internal costs, but we cannot control the factors in the global energy market that drive these increases.

To ensure affordable electricity, we are part of Allegheny Electric Cooperative, Inc. (Allegheny), a not-for-profit generation and transmission cooperative owned by the 14 electric distribution cooperatives in Pennsylvania and New Jersey. Allegheny provides 100% of our electric supply. Through generation

ownership and long-term power-purchase agreements, about 70% of Allegheny's supply has remained stable through recent economic shifts. We are fortunate to have these resources, which limit the impact of the recent energy market turmoil.

The remaining 30% of Allegheny's supply gets filled through shorter-term power purchases. The price paid for these purchases has increased in lock-step with global energy prices — especially natural gas prices — and account for the majority of the increases we now see.

Somerset REC must pay transmission costs to other companies that deliver power from electric generators to our substations through the transmission grid. This process is similar to our cooperative operating its system to deliver power from our substations to your homes and businesses.

In addition to energy price increases, the cost Somerset REC pays for this transmission service will increase significantly in the coming months. Unlike energy prices, which fluctuate, we do not anticipate these transmission costs decreasing in the foreseeable future.

We project the combined effect of energy and transmission service increases will raise our total costs

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October is National Co-op Month

SOMERSET Rural Electric Cooperative (REC) is one of the nearly 65,000 cooperatives in the United States. There are many forms of cooperatives other than electric cooperatives. These organizations include select grocery stores and dairy farms, community banks, hardware stores, citrus growers, corner bakeries, and utilities. Some well-known cooperative examples outside of the electric world include Land O'Lakes Inc., ACE Hardware, Sunkist, Ocean Spray, REI (Recreational Equipment Inc.), Best Western and Sunbeam Bread. While greatly different in size, style and purpose, each shares the same seven guiding principles.

Cooperative Principles

Voluntary and Open Membership

Cooperatives are voluntary organizations open to anyone who is able to use their services and willing to accept the responsibilities of membership without gender, social, racial, political, or religious discrimination.

The cooperative model is designed in a way that members are free to exchange opinions and ideas and can put them into action by a vote of the membership. This principle ensures cooperatives are acting democratically and recognizing the importance of one member, one vote. In a cooperative, no member's vote has more weight than another.

To remain tolerant, cooperatives must stay neutral on all things, including political and economic issues. In today's highly polarized political environment, selecting a stance on a particular issue could alienate half our membership and hinder the cooperative's ability to act in the best interest of the entire membership.

Democratic Member Control

Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected



IN THE CLASSROOM: Somerset REC General Manager Ruston Ogburn, standing, enjoys presenting Electric City to fourth-grade students. The children are always engaged and ask great questions about their home electric service. They also learn how to be safe around power lines.

representatives are accountable to the membership. In primary cooperatives, members have equal voting rights (one member, one vote), and cooperatives at other levels are organized in a democratic manner, too.

In May, more than 800 consumer-members participated in the annual meeting by casting their vote in the latest election for the board of directors. Somerset County Rural Electric Cooperative's (REC) Board is made up of members just like you. They live in your communities, their children and grandchildren attend local schools, and they care just as much as you do about low rates and high reliability.

Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their cooperative.

Since 2017, Somerset REC has returned more than \$4.2 million in general retirement capital credits to cooperative members. Of that total,

\$984,860 has been paid in estate retirements. These capital credits represent the members' ownership in the cooperative.

Autonomy and Independence

Cooperatives are autonomous, self-sustaining organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

An example of Somerset REC's independence includes the annual election of the board of directors. Each member of a co-op may annually cast a ballot for board candidates, who themselves are members of the co-op. The democratically elected board is accountable to the membership for managing the business fairly and carefully. The cooperative does not depend on any other entity to choose who manages the business.

Likewise, the business of the electric cooperatives in Pennsylvania is not regulated by government in the way other utilities are. While they are subject to federal, state and local laws like any other business, Pennsylvania cooperatives regulate themselves by their own democratic processes.

Education, Training and Information

Cooperatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperative. They inform the public about the nature and benefits of cooperation.

While Somerset REC engages in a robust training schedule for employees, the cooperative also regularly provides electrical safety demonstrations, such as high-voltage demos and a tabletop Electric City presentation to students. It is important to share information on electric safety, energy efficiency, sustainable energy solutions and other programs that will benefit members.

Our website and Facebook page contain valuable electrical safety awareness information and can be accessed at any time by members and nonmembers.

Concern for Community

Cooperatives work for the sustainable development of their communities



DEMOCRATIC MEMBER CONTROL: It is important for members to actively participate in the cooperative's annual meeting. By casting a ballot, members have a voice in choosing their board of directors.



EDUCATION: Somerset REC linemen present a high-voltage demonstration at a community event to show members and the public how to stay safe around electricity.

through polices supported by the membership.

A cooperative that is dedicated to its membership is one that engages with the community. Somerset REC has supported school events by donating stuffed animals and blankets from our Co-op Cheer program, sponsoring youth sporting events, and donating monetarily to our local fire departments. The cooperative's newest adventure is promoting the Dolly Parton Imagination Library to our "mini-members" and providing financial assistance to the program to ensure age-appropriate books are getting into the hands of children in our service territory.

Cooperation among Cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working

together through local, national, regional, and international structures.

Somerset REC maintains mutual-aid agreements with cooperatives throughout the state and beyond to ensure crews are on standby in the event of a major power outage. Our lineworkers are always ready to help fellow co-ops in their time of need. For instance, in January, our lineworkers spent several days helping Northern Neck Electric Cooperative after Winter Storm Frida caused extensive damage in Virginia. A few months later, in April, crews responded to a mutual aid request from Claverack REC in northern Pennsylvania. And most recently, two Somerset REC linemen spent a week in June at Holmes-Wayne Electric Cooperative in Millersburg, Ohio, to assist with more than 13,000 of 18,000 meters without power after a devastating summer storm. ❁

New roles for cooperative employees

TWO SOMERSET Rural Electric Cooperative (REC) employees have transitioned into new roles at the office. Jessi Ditzler has been promoted to executive assistant, and Mindy Huzsek will fill the role of office assistant.

Jessi started her employment at the co-op in 2004. In her new position, she will assist the cooperative's general manager, Ruston Ogburn. A few of Jessi's responsibilities include preparing for the directors' monthly board meetings, payroll and employee benefits.

A graduate of Somerset Area High School, Jessi received an associate degree in business management from Central Penn College. Before working at the co-op, she was employed at Somerset Candy Company. For the past 17 years, she has assisted members with accounts beginning with the numbers "3" and "4" with payment arrangements, electric account changeovers and capital credits disbursements, to name a few.

Jessi and her husband, Dave, have two children, Callie and Braden, and the family lives in Zehnerville. In her spare time, she enjoys camping, spending time with her family and watching her son compete in sports.

"I look forward to learning this new position, and I am happy to continue my career at the cooperative," Jessi says. "I will miss talking to the members daily, but look forward to working more behind the scenes. I am ready for the change."

Mindy was hired at the cooperative in October 2018. Most recently, she was the welcoming face at the front desk who processed in-person and mailed payments, answered the phone, reported outage calls and helped with over-the-counter sales. She will replace



NEW ROLES: Mindy Huzsek, left, and Jessi Ditzler are looking forward to serving the membership in their new roles at Somerset REC.

Jessi in the billing department.

Mindy, a graduate of Berlin Brothersvalley High School, worked at the USSCO Federal Credit Union and as a licensed practical nurse at Conemaugh Hospital in Meyersdale.

A recent newlywed, she and her husband, Kevin, have five children and one granddaughter. They currently live in Brothersvalley Township. In Mindy's spare time, she enjoys spending time with her family and friends, crossfit and traveling.

"Although I will miss visiting with the members, who have become more like friends, I'm excited to build new relationships with members I haven't had the opportunity to assist yet," Mindy says. "Learning a new job can be overwhelming, but I am excited for my new role as an office assistant at the cooperative." ❁

From the General Manager

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approximately 20% in 2023. As the board reviewed this information and options to account for the upcoming impacts, it balanced the cooperative's financial stability with the effect of rate increases on our members. The course of action selected ensures we remain financially strong and strives to align the rate increases with the fixed-cost, demand, and energy increases we project. Given the state of economic volatility, we anticipate a review of these rates again in 2023 to maintain these objectives.

As an electric cooperative member, you have the benefit of our employees working to bring reliable and affordable electric service to you — at cost. The member-leaders of Somerset REC continually prioritize the families, farmers and businesses in the communities we serve. Because we do not have stockholders, we do not have to make a profit to pay dividends to far-away investors. Instead, we work for you, and any revenue margins get returned to you through our capital credits program.

We understand that affordable electricity, outage avoidance, speedy restoration during storms and friendly customer service remain important to you. Please call or stop by if you have any questions about our work to provide this service. ❁

Hope you can join us!

Member Appreciation Day
Friday, October 7, 2022
10:00 AM - 2:00 PM

Somerset REC Office
223 Industrial Park Road
Somerset, PA 15501

Lunch & gift for members!
 Members can register to win an electric bill credit with canned food donation!