

# 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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**Douglas E. Glessner,**

*Manager of Outside Operations*

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*Director of Finances*

**Emily Baer,**

*Director of Marketing and Member Services*

**Elizabeth Morocco,**

*Executive Assistant*

**Phil Stern,**

*Manager of Metering*

**Office Hours**

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

**Emergency Outage Number**

814-445-4106  
800-443-4255

## Guest Column



### Restoring power safely and efficiently

By Emily Baer, *Director of Marketing and Member Services*

WE DO our best to avoid them, but there's no way around it: Power outages occasionally happen.

For most of our members, outages are rare and only last a few hours. But when major storms impact our area, extended outages are unavoidable.

So when the power goes out, how do Somerset Rural Electric Cooperative (REC) crews know where to start working? And how do you know if your outage has been reported? We've got answers to these questions and more, and it all starts with a safe, efficient plan for power restoration.

When the lights go out and it's safe for our crews to begin the restoration process, they start by repairing power lines and equipment that will restore power to the greatest number of people in the shortest time possible.

This process typically begins with repairs to the larger, main distribution lines that service a number of homes and businesses. After those repairs are made, crews work on tap lines, which deliver power to transformers, either mounted on utility poles (for above-ground service) or placed on pads (for underground service). Finally, individual service lines that run between the transformer and the home are repaired.

We can't control the weather, but we can prepare for it. Your cooperative keeps a supply of extra utility poles, transformers and other equipment on

hand so we can quickly get to work in the event of an outage. When widespread outages occur, multiple crews will be out in the field simultaneously working to repair damage at a number of locations. We also coordinate with nearby co-ops to bring in additional crews when necessary.

A proactive approach to maintenance helps minimize the chance of prolonged outages; therefore, you'll see Somerset REC crews and subcontractors periodically trimming trees and clearing vegetation near rights-of-way. We love trees, too, but it only takes one overgrown limb to knock out power for an entire neighborhood. Trimming improves power reliability for our entire community. We also regularly inspect utility poles, power lines and other critical equipment to maintain a more reliable system.

*If you experience a power outage, don't assume a neighbor has reported it.* It's best to report the outage yourself, and we make that easy. The quickest way to report an outage is through the SmartHub app or call our outage reporting number at 814-445-4106. An outage map can also be found on our website, somersetrec.com, where you can monitor outages and restorations.

If you have a medical condition that requires electrical equipment, please let us know, and always have a backup  
*(continues on page 12d)*



Clarence B.  
Waltermire  
President



Ruston Ogburn  
General Manager

# ANNUAL REPORT

THE IMMENSE changes in the power industry and our members' lives over the past two years remind us of the importance of balance between action and caution. The action of the cooperative is to provide safe, reliable, and cost-effective service by proactively rebuilding and maintaining our system. The cooperative exercises fiscal caution by ensuring our financial strength and flexibility through low rates and a healthy balance sheet.

The most urgent demands from our members arise when outages occur or a new connection needs to be built. The obvious priority of this work, and the routine processes to support it, make action the expectation. But we must overlay long-term plans to build the systems that will provide the most reliable and cost-efficient service to our members. The convergence of two long-term cooperative goals illustrates the continual action the cooperative takes to improve system strength and reliability.

Many years ago, before any of our current employees worked here, the cooperative began converting our distribution system to 14,400 volts from 7,200 volts. We have now converted over 98% of the system and will likely get the rest completed in the next year.

Converting our lines to this higher voltage serves two main purposes — higher system capacity and better power quality. Power lines with the voltage doubled can carry twice as much power to our members. The effect of this, in general, is more stable voltages as our members change the loading on our system and the loading on the entire grid changes. This stable voltage profile also provides flexibility for our operations department to backfeed members from more distant substations during outages or maintenance activities.

The second major effort has been to clear the vegetation in our rights-of-way on a seven-year cycle. As we begin our second pass-through of this more frequent cycle, we believe the cost and time to perform the work will decrease and system reliability will

increase. We appreciate all the members and property owners who work with our crews and contractors on this process. We place a high priority on the obligations of the cooperative to keep trees and hazards away from our lines because system reliability and the safety of our members improve dramatically with these efforts.

There is no shortage of work for the cooperative. The board of directors continually balances the need to complete this work with the cost to our members. The cooperative has been able to absorb the recent cost increases for materials and other operational requirements without needing to increase rates to our members. The cooperative has also steadily improved our financial strength by paying down debt to keep our financing options open.

As we look forward, it appears that the cost of wholesale power — the power the cooperative buys to distribute to our members — will be increasing significantly in the coming years. We will provide periodic updates to our members as we look at options to deal with these cost increases and any impact they may have on rates to our members.

The board and management of this cooperative will continue to focus our efforts on preparing for the future rather than trying to predict it. Our preparation over the last 80 years allows Somerset REC to provide safe, reliable, and cost-efficient power to our members today, and our continued preparation will provide the flexibility for us to continue this proud history. ❁

Clarence B. Waltermire

Ruston Ogburn

# Somerset Rural Electric Cooperative, Inc.

## Members' Financial Report of 2021

### Balance Sheets — DECEMBER 31, 2021 & 2020

	2021	2020		2021	2020
<b>Assets</b>			<b>Equities and Liabilities</b>		
Electric plant in service	\$ 59,485,017	\$ 57,183,730	<b>Equities</b>		
Construction work in progress	\$ 606,440	\$ 477,756	Memberships	\$ 105,650	\$ 109,040
Total Utility Plant	\$ 60,091,457	\$ 57,661,486	Patronage capital	\$ 32,552,666	\$ 30,468,307
Accumulated provision/depreciation	\$ (28,077,984)	\$ (26,760,584)	Other equities	\$ 1,565,560	\$ 1,477,119
Net Utility Plant	\$ 32,013,473	\$ 30,900,902	Total Members' Equities	\$ 34,223,876	\$ 32,054,466
<b>Investments</b>			<b>Long-Term Liabilities</b>		
Investments in associated organizations	\$ 818,382	\$ 821,702	CFC mortgage notes, less current portion	\$ 5,056,862	\$ 5,674,654
Patronage capital, due from other cooperatives	\$ 7,833,498	\$ 5,961,347	Post-retirement benefit obligation	\$ 687,248	\$ 684,915
Total Investments	\$ 8,651,880	\$ 6,783,049	Total Long-Term Liabilities	\$ 5,744,110	\$ 6,359,569
<b>Current Assets</b>			<b>Current Liabilities</b>		
Cash, general	\$ 53,571	\$ 739,533	Current portion CFC mortgage notes	\$ 617,793	\$ 618,427
Accounts receivable, consumers, net of accumulated provision for uncollectibles	\$ 1,819,674	\$ 1,924,714	Accounts payable - purchased power	\$ 1,107,761	\$ 1,062,770
Unbilled electric revenues	\$ 430,988	\$ 531,398	Accounts payable - other	\$ 339,713	\$ 257,035
Other receivables	\$ 698,373	\$ 926,530	Consumer deposits	\$ 1,270,062	\$ 1,229,035
Materials and supplies	\$ 751,960	\$ 687,590	Other current liabilities	\$ 455,163	\$ 413,428
Prepaid expenses	\$ 84,184	\$ 48,365	Deferred credits	\$ 216,787	\$ 189,224
Prepayments	\$ 55,260	\$ 54,259	Accumulated miscellaneous operating provision	\$ 716,411	\$ 677,012
Total Current Assets	\$ 3,894,010	\$ 4,912,389	Total Current Liabilities	\$ 4,723,690	\$ 4,446,931
<b>Deferred Debit</b>	\$ 132,313	\$ 264,626	<b>Total Equities and Liabilities</b>	\$ 44,691,676	\$ 42,860,966
<b>Total Assets</b>	\$ 44,691,676	\$ 42,860,966			

### Statements of Revenue and Patronage Capital — FOR THE YEARS ENDED DECEMBER 31, 2021 & 2020

	2021	2020		2021	2020
<b>Operating Revenue</b>			<b>Operating margins before interest expense</b>		
Sales of electric energy	\$ 21,217,086	\$ 21,543,085	Interest expense	\$ 837,516	\$ 2,796,528
Other operating revenue	\$ 1,601,692	\$ 1,720,912	<b>Operating margins after interest expense</b>	\$ 536,570	\$ 2,461,781
Total Operating Revenue	\$ 22,818,778	\$ 23,263,997	<b>Nonoperating Margins</b>		
<b>Operating Expenses</b>			Interest income	\$ 37,334	\$ 38,565
Cost of power	\$ 11,103,666	\$ 11,070,953	Gain (loss) on disposition of property	\$ 9,680	\$ 7,430
Distribution - operation	\$ 2,133,792	\$ 1,933,906	Total Nonoperating Margins	\$ 47,014	\$ 45,995
Distribution - maintenance	\$ 4,618,918	\$ 3,548,427	<b>Capital Credits</b>	\$ 2,085,022	\$ 850,296
Consumer accounts	\$ 888,095	\$ 801,084	Net Margins	\$ 2,668,606	\$ 3,358,072
Consumer service and information	\$ 266,687	\$ 247,487	<b>Patronage Capital, Beginning of Year</b>	\$ 30,468,307	\$ 27,661,182
Administrative and general	\$ 1,135,240	\$ 1,037,773	<b>Retirement of Capital Credits</b>	\$ (584,247)	\$ (550,947)
Depreciation and amortization	\$ 1,834,864	\$ 1,827,839	<b>Patronage Capital, End of Year</b>	\$ 32,552,666	\$ 30,468,307
Total Operating Expenses	\$ 21,981,262	\$ 20,467,469			

Guest Column

(continued from page 12a)

plan, which could include having a portable generator and extra medical supplies or moving to an alternate location until power is restored. If you plan to use a generator, read all safety information and instructions before use. Refer to the quick reference guide

for generators below to see which one is a good fit for you.

Mother Nature can be unpredictable, but as a member of Somerset REC, you can feel confident knowing we're standing by, ready to restore power as quickly and safely as possible. ❁

# A better way to pay

DID YOU know your electric bill is mailed from St. Louis, Missouri? Members have recently notified us about the lengthy time it is taking for electric bills to arrive at homes and businesses and for payments to arrive at the cooperative. Unfortunately, we cannot control the mail system, but we can suggest these changes:

1. Sign up for E-Bill. You can receive your electric bill by email the same day it is generated.
2. Sign up for SmartHub. You can receive your electric bill in the palm of your hand by downloading this app on your smartphone or device. Not only can you view your current bill, but you can also make a payment, check electric use, report an outage and more.
3. If you are requesting a payment from your bank to pay your electric bill, keep in mind that it is not electronically sent to us. Some banks print a check on your behalf and mail it. This can take an additional three to five days until it is processed and the check reaches our billing department.

Somerset Rural Electric Cooperative enters all payments on the day they are received, except for weekend mail delivery. If you have a question about your current payment status or are interested in changing the current way you pay, please contact our office at 814-445-4106. Thank you! ❁

**A QUICK GUIDE TO GENERATORS**

With proper use and maintenance, generators provide great convenience during a power outage. Before you purchase a generator, determine your backup power needs to select the right size. Make a list of essential appliances and devices you'll want to power during an outage, then total the required wattage.

**RECOMMENDED IF YOU...**

- ... rarely lose power.**
  - Recreational Inverter**  
Up to 2,000 watts  
Lightweight, about 60 pounds  
Quiet, easy to store  
Power: fridge and a few smaller items (i.e. lamp, phone charger and home security system)
  - Midsized Inverter**  
Up to 3,500 watts  
Weighs up to 150 pounds  
Power: fridge, laptop, five to 10 lights, phone charger, home security system and 10K BTU air conditioner
- ... occasionally lose power. Transfer switch required.**
  - Portable Generators and Large Inverters**  
Up to 7,500 watts  
Weighs about 300 pounds  
Power: fridge, gas furnace, 10K BTU air conditioner, dishwasher, multiple lights, TV, laptop and more  
Ability to connect to home's breaker panel
- ... frequently lose power. Transfer switch required.**
  - Home Standby**  
Up to 20,000 watts  
Must be permanently installed; starts automatically during outage  
Power: nearly all home appliances and electronics (simultaneously)  
Can run indefinitely on natural gas or propane  
Recommended if you frequently lose power.

**SAFETY FIRST!**

- Let us know if you purchase a generator that you plan to connect to an electric panel.
- Improperly installed generators can create back feed, which is dangerous to our crews and the community. **Before using the generator, disconnect the normal source of power coming into your home/business.**
- Never operate a generator indoors or in an enclosed space.

**Disclaimer:** Please note safety requirements may differ based on the type of generator you purchase. Thoroughly read the operator's manual and know how to shut off the generator quickly.

Source: Consumer Reports

