

# Somerset Rural Electric Cooperative, Inc.

A Touchstone Energy® Cooperative 



One of 14 electric cooperatives  
serving Pennsylvania and New Jersey

## SOMERSET REC

223 Industrial Park Road  
Somerset, PA 15501  
814-445-4106  
800-443-4255  
Email: e-mail@somersetrec.com  
Website: www.somersetrec.com

## BOARD OF DIRECTORS

### President

Clarence B. Waltermire, District 5

### Vice President

Jerry L. Engle, District 4

### Secretary/Treasurer

Lowell L. Friedline, District 3

Floyd T. Lehman, District 1

Russ Hillegas, District 2

P. Timothy Vought, District 6

Jason Huston, District 7

Joshua C. Sechler, District 8

Harvey W. Reckner Jr., District 9

Ruston Ogburn  
General Manager

## STAFF

Gary Gindlesperger

Manager of Information Technology

Jonathan Hillegas

Director of Finances

Andrew Phillippi

Manager of Outside Operations

Emily Baer

Director of Marketing and Member Services

Phil Stern

Manager of Metering Services

Jessi Ditzler

Executive Assistant

## OFFICE HOURS

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

## EMERGENCY OUTAGE NUMBERS

814-445-4106  
800-443-4255

## Call 811 Before You Dig



TAWNYA  
ZORN

**YOU HAVE JUST DISCOVERED** a new set of little colored flags in your yard, but don't know why. Most likely, an excavation is planned in the vicinity of your property. Perhaps your neighbor is installing a new mailbox, or the electric company is replacing a pole. The flags indicate the location of underground utilities and have been placed there by utility companies that have been notified about a planned dig. Each utility uses a different color flag (sometimes, paint is also used); the color for electrical lines is red.

Even though the flags may be on your lawn, it does not mean your property will be affected. The individuals or companies who call in the request to dig usually can't pinpoint the exact location of the work to be done. Instead, they will include several properties in their locator request to make sure all nearby underground lines are marked. It is common for an electric company to call in a large radius around a utility pole that's scheduled to be replaced. Usually, lineworkers will replace the existing pole in the exact same location — or within a few feet — but may call in a larger area than they need.

Anyone planning to dig for projects like landscaping, building a deck, patio, or pool, or installing a fence is subject to the Underground Utility Line Protection Law, or 811 law. In Pennsylvania, those digging must call 811 — the national "Call Before You Dig" number — three to 10 business days before the start of excavation. The flags or other markings are valid if the equipment is kept on-site. In Maryland, those digging must call 811 at least two days in advance, and the markings are only valid for 12 days. A business day is any day except Saturday, Sunday, or any legal holiday prescribed in the law.

When you call 811, you will be connected to a local One Call notification center that will take your information and communicate it to local utility companies. If you make your request online, you will enter the same information into a form. Professional locators will visit the dig site to mark the approximate location of underground utility lines with spray paint, flags or both. Once a site has been accurately marked, it is safe to begin digging around the marked areas.

Studies show many homeowners will put themselves and their neighbors at risk by not calling 811. Digging without knowing the approximate location of underground utilities can result in serious injuries, service disruptions and costly repairs when gas, electric, communications, water and sewer lines are damaged.

If you are planning a project that requires excavation work, remember to:

- ▶ Always call 811 a few days before digging, regardless of the depth or your familiarity with the property.
- ▶ Plan ahead; call on Monday or Tuesday for work planned for an upcoming weekend to provide ample time for lines to be marked.
- ▶ Confirm all lines have been marked.
- ▶ Consider moving the location of your project if it is near utility line markings.
- ▶ If a contractor has been hired, confirm the contractor has called 811. Don't allow work to begin if the lines aren't marked.
- ▶ Do not move or remove flags. Doing so will make you liable for any damage that occurs to that utility. If you need to remove the flags, call 811 for instructions. 📞

## TAWNYA ZORN

OPERATIONS ASSISTANT

# Planning for Safety, Reliability and Cost Efficiency

**THE WORK OF SOMERSET** Rural Electric Cooperative (REC) over the past year focused heavily on refining our goals to meet your expectations for safe, reliable and affordable power. Many aspects of our business have settled into new patterns for delivery and costs of materials, equipment, and services. However, wholesale electricity markets — where the cooperative buys the power you use — have not yet settled into a predictable path toward stable rates and reliable service.

Your cooperative board and employees worked together to develop the following five strategic goals, which we plan to achieve by 2026:

- ▶ Implement operational technology
- ▶ Strengthen distribution system reliability
- ▶ Broaden member and employee engagement
- ▶ Update building and storage facilities
- ▶ Clarify Somerset REC's involvement in broadband initiatives

The first four goals all focus on maintaining the alignment of our core business with the needs of our members. The vast majority of our daily work already fits within these goals. However, we understand that simply maintaining what we have always done may not meet future expectations.

Technology plays an increasingly important role in our operation. We have been able to maintain the same number of employees for the past 45 years — despite steady growth throughout that time — by implementing better tools to perform our office functions. That same concept has steadily expanded into the work of our engineers, lineworkers and metering technicians.

The operational technologies we plan to deploy will allow us to have more accurate and timely data about outages, blinks, and transformer loading. Proactively using this data to address potential outages before they become real outages creates a more reliable system for our members and allows us to cost effectively address these issues.

Beyond the operational data, advancements in equip-

ment used to isolate outages allow us to narrow the scope more quickly and restore lines when wind, ice, and lightning sweep across our area. We are just getting started with some new equipment, and we understand it may not operate as promised. With this in mind, we take a cautious approach to embracing these tools to ensure we make wise investments for the long-term benefit of our system.

The fifth goal defined our involvement with broadband initiatives. After reviewing a spectrum of options, the board decided expanding our role into building fiber-optic lines or deploying broadband would not align with our core business. A major factor in this decision relates to the broadband access our members currently have and new options that may be available. Since some members were unaware of these options, the cooperative engaged in a process to help them determine how they can get internet access. This work can be managed by our existing staff, allowing us to help those who need it while maintaining financial responsibility for all members.

Maintaining cost-effective reliability happens in the unpredictable environment of the wholesale electricity market. Our cost projections two years ago anticipated a 30% increase in the amount we pay for wholesale electricity in 2023 and beyond. However, this projection was too low, and we paid about 10% more than we expected over the last 18 months. These increases are projected to continue in the coming years.

We are currently working through a cost-of-service study to determine how these increased wholesale costs will impact the rates we charge our members. We anticipate the increases impacting the basic service fee, kilowatt-hours and demand to result in an estimated increase of between 8% and 9% for the average member.

As we navigate this uncertainty, you can be certain your cooperative board and employees work to provide safe, reliable, and cost-effective electric service to our members. That has remained our guiding principle for 85 years and will continue to be the value you can count on. 📍



C. Ben Waltermire, Board President



Ruston Ogburn, General Manager

## Somerset Rural Electric Cooperative, Inc. Members' Financial Report of 2023

### Balance Sheets — December 31, 2023 & 2022

	2023	2022		2023	2022
<b>Assets</b>			<b>Equities and Liabilities</b>		
Electric plant in service	\$ 64,819,689	\$ 62,364,893	<b>Equities</b>		
Construction work in progress	465,696	474,815	Memberships	\$99,075	\$102,395
Total Utility Plant	<u>65,285,385</u>	<u>62,839,708</u>	Patronage capital	37,165,792	36,198,946
Accumulated provision for depreciation	(29,844,633)	(28,960,051)	Other equities	<u>1,797,198</u>	<u>1,684,342</u>
Net Utility Plant	<u>35,440,752</u>	<u>33,879,657</u>	Total Member's Equities	<u>39,062,065</u>	<u>37,985,683</u>
<b>Investments</b>			<b>Long-Term Liabilities</b>		
Investments in associated organizations	818,382	818,382	CFC mortgage notes, less current portion	3,709,443	4,402,535
Patronage capital, due from other cooperatives	<u>9,289,761</u>	<u>8,893,630</u>	Post-retirement benefit obligation	<u>942,250</u>	<u>678,326</u>
Total Investments	<u>10,108,143</u>	<u>9,712,012</u>	Total Long-Term Liabilities	<u>4,651,693</u>	<u>5,080,861</u>
<b>Current Assets</b>			<b>Current Liabilities</b>		
Cash, general	105,046	-	Current portion CFC mortgage notes	2,493,092	654,327
Accounts receivable, consumers, net of accumulated provision for uncollectibles	2,405,351	2,361,042	Cash deficit	-	110,425
Unbilled electric revenues	490,125	609,336	Accounts payable - purchased power	1,366,314	1,133,372
Other receivables	1,197,334	757,912	Accounts payable - other	243,547	359,533
Materials and supplies	1,023,007	910,628	Consumer deposits	1,211,149	1,240,539
Prepaid expenses	34,186	88,137	Other current liabilities	541,985	534,315
Prepayments	<u>29,469</u>	<u>48,221</u>	Deferred credits	588,594	544,315
Total Current Assets	<u>5,284,518</u>	<u>4,755,276</u>	Accumulated miscellaneous operating provision	<u>674,974</u>	<u>723,575</u>
Deferred Debit	-	-	Total Current Liabilities	<u>7,119,655</u>	<u>5,300,401</u>
Total Assets	<u>\$ 50,833,413</u>	<u>\$ 48,366,945</u>	<b>Total Equities and Liabilities</b>	<u>\$50,833,413</u>	<u>\$48,366,945</u>

### Statements of Revenue and Patronage Capital — For the Years ended December 31, 2023 & 2022

	2023	2022		2023	2022
<b>Operating Revenue</b>			<b>Operating margins before interest expense</b>	\$ 1,311,157	\$ 3,121,431
Sales of electric energy	\$ 24,826,494	\$ 22,594,997	Interest expense	272,787	269,704
Other operating revenue	<u>2,345,557</u>	<u>1,806,899</u>	<b>Operating margins after interest expense</b>	<u>1,038,370</u>	<u>2,851,727</u>
Total Operating Revenue	<u>27,172,051</u>	<u>24,401,896</u>	<b>Non-operating Margins</b>		
<b>Operating Expenses</b>			Interest income	37,873	34,251
Cost of power	14,716,473	11,108,453	Gain (loss) on disposition of property	9,700	82,531
Distribution - operation	2,357,170	2,221,269	Total Non-operating Margins	<u>47,573</u>	<u>116,782</u>
Distribution - maintenance	3,861,037	3,662,452	Capital Credits	701,329	1,322,592
Consumer accounts	1,012,738	903,764	<b>Net Margins</b>	<u>1,787,272</u>	<u>4,291,101</u>
Consumer service and information	326,897	288,671	<b>Patronage Capital, Beginning of Year</b>	36,198,946	32,552,666
Administrative and general	1,607,829	1,210,696	Adoption of new account standard	(112,246)	-
Depreciation and amortization	<u>1,978,750</u>	<u>1,885,160</u>	<b>Retirement of Capital Credits</b>	<u>(708,180)</u>	<u>(644,821)</u>
Total Operating Expenses	<u>\$ 25,860,894</u>	<u>\$ 21,280,465</u>	<b>Patronage Capital, End of Year</b>	<u>\$ 37,165,792</u>	<u>\$ 36,198,946</u>

Note: The complete 2023 Audit Report, as audited by Beer Ream Co., is available for inspection at the offices of Somerset Rural Electric Cooperative, Inc.

# Happy Retirement

## Walker Will Be Missed in HVAC Department



**KEN WALKER RETIRED** from Somerset Rural Electric Cooperative's (REC) Heating Ventilation and Air Conditioning (HVAC) Department in May. Walker joined the cooperative in 2007 through a mutual relationship with retirees Joseph Darrigo and the late Reed Miller. He previously worked at Wiedenhoft Electric and Agway Energy/

Suburban Propane.

Known as an all-around "Mr. Fix It," Ken has worked primarily as an HVAC geothermal technician, but he also specialized in heat pump installation and troubleshooting and helped in the metering department. Over the years, he's worked on a variety of heating and cooling equipment and seen many trends, including changes in technology.

"Ken is one-of-a-kind and will be truly missed here at the co-op," HVAC Manager Tony Retassie says. "My confidence in him finding the root of any issue was immeasurable. I can only hope that he was able to pass down a portion of his knowledge to the technicians taking his place. Beyond being a great employee, Ken is also a great person outside of work and would do anything for anyone. Best wishes to Ken and his family."

Ken says one of his most enjoyable co-op experiences was attending the Pennsylvania Rural Electric Association's Legislative Event with the board of directors.

"I will miss the people I work with the most," he says, "but I am looking forward to spending time at our family camps, hunting, fishing, practicing archery and enjoying retirement."

"Ken always enjoyed the challenge of solving difficult problems," Somerset REC General Manager Rus Ogburn says, "and he stuck with it until he found a solution."

Congratulations, Ken, and thank you for serving our membership for 19 years. Enjoy retirement with your wife, children and grandchildren. You will be missed! 🎉



## COOPERATIVE POLE INSPECTIONS UNDERWAY

Approximately 137 million wooden utility poles can be seen on the horizons and landscapes across the United States, according to the Edison Electric Institute. While some areas have replaced wooden poles with concrete, metal or fiberglass structures, most utility poles are still made of wood.

Pole inspections at Somerset Rural Electric Cooperative (REC) are on a 10-year rotation. Nearly 45,000 poles support the cooperative's distribution system, and 4,500 of them are scheduled for inspection and testing this year. Regular testing allows the cooperative to meet industry standards, reduce liability risks and improve reliability. Somerset REC has contracted with two companies to perform this work. Davey Resources started pole inspections in May, and ClearSight is projected to start in July.

Extreme weather, sunlight and wildlife are the main causes for failure in a wooden utility pole. Through advances in

technology, poles can be checked for structural stability and strength. Identifying pole weaknesses or defects minimizes the risk of failure that could lead to costly power supply disruptions. Testing can also extend the lifespan of the poles.

Resistograph testing, which uses a needle-like probe to bore into the wood, determines its soundness. Once specific weaknesses or defects are detected, actions, such as treating decayed areas with preservatives or replacing severely compromised poles, can be taken.

Cooperative subcontractors can be identified by the Somerset REC magnetic signs attached to their equipment. If you have questions about a vehicle parked at your residence or business, call us at 814-445-4106; our staff can verify if crews are working in your area. Pole inspections are scheduled through September and are dependent on weather conditions. 🎉