

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

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Vice President

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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 Technical 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

Weathering the Storms



**RUSTON
OGBURN**

YOUR COOPERATIVE REMAINS STEADFAST in its mission of providing electric service to our members. Our focus on this goal built our capabilities to successfully work through difficult operational, regulatory, and financial issues.

The past several years have introduced new challenges across nearly every aspect of our business. We understand that some issues have not yet been resolved, and we will always face obstacles. However, in several key areas, we believe we have weathered the storms and are stronger for having done so.

Operations

The massive transition in our generation supply and the projection that data centers will shift load patterns create many unknowns for our electric transmission system and the generation supply that powers it. Nearly all these issues involve regional and national questions that we can provide input on, but ultimately, any solutions will be determined by wider market and regulatory influences. Therefore, we focus our attention on the variables we can more effectively control.

The quality of a distribution system starts with the state of its substations, lines, equipment, and right-of-way maintenance. Since the initial build-out of our system began more than 80 years ago, we have continually updated it to incorporate technological advances and increase the loading capacity. A major priority over the last 30 years has been to increase the back-feeding capability between our substations.

The ability to power a substation from a second source creates a significant benefit for our members during the toughest operational times. Each of our substations has at least one other supply option, and many have multiple back-up sources. This effort took decades to complete but will now be the backbone of our system for generations to come.

It is also worth noting that our substations are either directly connected to a transmission line or can be backfed from a transmission line. These lines are like the interstate highway system for electricity. They have more capacity and higher reliability and become the top priority for restoration after storm damage. Recently, for example, it took utilities north of us five days to restore power to some substations. With redundancy and transmission connections, these times are often cut in half.

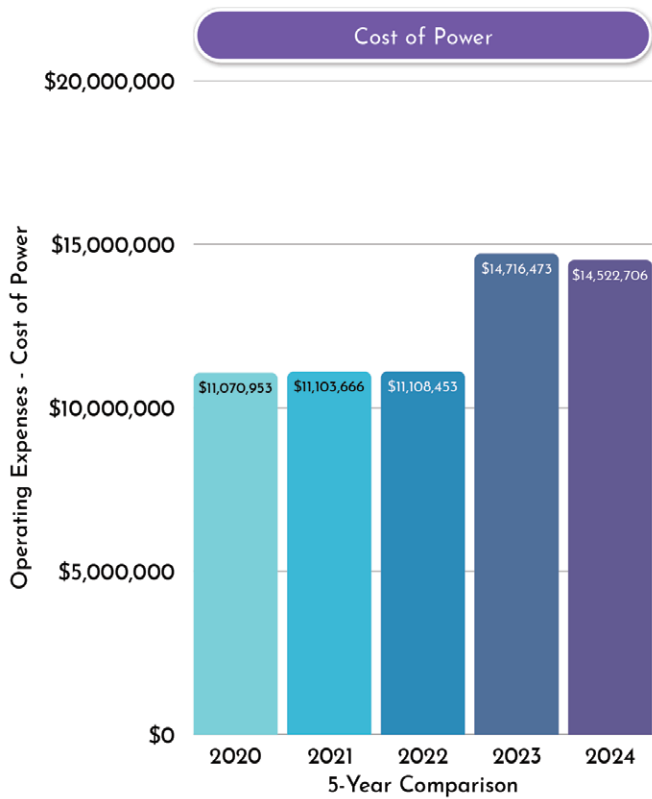
Closer to home, the storm that struck the evening before Easter caused heavy damage to the southern portion of our system, breaking 19 poles as wind leveled trees of all sizes. Crews worked through the night and much of Easter Sunday clearing trees and repairing lines. Our Mason Dixon substation lost its power supply in the storm, but crews switched to a backfeed, cutting the restoration time by many hours. Because of this, the number of members without power on Sunday evening went from hundreds to only a few of our most remote members.

Supply chain

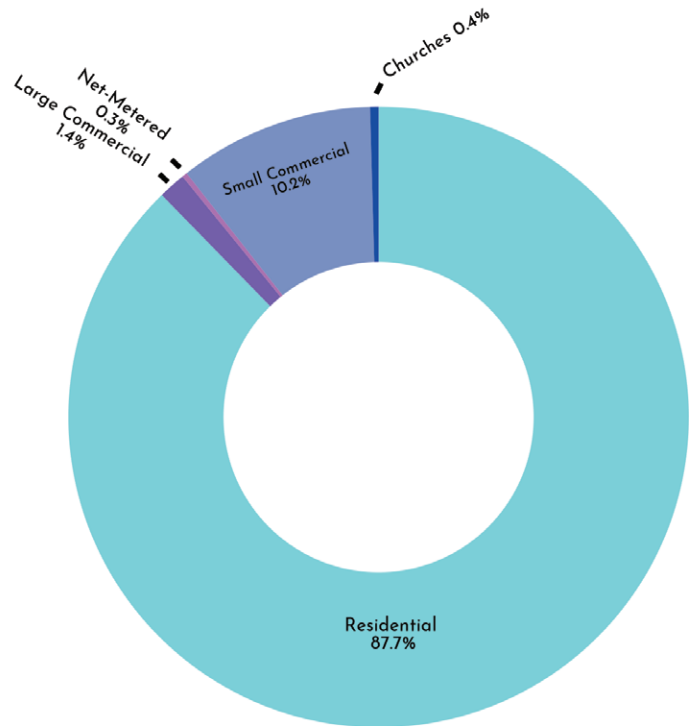
Disruptions to our supply chain caused us to re-evaluate our business relationships and inventory levels for our field operations and office functionality. As a result, we streamlined the field equipment in our storerooms and added redundancy in our office communication and processing systems. The transition from just-in-time delivery to higher inventory levels required us to increase our expenditures; however, we believe we are now better prepared to handle future disruptions.

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Cost of Power

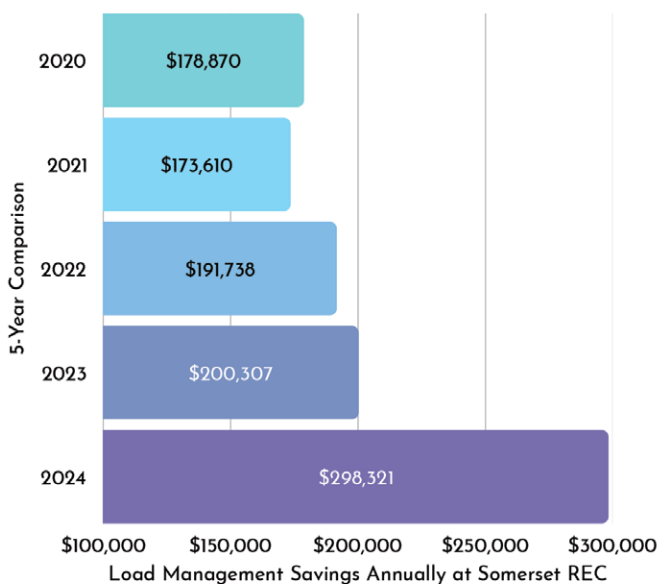


Member Account Types



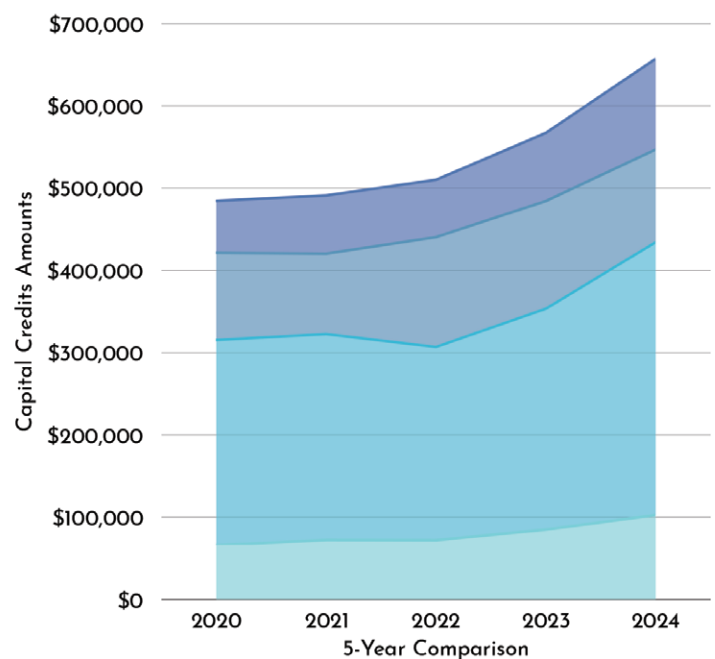
Load Management Savings

Load management is the process of balancing the supply of electricity on the network with the electrical load by adjusting or controlling the load rather than the power station output.



Capital Credits

- General Retirement Cashed Checks
- Applied to Electric Account Balances
- Estate Retirement Cashed Checks
- Unclaimed Capital Credits



Somerset Rural Electric Cooperative, Inc.

Members' Financial Report of 2024

Balance Sheets - December 31, 2024 & 2023

	2024	2023		2024	2023
Assets			Equities and Liabilities		
Electric plant in service	\$ 65,923,050	\$ 64,819,689	Equities		
Construction work in progress	\$ 316,661	\$ 465,696	Memberships	\$ 96,735	\$ 99,075
Total Utility Plant	\$ 66,239,711	\$ 65,285,385	Patronage capital	\$ 39,224,791	\$ 37,165,792
Accumulated provision for depreciation	\$(30,073,843)	\$(29,844,633)	Other equities	\$ 1,914,987	\$ 1,797,198
Net Utility Plant	\$ 36,165,868	\$ 35,440,752	Total Member's Equities	\$ 41,236,513	\$ 39,062,065
Investments			Long-Term Liabilities		
Investments in associated organizations	\$ 818,382	\$ 818,382	CFC mortgage notes, less current portion	\$ 4,664,656	\$ 3,709,443
Patronage capital, due from other cooperatives	\$ 10,238,459	\$ 9,289,761	Post-retirement benefit obligation	\$ 974,163	\$ 942,250
Total Investments	\$ 11,056,841	\$ 10,108,143	Total Long-Term Liabilities	\$ 5,638,819	\$ 4,651,693
Current Assets			Current Liabilities		
Cash, general	\$ 29,047	\$ 105,046	Current portion CFC mortgage notes	\$ 984,572	\$ 2,493,092
Accounts receivable, consumers, net of accumulated provision for uncollectibles	\$ 2,589,726	\$ 2,405,351	Accounts payable - purchased power	\$ 1,348,302	\$ 1,366,314
Unbilled electric revenues	\$ 550,623	\$ 490,125	Accounts payable - other	\$ 114,361	\$ 243,547
Other receivables	\$ 518,355	\$ 1,197,334	Consumer deposits	\$ 1,203,533	\$ 1,211,149
Materials & supplies	\$ 908,920	\$ 1,023,007	Other current liabilities	\$ 535,204	\$ 541,985
Prepaid expenses	\$ 93,588	\$ 34,186	Deferred credits	\$ 222,371	\$ 588,594
Prepayments	\$ 52,430	\$ 29,469	Accumulated miscellaneous operating provision	\$ 681,723	\$ 674,974
Total Current Assets	\$ 4,742,689	\$ 5,284,518	Total Current Liabilities	\$ 5,090,066	\$ 7,119,655
Deferred Debit	-	-	Total Equities and Liabilities	\$51,965,398	\$ 50,833,413
Total Assets	\$ 51,965,398	\$ 50,833,413			

Statements of Revenue and Patronage Capital For the Years ended December 31, 2024 & 2023

	2024	2023		2024	2023
Operating Revenue			Operating Margins Before Interest Expense	\$ 1,998,718	\$ 1,311,157
Sales of electric energy	\$ 25,695,835	\$ 24,826,494	Interest expense	\$ 319,633	\$ 272,787
Other operating revenue	\$ 1,273,372	\$ 2,345,557	Operating Margins After Interest Expense	\$ 1,679,085	\$ 1,038,370
Total Operating Revenue	\$ 26,969,207	\$ 27,172,051	Non-operating Margins		
Operating Expenses			Interest income	\$ 39,161	\$ 37,873
Cost of power	\$ 14,522,706	\$ 14,716,473	Gain (loss) on disposition of property	\$ (178,153)	\$ 9,700
Distribution - operation	\$ 2,310,486	\$ 2,357,170	Total Nonoperating Margins	\$ (138,992)	\$ 47,573
Distribution - maintenance	\$ 3,405,204	\$ 3,861,037	Capital Credits	\$ 1,321,528	\$ 701,329
Consumer accounts	\$ 1,007,311	\$ 1,012,738	Net Margins	\$ 2,861,621	\$ 1,787,272
Consumer service & information	\$ 313,632	\$ 326,897	Patronage Capital, Beginning of Year	\$37,165,792	\$ 36,198,946
Administrative & general	\$ 1,319,487	\$ 1,607,829	Retirement of Capital Credits	\$ (802,622)	\$ (708,180)
Depreciation & amortization	\$ 2,091,663	\$ 1,978,750	Patronage Capital, End of Year	\$39,224,791	\$ 37,165,792
Total Operating Expenses	\$ 24,970,489	\$ 25,860,894			

Note: The complete 2024 Audit Report, as audited by Beer Ream Co., is available for inspection at the offices of Somerset Rural Electric Cooperative, Inc.

**FROM THE
GENERAL MANAGER**

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Regulations

It is difficult to quantify the impact regulations have on our cooperative. However, we do know that areas ranging from electric generation to water heaters have driven up costs for our members. Working with our cooperative partners across Pennsylvania and throughout the country, we explain to legislators the impact of these regulations on our members. This work will never be complete. That said, many of the regulatory burdens that were imposed or discussed have been tempered by the understanding that the people at the end of the electric lines will have higher bills and lower reliability if regulations outpace technology.

Finances

The cooperative continues to maintain a high level of equity. We plan to steadily pay down debt and limit our need to borrow, especially during periods of higher interest rates. We believe this financial strength leads to increased long-term reliability by maintaining our options as the electric industry continues to evolve.

Fortunately, if we do need to borrow, we can rely on the relationships developed across the cooperative network. Many of these relationships have been strengthened by financial institutions recognizing the steadiness of electric cooperatives throughout the recent volatility.

Facing these various obstacles in recent years has demonstrated once again that the cooperative model serves our members well. Our work will never be done, but for now, we have weathered these storms and will be ready for what comes next. 🍷

RUSTON OGBURN
GENERAL MANAGER

