

Sullivan County Rural Electric Cooperative, Inc.

A Touchstone Energy® Cooperative 



One of 14 electric cooperatives
serving Pennsylvania and New Jersey

Sullivan County REC

P.O. Box 65
Forksville, PA 18616
570-924-3381
1-800-570-5081
Email: screc@epix.net
Website: www.screc.com

Staff

Craig A. Harting, CEO
Dennis Klem, Manager,
Finance and Administration
Walt Tubach, Manager,
Electric Operations
Diane E. White, Executive Assistant

BOARD OF DIRECTORS

Ann B. Henderson – CCD/BLC
Chairman
Wayne E. Gavitt – CCD
Vice Chairman
Kathy A. Robbins – CCD/BLC
Secretary/Treasurer
David L. Aumen – CCD*/BLC**/Gold***
Stephan Paul Brady – CCD/BLC/Gold
Benton J. Fiester
Jeff Hamilton – CCD
Jay Lewis – CCD
Curtin R. Rakestraw II – CCD/BLC/Gold

*Credentialed Cooperative Director
**Board Leadership Certificate
***Director Gold Certificate

Office Hours

Monday through Friday
7 a.m. - 3:30 p.m.

From the CEO



2019 in review

By Craig A. Harting

OVERALL, 2019 was a good year in many ways. Attached you will find our audited financial statements for your review.

Sales were up slightly from the previous year, which helped to increase revenues slightly. In general, our sales are related to the weather and more especially, cold weather. We only experienced a few minor storms, which helped to lower operation and maintenance costs. Overall, expenses were under budget, which led to a good financial year.

We continued to reduce the capital credits rotation cycle by paying down three years of capital credits. Our current goal is to reduce this cycle to less than 30 years. At the same time, we want to maintain and grow our equity.

Equity is the amount of the electric system that we own. Rural electric cooperatives typically have equity in the range of 40-45%. Currently, we are at 35% equity, which we continue to grow slowly. Our current goal is to get to 40% equity. We also continue to reduce our debt.

In the operations area, we continued to make improvements to the system. We made a number of small improvements around the system, which will benefit us in the future. Our goal with every improvement is to eliminate possible future outages and improve access when there is a problem.


We also continue good maintenance

practices. These annual measures help eliminate future outages and improve the quality of your service. We continue to make good strides in our right-of-way program even while dealing with dying ash trees. We added a skidder bucket in 2019, which is greatly helping our progress.

The Outage Management System was fully developed and deployed, and this helps us better manage storm repairs. It also includes an outage map (which you can download from our website) where you can see all of the outage areas. We just updated this feature, which allows you to enter your outage electronically from the map instead of calling in.

A new electric vehicle (EV) rate was developed and implemented so you can save money on charging your EV. We think EVs will become a factor in the future as electric cars become more prevalent. We also continued to connect residential rooftop solar systems as they came on-line. We added two solar systems last year.

The Helping Hand Fund continued to grow from voluntary donations and escheats of capital credits checks. Thanks to all of you who donated to this fund. Please contact us if you are experiencing financial difficulties, and we may be able to help you through this fund.

In summary, 2019 was a good year in many ways, and we are working toward another good year in 2020. 

Balance Sheets

	December 31,	
ASSETS	2019	2018
ELECTRIC PLANT:		
In service - at cost	\$ 33,159,886	\$ 32,851,770
Construction work in progress	78,244	37,457
	33,238,130	32,619,227
Less accumulated depreciation	(13,542,543)	(12,645,449)
Net Electric Plant	19,695,587	19,973,778
OTHER ASSETS AND INVESTMENTS:		
Deferred charges	182,115	282,030
Investments in associated organizations	2,333,540	2,318,155
Total Other Assets and Investments	2,515,655	2,600,185
CURRENT ASSETS:		
Cash - general funds	76,998	113,299
Accounts receivable, less provision for uncollectible accounts of \$30,000	1,082,519	984,369
Materials and supplies (at average cost)	261,129	259,077
Other assets	70,486	51,476
Total Current Assets	1,491,132	1,408,221
Total Assets	\$ 23,702,374	\$ 23,982,184
EQUITIES AND LIABILITIES		
EQUITIES:		
Patronage capital	4,196,857	3,970,573
Permanent capital	3,915,823	3,818,975
Other equities	(14,644)	(57,088)
Total Equities	8,098,036	7,732,460
LONG-TERM DEBT:		
Farmer MAC mortgage notes, less current maturities	4,187,309	4,335,089
CFC mortgage notes, less current maturities	9,175,516	9,461,562
Total Long-Term Debt	13,362,825	13,796,651
CURRENT LIABILITIES:		
Current maturities of long-term debt	782,281	739,503
Credit Line - CFC	--	400,000
Cash overdrafts	215,567	178,595
Accounts payable		
Purchased power	310,019	316,150
Other	84,035	74,719
Consumer deposits and prepayments	158,234	53,643
Other current and accrued liabilities	581,412	566,567
Total Current Liabilities	2,131,548	2,329,177
Total Liabilities	15,494,373	16,125,828
DEFERRED CREDITS		
Total Equities and Liabilities	\$ 23,702,374	\$ 23,982,184

Statements of Revenue and Expenses

	Year Ended December 31,	
	2019	2018
OPERATING REVENUES:	\$ 9,282,889	\$ 9,239,109
OPERATING EXPENSES:		
Cost of power	3,255,623	3,343,606
Distribution - operations	258,116	273,442
Distribution - maintenance	1,822,213	1,739,302
Consumer accounts	146,204	156,660
Customer service and information	404,401	411,912
Administrative and general	1,098,273	1,064,287
Depreciation	1,001,692	1,022,722
Taxes	15,669	15,564
Interest - other	12,541	13,785
Total Operating Expenses	8,014,732	8,041,280
Operating Margin Before Fixed Charges	1,268,157	1,197,829
FIXED CHARGES:		
Interest on long-term debt	636,059	668,550
Operating Margin After Fixed Charges	632,098	529,279
OTHER OPERATING MARGINS:		
G & T and other capital credits	96,848	131,232
Gain on sale of assets	--	41,792
Net Operating Margin	728,946	702,303
NONOPERATING MARGINS:		
Interest income	10,709	10,709
Other	1,548	3,565
Total Nonoperating Margin	12,257	14,274
NET MARGIN	\$ 741,203	\$ 716,577

One thing that is certain in uncertain times – **OUR COMMITMENT** to you and the local communities we serve.



It's not only important – it's the law

WE ALL lead busy lives. Either we're busy working, making dinner for the family, washing laundry or simply taking a moment to relax by watching our favorite television program. So the last thing you want to do is take time out of your busy day to fill out the 2020 census form you received in the mail.



You may think to yourself, why bother, it doesn't really do anything and they ask too many questions. The fact of the matter is that the 2020 census does do a lot, especially for your community. The results of the 2020 census helps determine how hundreds of billions of dollars in federal funding flows into communities. Not just for one year, but for the next decade.

The census affects such things as highway planning and construction, as well as determining how much money is allocated for local Head Start programs and for grants that help support teachers and special education.

But it doesn't end there; the list goes on and on and is even used to support

programs in rural areas, such as helping to prevent child abuse, preparing for wildfires, or even by providing housing assistance for older adults.

Homes should have received the official U.S. Census Bureau form between March 12 and March 20. April 1 was an important day for the 2020 census known as Census Day. It was not a deadline, but a day chosen to determine who's been counted and who was living where on that day. Ev-



eryone was encouraged to respond as quickly as possible once they got the 2020 census form.

Haven't completed the 2020 census yet? Don't worry, you still have time. You can respond to the 2020 census by completing and returning the survey, or you can respond via phone or by going online. Census takers will be interviewing residents in homes that haven't responded to the census.

You may have heard that you are required by law to respond to the survey. The fact of the matter is that anyone who does not complete the survey could be fined.

Your response to the 2020 census is important. If you haven't taken the time to respond, we encourage you to do so as soon as possible. For more information, visit pa.gov/census.

SIGN UP FOR PAPERLESS BILLING NOW

Have you thought about switching to paperless billing? Well, if you have, now is the time to do so. Any member signing up for paperless billing by July 1 will receive their July bill by email and will be entered into a contest to win an iPad Mini (\$250 value) or a \$250 bill credit!

How do you sign up? Simply visit our website (screc.com) and click on the "Manage Account" icon. Follow the instructions to set up an online account and then sign up for paperless billing. Time is running out – why not sign up today?

Already receive paperless billing? Don't worry; you'll be automatically entered into the contest.

Sullivan County REC will be closed Friday, July 3, in observance of the 4th of July holiday

2020 annual meeting change

The 2020 annual meeting of Sullivan County Rural Electric Cooperative will look a little different this year. This year, the annual meeting will be held at the Sullivan County Fair on Thursday, Sept. 3, at 10 a.m. (at this point, the Sullivan County Fair is still scheduled – if this changes, we will notify you).

Come for the meeting and receive \$20 cash (per membership) to use for food and entertainment at the fair. There will be a few door prizes, and we will collect food for our 13th annual food drive.

Bring the family and engage with other members of your cooperative and then enjoy the Sullivan County Fair. Look for the annual meeting notice in your July electric bill and the July issue of *Penn Lines*. Hope to see you there!