



## United Electric Cooperative, Inc.

A Touchstone Energy® Cooperative 



One of 14 electric cooperatives serving Pennsylvania and New Jersey

**United Electric Cooperative, Inc.**  
Post Office Box 688  
DuBois, PA 15801-0688  
Customer Service: 888-581-8969  
www.unitedpa.com  
Outage: 800-262-8959  
Office Hours: M - F 8 a.m. - 4:30 p.m.

### BOARD OF DIRECTORS

#### Chairman

**Stephen A. Marshall, District 5**  
1030 Donahue Rd.  
Luthersburg, Pa. 15848  
814-583-7320

#### Vice Chairman

**Timothy D. Burkett, District 6**  
5059 Hamilton Markton Rd.  
Punxsutawney, Pa. 15767  
814-938-7991

#### Secretary/Treasurer

**Eileen Pisaneschi, District 2**  
1964 River Hill Rd.  
Frenchville, Pa. 16836  
814-263-4491

### DIRECTORS

**Shanelle Hawk, District 1**  
502 Pine Run Rd.  
Mayport, Pa. 16240  
814-365-5646

**Arden E. Owens, District 7**  
505 Trout Run Rd.  
Shawville, Pa. 16873  
814-765-6458

**Richard Petrosky, District 3**  
P.O. Box 612  
DuBois, Pa. 15801  
814-371-8672

**David W. Walker, District 4**  
631 Olanta Rd.  
Olanta, Pa. 16863  
814-236-3321

**President & CEO**  
Brenda Swartzlander  
**Consumer Advocate**  
Paula Pascuzzo, ext. 8501  
**Richard Heverley, Editor**

# 2018 United Electric Cooperative Annual Report

## 2018 Chairman's Report



Stephen A. Marshall  
Chairman of the Board

The board of directors and management of United Electric Cooperative are pleased to present the 2018 Annual Report.

As your representatives, I, as chairman of the board, and my fellow board members are honored to serve as your stewards. On behalf of the board of directors, I would like to assure you that your cooperative is on firm financial footing, and we are positioned well as we move forward. As you read through this year's report, you will see that we have had a very successful as well as a very busy year in 2018. United Electric invested over \$4.7 million in system improvement projects this past year in our continuing efforts to assure a reliable electric system. Among the highlights are the replacement of our Robertsville Substation and the launch of our SCADA remote monitoring and switching system. The projects completed in 2018 and those currently in the planning stages are all designed to meet our current needs, while at the same time anticipating the future energy needs of our area. United Electric remains dedicated to improving the quality of life in our area of Pennsylvania for our current members as well as for the next generation, who we hope will decide to make this area their home.

Maintaining our sound financial position has enabled United Electric's board to approve the retirement of capital credits for the 10th consecutive year. Capital credits returned to our members in 2018 totaled \$1,036,631, which brings the amount of capital credits returned to our members over the past 10 years to over \$9.5 million. Results such as these do not come easy. It takes all of us — members, the board

of directors, and our dedicated management and employees — working together to keep our cooperative strong and moving forward.

While continuing our commitment to improved reliability, your cooperative board and management remain mindful of the need to maintain reasonable rates. We scrutinize the internal operations of the cooperative to hold the line on costs, while continually monitoring issues and legislation at both the state and national levels that can adversely affect our ability to keep costs low for our members.

The increased reliability and the financial condition of our co-op is due in a large part to the dedication and hard work of the employees and management of United Electric. On behalf of myself and the entire board of directors, I would like to take this opportunity to thank all of the employees and the members of United Electric for your support and your commitment to making United Electric a cooperative we can all be proud of.

We look forward to seeing all of you at the annual meeting on Wednesday, May 15, at the Brady Township Community Center in Luthersburg. This is our opportunity to share more insights into the operation of our cooperative and discuss the future direction and challenges we face as we move forward. There will be refreshments, a free registration gift for each member, a special guest entertainer, door prizes, and a grand prize drawing for a 30-inch range with a convection oven. See you there.

Stephen A. Marshall  
Chairman of the Board



Brenda Swartzlander  
President & CEO

## Engineering Report 2018

### OPERATIONS REPORT

In 2018, the Operations Department continued our system improvement and replacement plan to increase reliability to you, our members. In the past year, we

rebuilt over 18 miles of line. This included projects such as rebuilding the line in the Bottom Road area. The Five Points north line rebuild was completed, as was the Clay Plant Road rebuild project. We replaced

(continues on page 14b)

**Engineering Report 2018**

*(continued from page 14a)*

sections of deteriorated underground in the Robertsville area and along Greenwood Road. The Robertsville Substation was completely replaced in 2018. All of these projects are, as always, designed and built to provide more reliable electric service, as well as increase capacity for the future.

**ENGINEERING REPORT**

The Engineering Department is in the planning stages of a number of projects aimed at improving reliability for our members. There are three major projects in the planning stages, which will soon be completed from the engineering standpoint and ready for construction. These are the Utahville rebuild, the Shannondale West rebuild, and the second portion of Anderson Creek rebuild project.

The Engineering Department extends a sincere "thank you" to all of the members who were instrumental in sighting these system improvement projects. Your cooperation is essential in making these and future projects of this type a success. Allowing line relocation or pole changes on your property makes it possible for United Electric to continue to improve service to you and your neighbors.

In 2018, the Engineering Department kept quite busy staking just over 500 work orders, for about three miles of line outside the system improvement projects. This work, along with various other member requests, keep the Engineering Department personnel very busy as we strive to fulfill the needs of our members.

**VEGETATION MANAGEMENT**

In order to meet the ever-higher demand for reliable electric service and to meet stricter regulatory requirements, cooperatives must employ professional tree contractors to achieve a successful and modern vegetation management program.

United Electric employs an Integrated Vegetation Management (IVM) approach to right-of-way management, blending selective herbicide application, mowing, hazard tree removal, and directional clearance pruning into a systematic, cyclical approach. Maximizing tree-to-conductor clearances, as well as removal of hazard trees, continues to lessen tree-related outages over the duration of a circuit's maintenance cycle. A solid IVM program delivers financial, environmental, ecological, and operational results that are cost effective to the cooperative and its membership. Ignoring vegetation management concerns is not an option.

In 2018, United Electric continued aerial patrols, which allow us to locate and proactively eliminate potential outage-causing hazards. The Forestry Department and Line Department jointly conducted a helicopter patrol of 371 miles of line this past fall. Forestry Department personnel were able to identify and correct potential problems on locations between scheduled right-of-way maintenance. This allowed us to locate trees that had broken, but have not caused an immediate outage from prior storms, as well as others that are victims of insects or disease. United Electric intends to continue the aerial patrol program in 2019.

In 2018, United Electric maintained 497 miles of line at an average cost of \$2,420/mile. The main focus of 2018's vegetation management program was proactive, full- and mid-cycle maintenance. Through the use of qualified contractors, United Electric corrects inadequate vegetation-to-conductor clearances, accessibility issues and danger tree removal before they become the cause of outages.

The success of any program is directly related to the "cooperation" between our members and United Electric. With your cooperation, we will continue to maintain safer right-of-ways and improve reliability throughout our system.

**WOOD POLE INSPECTION AND TREATMENT**

The wood pole inspection/treatment process increases serviceability of poles indefinitely. This process also pinpoints locations of non-serviceable and "danger" poles.

This procedure begins with a visual inspection of the pole from ground line to top. If warranted, a sonic test is performed to determine decay and voids. Poles with voids are bored and probed for a more accurate determination of the extent of the void. If serviceable, the inspector will inject an internal treatment to stabilize the decay of the wood. Partial excavation to a depth of 6 to 9 inches follows. The inspector looks for signs of decay, green mold, bleaching, etc. If any of the aforementioned is present, a full excavation to a depth of 18 inches is performed. Decay is scraped away, and a preservative and moisture barrier are then applied.

United Electric maintains a systematic Wood Pole Inspection Program, thereby allowing us to determine the serviceable life and safety of our poles. In 2018, we inspected and treated 3,001 poles at an average cost of \$26.65/pole. Sixteen poles (0.5 percent) were determined to be unserviceable. From inspection reports, our engineering

technicians are able to plot and create the work orders for line crews to replace the defective poles. Service orders are also

issued to the Line Department for repair of damaged equipment on the poles that was detected during the inspections.

**Treasurer's Report**

AS TREASURER of United Electric Cooperative, it is my privilege to present the 2018 Audited Financial Statements for the cooperative. The year saw continued financial stability in the financial condition of the cooperative. The 2018 margins ended the year at \$2,223,366 as compared with \$2,417,616 for 2017. The margin of \$2,223,366 is 8.4 percent of the year's revenue and will be allocated to each member's capital credits account.

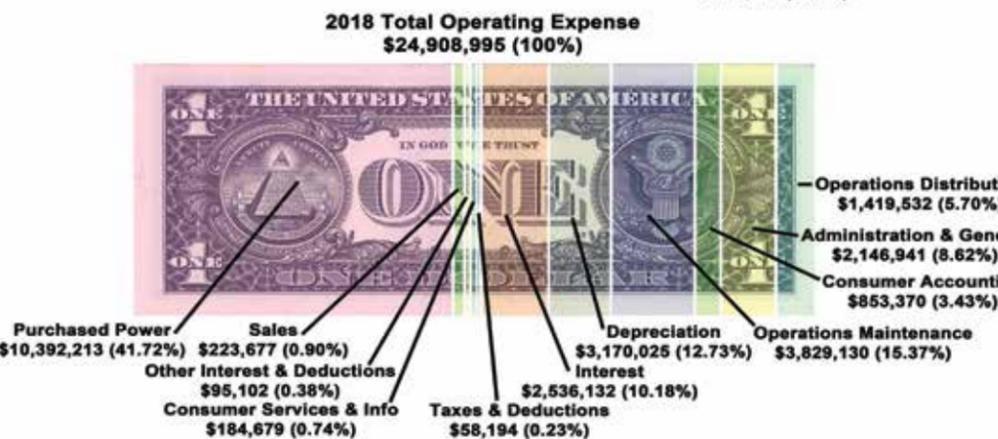
Operating revenues increased to \$26,558,121 compared to \$25,674,268 in 2017. Maintenance expenses increased from \$3,775,036 in 2017 to \$3,829,130. Interest expense for the year was 10.2 percent of our operating expenses; during 2017 this amounted to 9.9 percent. Interest expense on long-term debt in 2018 was \$155,662 more than it was in 2017.

After allocation of this year's margins and estate retirements, the total equity of the members will increase from \$32,913,186 to \$34,220,499. The members' equity ratio for the end of 2018 is 32.91 percent.

During 2018, work proceeded on our construction work plan for system improvements. The cost of construction work completed during 2018 was \$4,703,117 in additions and \$3,333,721 in retirements.

The net increase in plant for 2018 was \$1,574,092. Improvements included sectionalizing of lines to decrease outages, upgrading of substations, adding and replacing reclosers, replacing old wire and poles, installing Aclara meters, and adding new services. This work plan has been put in place to improve the reliability of the electric service.

During 2018, a general capital credits retirement to the members was accomplished utilizing the FIFO (First In First Out) method. The 2018 general retirement marks the 10th consecutive year that United has returned capital credits to the membership. The general capital credits retirement was completed in October in the amount of \$750,000. United continues to settle estate capital credits retirements, which for the year totaled \$286,631. The total amount of capital credits distributions for 2018 amounted to \$1,036,631.



**FINANCIAL HIGHLIGHTS**

**CONDENSED STATEMENT OF OPERATIONS**  
For the year ending December 31, 2018

	2018	2017
<b>OPERATING REVENUES</b>	\$ 26,558,121	\$ 25,674,268
<b>OPERATING EXPENSES</b>		
Purchased Power	10,392,213	10,030,803
Other Operations	4,828,201	4,570,601
Maintenance	3,829,130	3,775,036
Depreciation	3,170,023	3,019,423
Taxes	58,194	58,063
Interest on Long-term Debt	2,536,132	2,380,470
Other Interest and Deductions	95,102	92,949
<b>Total Operating Expense</b>	<b>24,908,995</b>	<b>23,927,345</b>
<b>OPERATING MARGINS</b>	1,649,126	1,746,923
<b>NON-OPERATING MARGINS</b>		
<b>Total Non-Operating Margins</b>	<b>574,240</b>	<b>670,693</b>
<b>NET MARGINS</b>	\$ 2,223,366	\$ 2,417,616

**CONDENSED BALANCE SHEET**  
December 31, 2018

	2018	2017
<b>ASSETS</b>		
Electric Plant (at cost)	\$ 119,090,125	\$ 117,516,032
Construction work in progress	3,328,833	1,785,914
Less accumulated depreciation	(32,985,699)	(33,376,731)
<b>Net Plant</b>	<b>89,433,259</b>	<b>85,925,215</b>
Other Assets and Investments	7,006,422	6,796,849
Current Assets	5,171,976	4,921,796
Deferred Charges	2,363,629	2,679,508
<b>Total Assets</b>	<b>103,975,286</b>	<b>100,323,368</b>
<b>EQUITIES AND LIABILITIES</b>		
Memberships	\$ 56,990	\$ 61,735
Patronage Capital	32,454,328	31,238,120
Other Equities	1,709,181	1,613,331
<b>Total Equities</b>	<b>34,220,499</b>	<b>32,913,186</b>
Long-Term Debt	56,707,539	53,698,280
Other Non-Current Liabilities	1,349,343	1,345,591
Current Liabilities	10,497,921	11,975,586
Deferred Credits / Regulatory Liabilities	1,199,984	390,725
<b>Total Equities and Liabilities</b>	<b>103,975,286</b>	<b>100,323,368</b>

2018 Audit of United Electric Cooperative conducted by Fiore, Fedeli, Snyder, Carothers LLP Certified Public Accountants

**Plan to attend Annual Meeting 2019**

**OFFICIAL NOTICE of ANNUAL MEETING**

**WEDNESDAY, MAY 15, 2019, AT 7 P.M.**

**AT THE BRADY TOWNSHIP COMMUNITY CENTER, LUTHERSBURG, PA**

Notice is hereby given of the Annual Meeting of members of United Electric Cooperative, Inc. The meeting will be held at the Brady Township Community Center, Luthersburg, Pennsylvania, at 7 p.m. on Wednesday, May 15, 2019. The following matters will be acted upon: Reports of the Directors and Officers; declaration of the Board Director Elections in Districts 3 and 6; any and all other business that may come before the meeting

or any adjournment or adjournments thereof.

An admission card will not be mailed to you. Admission cards will be provided and valid membership status determined at the Annual Meeting registration on Wednesday, May 15, 2019.

United Electric Cooperative, Inc.  
**Eileen Pisaneschi, Secretary/Treasurer**

**United Electric**  
COOPERATIVE, INC.  
A Touchstone Energy® Partner

# ANNUAL MEETING

Will be held: **Wednesday, May 15th, 2019 - 7:00 PM**  
at the **Brady Township Community Center,**  
**Luthersburg, PA**

- **Report of Directors**
- **Business Session**
- **CEO's Report**
- **Results of Director Elections in Districts 3 and 6**

**Special Guest**



Heather Olson will be on hand to sing the National Anthem and to entertain the members with her tribute to Patsy Cline.

**REGISTER TO WIN ! DOOR PRIZES**



**FREE REGISTRATION GIFT!**

## DIRECTIONS TO ANNUAL MEETING

To get to the Brady Township Community Center, go four miles south of DuBois on Route 219. In Luthersburg, turn right onto Route 410 West. The Community Center will be 1/4 mile on the left.

From Clearfield, take Route 322 West to Luthersburg. Just after the merger with Route 219 North, turn left onto Route 410 West. The Community Center will be 1/4 mile on the left.

**UNITED ELECTRIC'S OFFICE WILL BE CLOSED MEMORIAL DAY, MONDAY, MAY 27**

## 2019 ORGANIZATION ADMISSION

This form will admit the member listed below to the **United Electric Annual Meeting held at the Brady Township Community Center, Luthersburg, Pa., Wednesday, May 15, 2019, at 7 p.m.** The member must designate and certify an official representative of the organization, business, church, etc. by completing the form below.

Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Account Number: \_\_\_\_\_  
District if known: \_\_\_\_\_

RESOLVED THAT \_\_\_\_\_ who is a member or officer of the organization named above is hereby designated official representative to the Annual Meeting of the members of the United Electric Cooperative, Inc. to be held in Luthersburg, Pa., on Wednesday, May 15, 2019, and any adjournment or adjournments thereof held within (60) days of said date, on all matters which at said meeting of members may properly come before them; the action of said representative and all that he or she may do is ratified and confirmed as the act of our organization. I hereby certify that the forgoing resolution is a true and correct excerpt from the minutes of the organization enacted a meeting held on the \_\_\_\_\_ day of \_\_\_\_\_, 2019, at which time a quorum was present and acting and that the above named person is an official member of the organization.

Enter Name of Organization as shown above.

(Corporate Seal)

Attest: \_\_\_\_\_