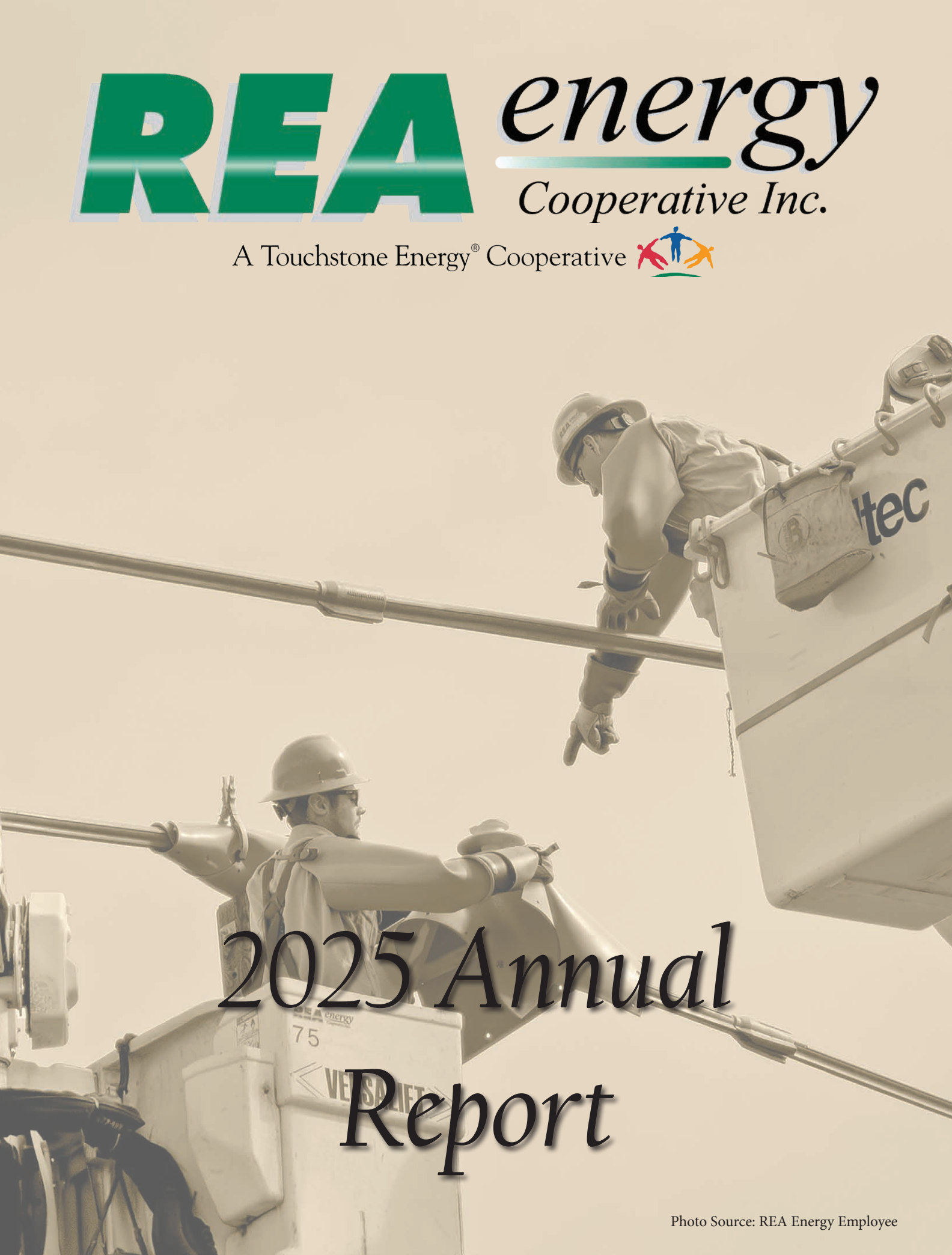


REA *energy*

Cooperative Inc.

A Touchstone Energy® Cooperative 



2025 Annual Report

Photo Source: REA Energy Employee

2025 Executive Report

We are pleased to report to you, our consumer-members, on the continued strength and stability of your cooperative. This past year was challenging. We faced significant increases in wholesale power costs, driven by the market as well as equipment inflation pressures that affected utilities across the region. Through careful financial planning, proactive cost management, and a necessary wholesale rate adjustment, the cooperative maintained financial stability while continuing to invest in system reliability and member service.

The following are just some of our 2025 accomplishments:

Finance

Revenue increased by 15% in 2025 due to a wholesale rate adjustment to accommodate the market increase. In addition, there was a modest 2.5% increase in member energy use. Operating expenses increased 15% in 2025, while the cooperative's total cost of purchased power was \$33.3 million.

The cooperative received a non-cash patronage capital allocation of approximately \$1.1 million from our wholesale power provider. Combined with operating results, this enabled the cooperative to achieve total cash and non-cash margins of \$5.4 million. These margins strengthen the cooperative's equity position, support ongoing infrastructure investments and ensure continued compliance with lender financial requirements.

Detailed financial statements can be found on subsequent pages of this issue of *Penn Lines*. The cooperative's records were audited by an independent accounting firm, which issued a clean audit opinion.

Member services

REA Energy Cooperative continued to expand member services in 2025.

The cooperative held an in-person and virtual annual meeting, and nearly 400 members attended. We also held a Member Appreciation Month in October in conjunction with National Cooperative Month.

Additionally, REA Energy did the following:

- ▶ Provided safety demonstrations with our tabletop, high-voltage display.
- ▶ Increased the use of mobile devices in field vehicles for up-to-date information flow.
- ▶ Educated and communicated with members via regular posts on the cooperative's social media pages, *Penn Lines* articles, and printed materials.
- ▶ Promoted Touchstone Energy, a national cooperative that provides our members with benefits.
- ▶ Sent 14 students on Youth Tour in Washington, D.C.
- ▶ Promoted and enhanced the "Members Sharing with Members" fund to help consumers in need due to unemployment or financial hardship.
- ▶ Encouraged large commercial members, known as key accounts, to expand on our system, which can help reduce costs for all members.
- ▶ Adhered to our core principles, enhanced existing programs and offered new technology to better serve members.

REA Energy Services

REA Energy Services, our for-profit subsidiary, continued to be successful due to an increase in commercial consumers. The subsidiary had solid sales in all four business lines, including heating, ventilation and air-conditioning products (HVAC), electrical contracting, generators, and tree trimming.

REA Energy Services installs most types of HVAC systems, such as electric boilers, and three major heat pumps, including ductless, air-source, and geothermal systems. Through education and emphasizing the cost-saving benefits of these products, we continue to install many of these systems.

We anticipate future interest from members due to the difference between volatile fossil fuel prices and low REA Energy electricity rates. Because profits from REA Energy Services go back to the cooperative, its success helps keep rates low.

Most of the subsidiary's products provide direct profits to the cooperative and increase electric sales, which also help keep rates low. The subsidiary not only benefits the cooperative, but it also benefits members who may purchase high-efficiency products to save money on monthly energy bills.

Our electrical contracting business line continues to provide safe electrical upgrades to our residential consumers and provides solutions for commercial consumers. Our load technicians play a pivotal role in increasing electric sales by providing services at a competitive price. This makes it easier for commercial and industrial accounts to relocate to cooperative lines, which increases sales.

REA Energy Services recorded approximately \$1,199,294 in revenue for 2025 due to great customer service, honesty and exceptional value, making the subsidiary the company of choice for many people.

REA Energy Services will continue offering more convenient and energy-efficient products and services in the future. We encourage members to think of our subsidiary for any future contracting jobs and tell a friend about its excellent products and services.

Rights of way

REA Energy constantly monitors the reliability of our power system. Each year, an outage summary report identifies areas that need attention and where outages are historically likely to occur. Tree-related outages accounted for 87,841 outage hours in 2025, resulting in 5.9% of the total outage hours for the year.

Last year, the cooperative spent more than \$4.5 million on cutting trees in rights of way for line extensions to serve new members, as well as on regular cutting and herbicide treatments for existing rights of way. Contributions for rights of way were made by various companies and members in 2025.

Substations we focused on in 2025 were:

- ▶ **Fairview** — cut 66 miles
- ▶ **Georgeville** — cut 118 miles

- **Latimer** — cut 27 miles
- **Laurel** — cut 132 miles
- **Livermore** — cut 108 miles

Maintaining rights of way remains a time-consuming and labor-intensive task. If you notice trees that present an immediate threat to the cooperative's power lines, contact us so we can investigate.

Reliability/system improvements

REA Energy strives to provide reliable electric service to its members. This year, the cooperative focused on its four-year work plan by replacing more than 800 poles across the system. REA Energy also replaced and upgraded more than 17 miles of line.

Rebuilding, relocation and upgrading electric lines included:

Overhead — 17 miles

Clyde Substation

- Bethel Cemetery Road — 0.65 miles
- Horse Thief Road — 0.70 miles

Livermore Substation

- Laughlin Farm Road — 1.1 miles
- Cunkelman Road — 2.3 miles
- Yankee Hill Road — 0.8 miles
- Matt Dale's Road — 1.45 miles
- Newport Road — 1.28 miles

Parkwood Substation

- Craig Road — 0.87 miles
- Wertz Road — 0.46 miles

Strongstown Substation

- Highway 259 South — 2 miles

Uniontown Substation

- Fir Road — 0.3 miles
- Mumau Road — 0.43 miles
- Lentz Road — 0.77 miles
- Snyder Road — 0.84 miles
- Gipsy Road — 0.77 miles
- Vanderbilt Road — 0.35 miles
- Valley Road — 0.48 miles
- Donahey Road — 0.78 miles
- Spruce Road — 0.74 miles

Substation/metering points

REA Energy is in the second year of its four-year work plan and the final year of its 10-year work plan. The four-year work plan runs through 2028 and includes about 10 to 15 miles of reconductoring projects each year. The cooperative completed the following projects.

- **Georgeville:** Updated voltage regulator control for the Trade City circuit.
- **Georgeville/Washington:**

Replaced the failed supervisory control and data acquisition (SCADA)-controlled tie switch.

► Indiana North/Shadowood:

Replaced the failed SCADA-controlled tie switch.

► Livermore Substation:

Completed the substation rebuild.

► Parkwood Substation:

Installed voltage regulators on the Shadowood circuit.

► Smithport Substation:

Updated voltage regulator control on the Smithport circuit.

► St. Augustine Substation:

Updated voltage regulator control on the Fallen Timber circuit.

2025 outages

REA Energy had 1,489,048 total member outage hours for 2025, compared with 239,859 in 2024. REA experienced seven major-event storms in 2025, accounting for 1,302,285 total member outage hours, compared with no major-event storms in 2024. Outages on the transmission system owned by investor-owned utility FirstEnergy accounted for 35,338 member hours in 2025, compared with 68,457 member hours in 2024. FirstEnergy is the cooperative's power transmission supplier.

Continued on page 14H



Michael J. Bertolino,
Chairman, CCD, BLC, Gold



Chad Carrick, MBA, CFPC
President & CEO

Board of Directors

Wayne Farabaugh, Vice Chairman, PREA Director, CCD, BLC, Gold

Robert Neese, Secretary/Treasurer, Allegheny Director, CCD, BLC, Gold

Thomas Aurandt, CCD

Tom Beresnyak, CCD, BLC

Sandra Dill, CCD, BLC

Anthony Enciso, CCD, BLC, Gold

John R. Learn, CCD, BLC, Gold

Rick Shope, CCD, BLC

Headquarters Office

Indiana, Pa.

Physical Location: 75 Airport Road
Address: P.O. Box 70,
Indiana, PA 15701-0070
724-349-4800 or 800-211-5667

Office Hours - Monday-Friday
7 a.m.-3:30 p.m.

Staff

Barry Baker, Indiana Operations Manager

Erin Bauer, SHRM-CP, Manager of Consumer & Employee Services

Shane Cribbs, CISSP, Network & Systems Manager

Dave Daugherty, CSP, Safety & Right of Way Manager

Steve Malesky, Ebensburg Operations Supervisor

Lisa Gardill, CFPC, Director of Finance & Accounting Services

Nick Hartman, Manager of Engineering

Stacy Hilliard, CCC, CKA, Communications & Marketing Manager, Local Pages Editor

Chris Weller, Load Management Supervisor

District Office

Ebensburg, Pa.

Physical Location: 127 Municipal Road
Address: P.O. Box 273,
Ebensburg, PA 15931-0273
814-472-8570

Office Hours - Monday, Wednesday, Friday
7 a.m.-3:30 p.m.
Closed Tuesday and Thursday

Emergencies/Outages - 844-920-3395 or 800-332-7273

Email - reaenergy@reaenergy.com

Website - reaenergy.com

2025 Statistics

Number of Services - 24,639

Miles of Electric Line - 2,798

System Peak (January) - 92,770 kilowatts

Kilowatt-Hours Sold - 389,546,578

Net Plant Value - \$122,941,460

Est. Gross Load Mgmt. Savings - \$633,525.32

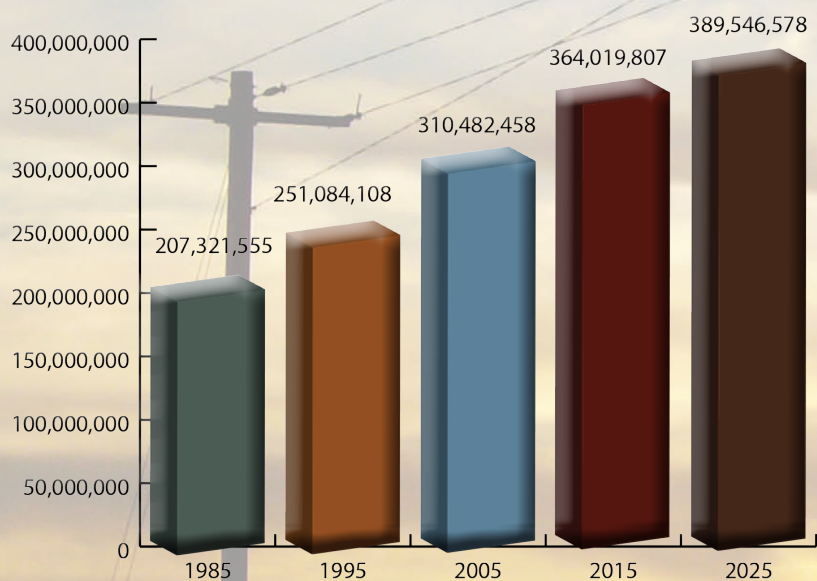
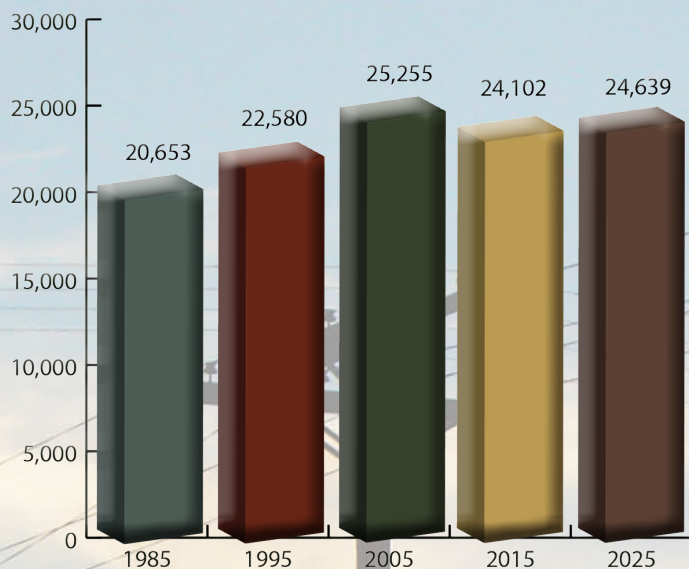
Water Heaters Controlled - 6,414

Water Heaters Issued to Date - 5,353

Round-Up Participants - 1,796

Full-Time Employees - 70

Number of Accounts



kWh Sold

Net Utility Plant

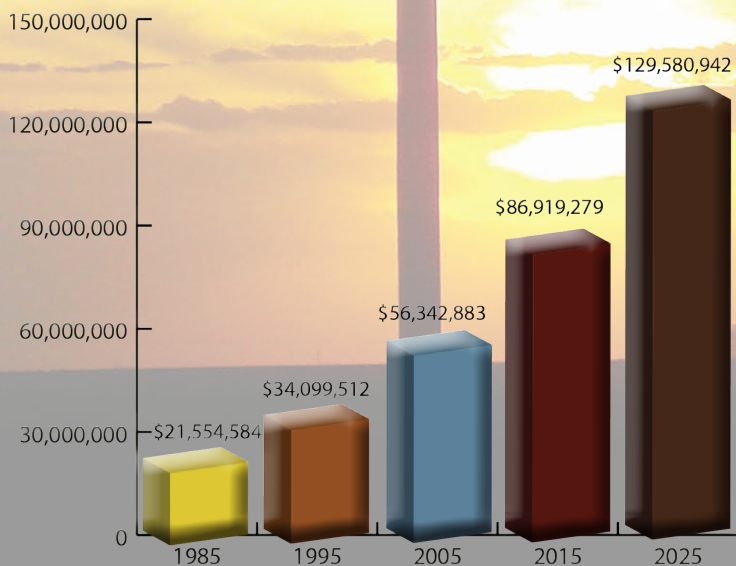
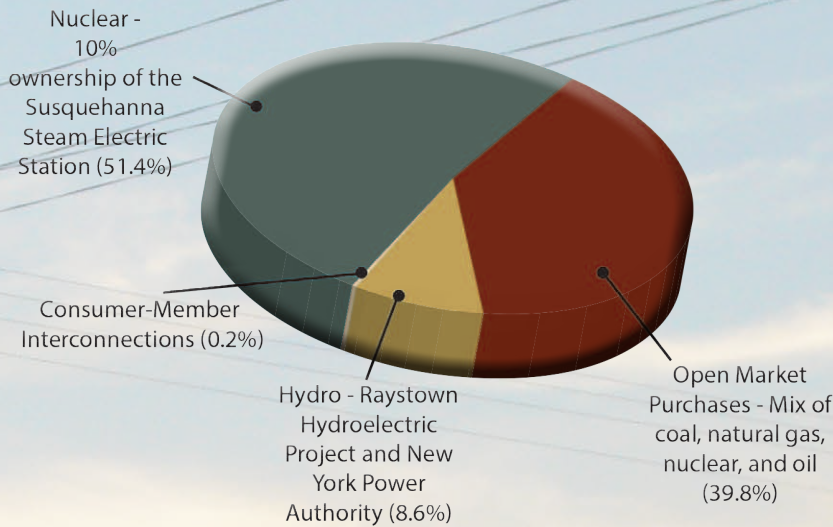
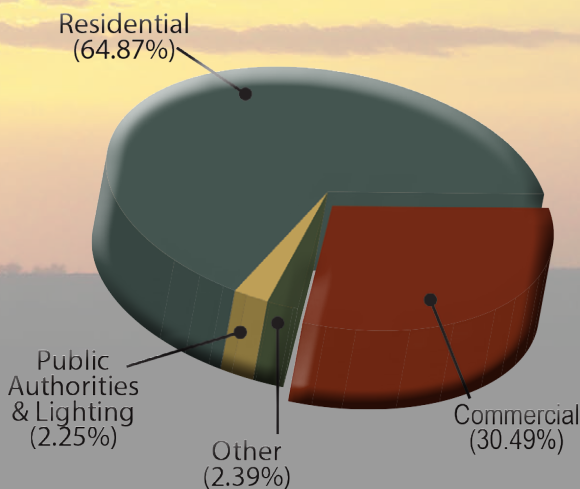
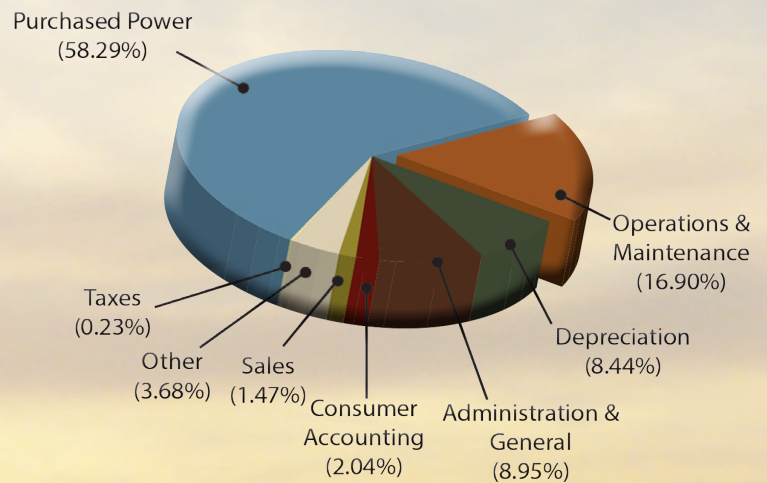


Photo Source: Cooperative.com



Wholesale Power Supply Sources

How the Cooperative's Dollar Was Used



Sources of the Cooperative's Dollar

2025 Financial Report

Balance Sheets*

<u>Assets</u>	December 31,	
	2024	2025
<u>Electric Plant</u>		
In Service and Construction in Progress	161,315,362	170,088,273
Less: Accumulated Provisions for Depreciation	<u>38,373,902</u>	<u>39,328,929</u>
TOTAL ELECTRIC PLANT	<u>122,941,460</u>	<u>130,759,344</u>
Investments in Associated Organizations	<u>24,480,089</u>	<u>24,712,140</u>
<u>Current Assets</u>		
Cash	2,133,697	2,229,369
Temporary Investments	3,017,009	434,726
Accounts Receivable (less reserves)	2,699,486	2,693,202
Accrued Utility Revenues	4,038,349	5,099,121
Materials and Supplies (at average cost)	2,985,257	3,525,621
Other Assets and Deferred Charges	<u>459,609</u>	<u>578,174</u>
TOTAL CURRENT ASSETS	<u>15,333,407</u>	<u>14,560,213</u>
TOTAL ASSETS	<u>162,754,956</u>	<u>170,031,697</u>
<u>Equities and Liabilities</u>		
<u>Equities</u>		
Memberships	93,725	93,230
Patronage Capital	86,728,453	92,176,938
Other Equities	<u>157,680</u>	<u>160,443</u>
TOTAL EQUITIES	<u>86,979,858</u>	<u>92,430,611</u>
<u>Liabilities</u>		
Long-Term Debt:		
RUS Mortgage Notes (Less Current Maturities)	59,833,477	57,570,745
CFC Mortgage Notes (Less Current Maturities)	910,083	403,108
Other	1,061,487	1,267,275
Accumulated Post-Retirement Benefit Obligation	615,964	743,980
Current Maturities of Long-Term Debt	3,761,345	3,052,837
Line of Credit	0	5,669,752
Accounts Payable:		
Purchased Power	2,480,260	3,144,732
Other	1,421,528	705,066
Consumer Deposits and Prepayments	100,501	141,376
Other Liabilities and Deferred Credits	<u>5,590,453</u>	<u>4,902,275</u>
TOTAL LIABILITIES	<u>75,775,098</u>	<u>77,601,086</u>
TOTAL EQUITIES AND LIABILITIES	<u>162,754,956</u>	<u>170,031,697</u>

Statements of Revenue and Patronage Capital*

	December 31,	
	2024	2025
<u>Operating Revenue</u>	<u>55,265,519</u>	<u>63,248,289</u>
<u>Operating Expenses</u>		
Cost of Power	28,367,522	33,313,002
Distribution - Operations	2,082,354	2,316,408
Distribution - Maintenance	6,370,237	7,339,555
Consumer Accounts	1,120,594	1,167,789
Sales	806,173	840,808
Administrative and General	4,947,459	5,116,982
Depreciation	4,439,054	4,820,772
Other Operating Costs	1,622,827	1,912,851
Taxes	129,832	132,434
Interest - Other	<u>33,978</u>	<u>186,968</u>
TOTAL OPERATING EXPENSES	<u>49,920,030</u>	<u>57,147,569</u>
<u>Fixed Charges</u>		
Interest on Long-Term Debt	<u>2,029,056</u>	<u>2,089,511</u>
<u>G & T and Other Capital Credits</u>	<u>2,079,106</u>	<u>1,269,402</u>
NET OPERATING MARGINS	<u>5,395,539</u>	<u>5,280,611</u>
<u>Non-Operating Margins</u>		
Interest Income	352,998	130,808
Other Non-Operating Income (Expenses)	<u>134,053</u>	<u>94,173</u>
TOTAL NON-OPERATING MARGINS	<u>487,051</u>	<u>224,981</u>
Provisions for Taxes on Income	(54,911)	(57,107)
NET MARGINS	<u>5,827,679</u>	<u>5,448,485</u>
<u>Patronage Capital</u> at Beginning of Year	82,237,088	86,728,453
Less: Retirement of Capital Credits	(1,336,314)	(0)
Other Adjustment	(0)	(0)
<u>Patronage Capital, at End of Year</u>	<u>86,728,453</u>	<u>92,176,938</u>

Note: The capital credits from Allegheny Electric Cooperative, Inc., and other cooperatives, represent patronage capital credits allocated to us, but not paid.

The accounts of our cooperative for 2024 and 2025 have been audited by Fiore Fedeli Snyder Carothers, LLP (FFSC). The auditors' complete report is on file in the office of the cooperative and is available for inspection by members of the cooperative.

*Consolidated Financial Statements

Causes of Outages in 2025

CAUSES OF OUTAGES	TOTAL OUTAGE HOURS (Hours out multiplied by the number of consumers affected)	PERCENTAGE OF ALL OUTAGE HOURS
Trees or Limbs	87,841.82	5.9%
Power/Transmission Supplier	35,338.02	2.4%
Distribution Line Equipment	8,150.67	0.5%
Customer Caused	15,733.78	1.1%
Pre-Arranged	15,051.05	1.0%
Unknown	14,292.98	1.0%
Animals	3,693.62	0.2%
Lightning-/Weather-Related	6,660.63	0.4%
Major Event	1,302,285.58	87.5%
TOTALS	1,489,048.15	100.0%

Photo Source: REA Energy Employee

Important Annual Meeting News!



The annual meeting of the members of REA Energy Cooperative, Inc., will be held Tuesday, Sept. 22, online only. The business meeting will begin at 5:30 p.m.

To register for the virtual meeting, visit reaenergy.com and click on the "Annual Meeting Registration" button.

Please register by noon Sept. 22.

Registration admits you to the virtual annual meeting and gives members a chance to win a door prize. Members who participate in the online meeting for the entire time will receive a \$15 bill credit.

REA Energy Cooperative, Inc. Annual Meeting Sept. 22, 2026

5:30 p.m.

- Statement of a Quorum
- Reading of Notices
- Action on 2025 Minutes
- Election Results (District 7, 8 and 9)
- Chairman's Report
- President and CEO's Report
- Unfinished Business
- New Business
- Adjournment
- Awarding of Prizes

Photo Source: REA Energy Employee

Management and staff continue to focus on system improvements and work closely with our transmission and wholesale power suppliers to improve reliability.

Annual meeting

REA Energy's virtual annual meeting is scheduled Tuesday, Sept. 22, and will be streamed live from the cooperative's headquarters in Indiana, Pa. The business meeting will begin at 5:30 p.m.

To register to view the meeting, go to reaenergy.com and click on the "Annual Meeting Registration" button before noon Sept. 22. This will admit you to the virtual annual meeting and allow eligible members to win a door prize. Also, members who attend will receive a \$15 bill credit.

October is National Cooperative Month

Being part of a cooperative means being part of something special. REA Energy will celebrate National Cooperative Month in October, along with more than 40,000 other cooperative businesses serving more than 140 million people nationwide.

This year, REA Energy will be holding a Member Appreciation Event throughout October and November. Members who were not able to participate in the online annual meeting will need to present their Annual Meeting Member Card (the bottom portion of their Annual Meeting Notice) to receive a gift packet. This will be given on a first-come, first-served basis. Only one gift packet per membership will be given while quantities last. ***If you received the \$15 bill credit for participating in the online meeting, you will not be eligible to receive a gift packet.**

For more information, visit reaenergy.com or call 724-349-4800 or 800-211-5667.



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724-349-4800

Mon-Fri 7 a.m. - 3:30 p.m.

reaenergy@reaenergy.com
Emergency On-Call Available

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HICPA 7896



Is your contact information up to date? Check on SmartHub to make sure or provide updates on the back of your REA Energy bill.

Right-of-Way Management/Facility Construction News

REA Energy contractors will be completing tree-trimming work in the following areas in September: Contractor crews from Penn Line Tree Service will be trimming the rights of way of the Smithport and Locust substations, in addition to emergency maintenance areas.

Members in the areas affected will be notified. Contractors will perform all right-of-way work per REA Energy specifications. All contractor employees will carry identification. If you have any questions, call 724-349-4800 or view the specifications at reaenergy.com.

Your Board of Directors



Michael J. Bertolino
Chairman
District 3



Wayne Farabaugh
Vice Chairman
District 8



Robert P. Neese
Secretary/Treasurer
District 5



Sandra Dill
District 9



Tom Beresnyak
District 1



Anthony Enciso
District 7



Thomas Aurandt
District 4



John R. Learn
District 6



J.R. "Rick" Shope
District 2

REA Energy is an equal opportunity provider and employer.