



REA *energy*

Cooperative Inc.

A Touchstone Energy® Cooperative



2024 Annual Report

2024 Executive Report

We are very pleased to report to you, our consumer-members, on the condition of your Cooperative. The past year, 2024, was a relatively steady year for the cooperative due to minimal increases in revenue and expenses. The cooperative's financial performance during the year allowed us to continue improving our system and reliability.

The following are just some of our 2024 accomplishments:

Finance

Financially, REA Energy experienced a 3% increase in revenue in 2024 due to consumer usage increasing slightly by 2.5%. Expenses increased 1% and our cost of power totaling \$28,367,522 decreased 2% from 2023.

This combination of increased revenue, expenses remaining constant, and a \$2 million patronage allocation from our wholesale electric power supplier allowed us to record a cash and noncash net margin of \$5,827,679, which met the requirements of our mortgage holders.

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 2024.

- Held an in-person and virtual annual meeting, with nearly 400 members attending.
- Held a Member Appreciation Month in October in conjunction with National Cooperative Month.
- Provided safety demonstrations with our tabletop high-voltage display.
- Increased the use of mobile devices in field vehicles for up-to-date information flow.
- Continued communication and education with our members via regular posts to the cooperative's social media pages, *Penn Lines* articles and printed material.
- Continued to promote Touchstone Energy®, a national cooperative that provides our members with benefits.
- Promoted the education of our youth by sending nine (9) students on Youth Tour in Washington, D.C.
- Further promoted and enhanced the "Members Sharing with Members" Fund to help members in need due to

unemployment or financial hardship.

- Encouraged large commercial members, known as key accounts, to expand on our system, which may reduce costs for all members.
- Adhering to our core principles, REA Energy will continue to enhance existing programs and offer new technology to better serve our members.
- Returned over \$1.3 million dollars back to the membership through Capital Credit checks.

REA Energy Services

REA Energy Services, our for-profit subsidiary, continued to be successful due to an increase in commercial customers. REA Energy Services 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 volatile fossil fuel prices versus low REA Energy electric rates. Since profits from this for-profit subsidiary go back to the cooperative, the subsidiary's success helps to keep rates low.

Most of our products, such as heat pumps, provide direct profits to the cooperative and also increase electric sales, which helps to keep rates low. Not only does the cooperative benefit from the subsidiary, but members also benefit from purchasing high-efficiency products, which 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 service makes it easier for commercial and industrial accounts to relocate to cooperative lines, which increases sales.

REA Energy Services recorded approximately \$709,862 in revenue for 2024. The solid sales numbers were due to great customer service, honesty and exceptional value, making REA Energy Services the

company of choice for many people.

REA Energy Services will be offering more convenient and energy-efficient products and services in the future. Think of us for any future contracting jobs and tell a friend about our 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, based on past history, where future outages are most likely to occur. Tree-related outages accounted for 90,134 outage hours in 2024, resulting 37.6% 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 2024.

Substations we focused on in 2024 were:

Indiana North — cut 67 miles

Parkwood — cut 142 miles

Clyde — cut 70 miles

Uniontown — cut 182 miles

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

Reliability/System Improvements

REA Energy strives to provide reliable electric service to members. This past year, the cooperative focused its efforts on supporting the deployment of fiber by replacing over 200 poles across the system and also replaced over 3 miles of line. Rebuilding, relocation and upgrading of electric lines included:

Overhead — 3.16 miles

Livermore Substation

- Clawson Road - .91 miles

Parkwood Substation

- King Hill Road - .33 miles

Reese Substation

- Portage Street - .58 miles

Uniontown Substation

- Donahey Road - .26 miles
- Hawthorne Road - .83 miles
- Orchard Lane - .25 miles

Substation/Metering Point

- Livermore Substation – Performed the engineering analysis and design to rebuild the entire substation in 2025.
- Smithport Substation – Installed voltage regulators on the Johnsonburg circuit.

REA Energy is in the first year of its four-year work plan and ninth year of its 10-year work plan. The four-year work plan runs from 2025 through 2028 and includes approximately 10 to 15 miles of reconductoring projects each year.

2024 Outages

REA Energy had 239,859 total member outage hours for 2024, compared to 297,584 in 2023. REA experienced no major-event storms in 2024, compared to three major-event storms in 2023, totaling 151,052 outage hours. Outages on the transmission system owned by investor-owned utility, FirstEnergy, accounted for 68,457 member hours in 2024, compared to 22,889 member hours in 2023. FirstEnergy is the cooperative's power transmission supplier.

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

Annual Meeting

REA Energy's Annual Meeting is scheduled for Thursday, Sept. 18, at the Kovalchick Convention Complex in Indiana, Pennsylvania.

Times to note:

- **Doors open — 4 p.m.**
- **Entertainment — 4:30 to 5:15 p.m.**
- **Business meeting start — 5:30 p.m.**

In conjunction with the in-person meeting, we will also offer members the ability to log on to a virtual platform, to view the meeting.

Information for logging onto the virtual platform was included on the annual meeting notice.

To register to view the annual meeting virtually, go to reaenergy.com and click on the "Annual Meeting Registration" button before noon on September 18. This will admit you to the virtual annual meeting and enables the named member(s) eligible to win a door prize.



A Touchstone Energy® Cooperative 



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

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

Sandra Dill, CCD

Anthony Enciso, CCD, BLC, Gold

John R. Learn, CCD, BLC, Gold

Rick Shope, CCD, BLC, Gold



Chad Carrick, MBA, CFPC
President and CEO

Staff

Barry Baker, Indiana Operations Manager

Erin Bauer, SHRM-CP, PAC Coordinator

Shane Cribbs, CISSP,
Network and Systems Manager

Dave Daugherty, CSP
Safety and Right of Way Manager

Jeff Dishong, Ebensburg Operations Supervisor

Lisa Gardill, CFPC
Director of Finance and Accounting Services

Nick Hartman
Manager of Engineering

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

Renee Spalla, Supervisor of Consumer Services

Chris Weller, Load Management Supervisor

Headquarters Office--
Indiana, Pennsylvania

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.

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

E-Mail - reaenergy@reaenergy.com

District Office--

Ebensburg, Pennsylvania
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

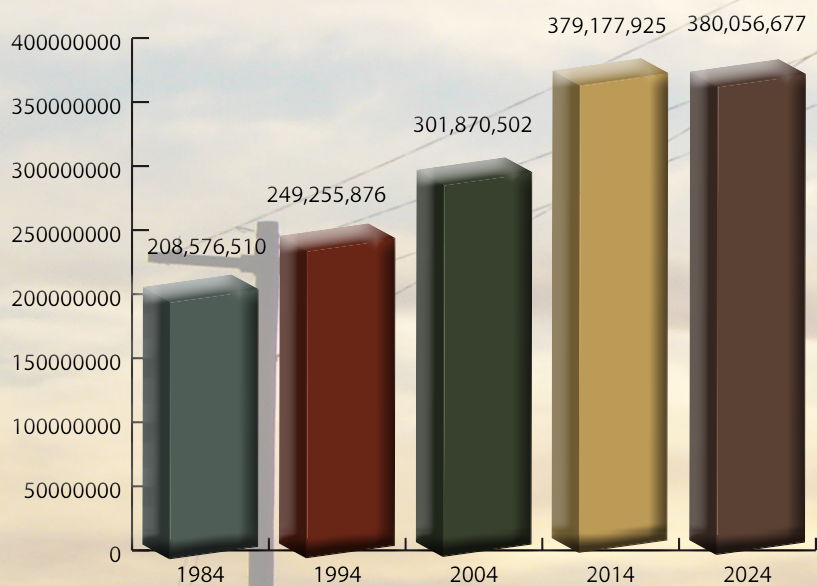
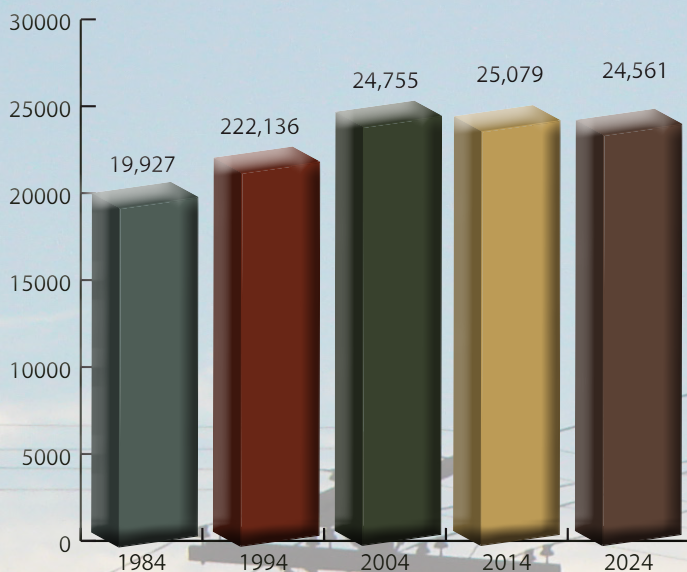
Home Page - www.reaenergy.com

2024 Statistics

Number of Services - 24,561
Miles of Electric Line - 2,736
System Peak (January) - 71,958 kW
Kilowatt-hours sold - 380,056,677 kWh
Net Plant Value - \$122,941,460

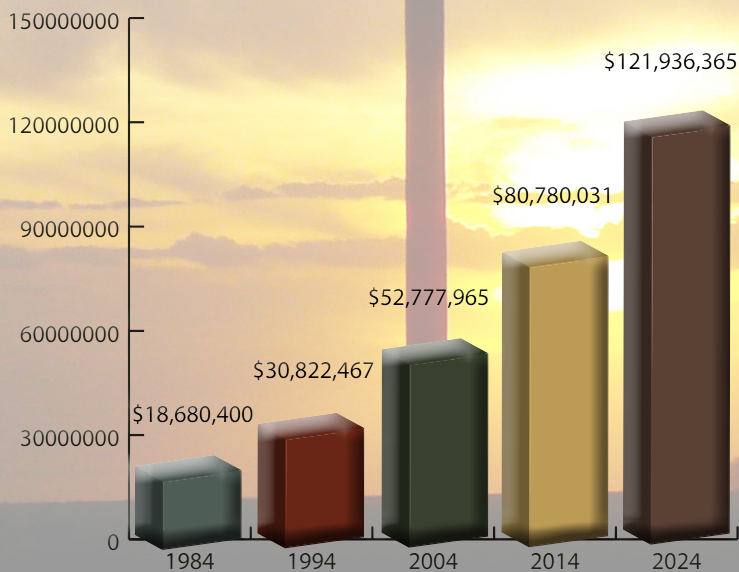
Est. Gross Load Mgmt. Savings -
\$573,934.14
Water Heaters Controlled - 6,408
Water Heaters Issued To Date - 5,217
Round-Up Participants - 1,733
Full-Time Employees - 70

Number of Accounts

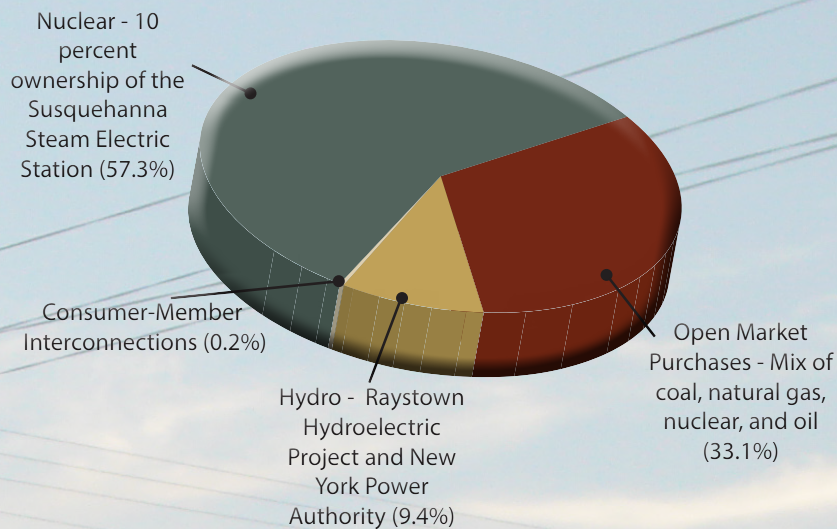


kWh Sold

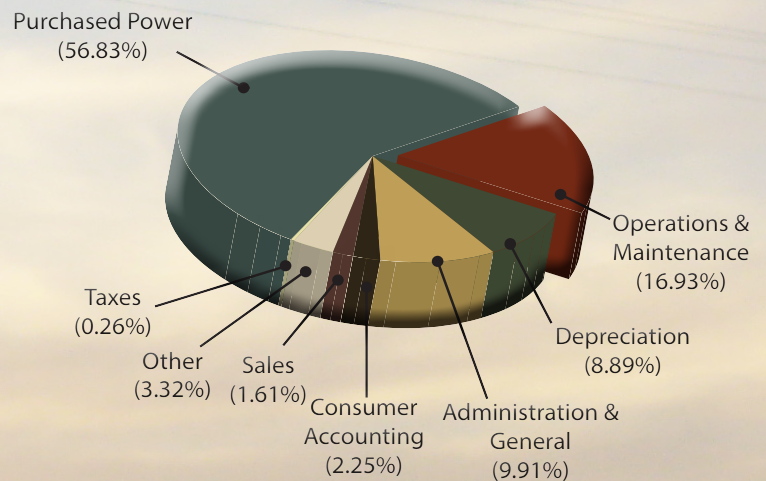
Net Utility Plant



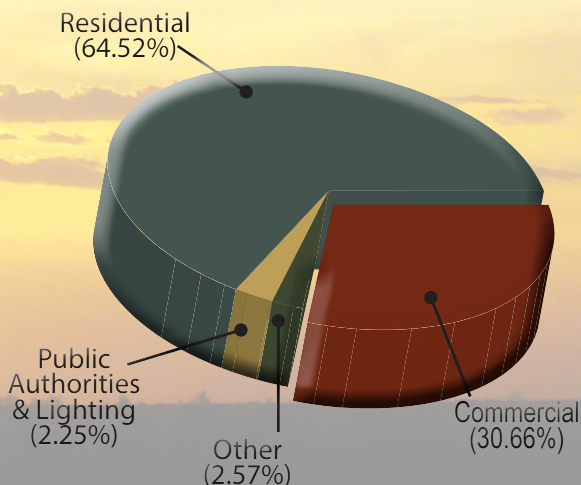
Wholesale Power Supply Sources



How the Cooperative's Dollar Was Used



Sources of the Cooperative's Dollar



2024 Financial Report

Balance Sheets*

<u>Assets</u>	December 31,	
	2023	2024
<u>Electric Plant</u>		
In Service and Construction in Progress	150,990,092	161,315,362
Less: Accumulated Provisions for Depreciation	<u>36,659,675</u>	<u>38,373,902</u>
TOTAL ELECTRIC PLANT	<u>114,330,417</u>	<u>122,941,460</u>
Investments in Associated Organizations	<u>23,220,151</u>	<u>24,480,089</u>
<u>Current Assets</u>		
Cash	2,310,171	2,133,697
Temporary Investments	7,513,521	3,017,009
Accounts Receivable (less reserves)	2,478,425	2,699,486
Accrued Utility Revenues	3,575,876	4,038,349
Materials and Supplies (at average cost)	2,047,825	2,985,257
Other Assets and Deferred Charges	<u>384,411</u>	<u>459,609</u>
TOTAL CURRENT ASSETS	<u>18,310,229</u>	<u>15,333,407</u>
TOTAL ASSETS	<u>155,860,797</u>	<u>162,754,956</u>
<u>Equities and Liabilities</u>		
<u>Equities</u>		
Memberships	95,110	93,725
Patronage Capital	82,237,088	86,728,453
Other Equities	<u>153,822</u>	<u>157,680</u>
TOTAL EQUITIES	<u>82,486,020</u>	<u>86,979,858</u>
<u>Liabilities</u>		
Long-Term Debt:		
RUS Mortgage Notes (Less Current Maturities)	56,052,198	59,833,477
CFC Mortgage Notes (Less Current Maturities)	1,464,534	910,083
Other	1,045,174	1,061,487
Accumulated Post Retirement Benefit Obligation	633,771	615,964
Current Maturities of Long-Term Debt	4,359,191	3,761,345
Accounts Payable:		
Purchased Power	2,431,221	2,480,260
Other	754,125	1,421,528
Consumer Deposits and Prepayments	90,347	100,501
Other Liabilities and Deferred Credits	<u>6,544,216</u>	<u>5,590,453</u>
TOTAL LIABILITIES	<u>73,374,777</u>	<u>75,775,098</u>
TOTAL EQUITIES AND LIABILITIES	<u>155,860,797</u>	<u>162,754,956</u>

Statements of Revenue and Patronage Capital*

	December 31,	
	2023	2024
<u>Operating Revenue</u>	<u>53,873,821</u>	<u>55,265,519</u>
<u>Operating Expenses</u>		
Cost of Power	28,951,823	28,367,522
Distribution - Operations	1,939,632	2,082,354
Distribution - Maintenance	6,025,707	6,370,237
Consumer Accounts	1,230,069	1,120,594
Sales	812,435	806,173
Administrative and General	4,201,571	4,947,459
Depreciation	4,192,558	4,439,054
Other Operating Costs	2,027,852	1,622,827
Taxes	124,151	129,832
Interest - Other	<u>1,476</u>	<u>33,978</u>
TOTAL OPERATING EXPENSES	<u>49,507,274</u>	<u>49,920,030</u>
<u>Fixed Charges</u>		
Interest on Long-Term Debt	<u>2,040,374</u>	<u>2,029,056</u>
<u>G & T and Other Capital Credits</u>	<u>1,768,102</u>	<u>2,079,106</u>
NET OPERATING MARGINS	<u>4,094,276</u>	<u>5,395,539</u>
<u>Non-Operating Margins</u>		
Interest Income	575,062	352,998
Other Non-Operating Income (Expenses)	<u>73,093</u>	<u>134,053</u>
TOTAL NON-OPERATING MARGINS	<u>648,155</u>	<u>487,051</u>
Provisions for taxes on income	(69,855)	(54,911)
NET MARGINS	<u>4,672,576</u>	<u>5,827,679</u>
<u>Patronage Capital</u> at beginning of year	78,597,995	82,237,088
Less: Retirement of Capital Credits	(1,033,443)	(1,336,314)
Other Adjustment	(0)	(0)
<u>Patronage Capital, at end of year</u>	<u>82,237,088</u>	<u>86,728,453</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 2023 and 2024 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 2024

CAUSES OF OUTAGES	TOTAL OUTAGE HOURS (Hours out multiplied by the number of consumers affected)	PERCENTAGE OF ALL OUTAGE HOURS
Trees or Limbs	90,134.19	37.6%
Power/Transmission Supplier	68,457.51	28.5%
Distribution Line Equipment	9,461.4	3.9%
Customer Caused	19,375.11	8.1%
Pre-Arranged	30,419.75	12.7%
Unknown	13,340.59	5.6%
Animals	6,421.84	2.7%
Lightning/Weather Related	2,249.26	0.9%
TOTALS	239,859.65	100.0%

Photo Source: Cooperative.com

Important Annual Meeting News!

REA Energy Cooperative, Inc.

Annual Meeting

September 18, 2025

The Annual Meeting of the members for REA Energy Cooperative, Inc. will be held Thursday, September 18, at Kovalchick Convention Complex, 711 Pratt Drive, Indiana, Pennsylvania. Doors open at 4:00 p.m. The business meeting will begin at 5:30 p.m. Those who attend the in-person meeting will receive a gift and be eligible for door prizes.

For those unable to attend the meeting in person, there is an option to attend the meeting virtually. To register for the virtual meeting, you will need to go to www.reaenergy.com and click on the button that says Annual Meeting Registration. **Please register by 12:00 p.m. September 18.**

This admits you to the Virtual Annual Meeting and also enables the named member(s) a chance to win a door prize. Members who participate in the online meeting for the entire time will receive a \$10 bill credit. Informational videos, along with a list of Frequently Asked Questions on how to register and log in for the meeting are posted on our website.

4:30 p.m.

5:30 p.m.

- Entertainment
- Call to Order and Statement of a Quorum
- Reading of Notices
- Action on 2024 Minutes
- Election Results (District 5 and 6)
- Chairman's Report
- President and CEO's Report
- Unfinished Business
- New Business
- Adjournment
- Questions & Answers
- Awarding of Prizes

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.

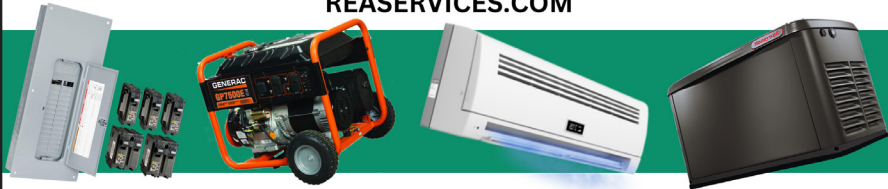
This year, REA Energy will be holding a Member Appreciation Month throughout October. Members who were not able to participate in the in-person or online meeting will need to present their Annual Meeting Member Card (the bottom portion of their Annual Meeting Notice) to receive a gift packet. This will be given on a first come, first serve basis. Only one gift packet per membership will be given, while quantities last. ***If you received an attendance gift at the in-person meeting or the \$10 bill credit for participating in the online meeting, you will not be eligible to get a gift packet.**

If you have any questions, please visit our website, www.reaenergy.com or call 724-349-4800 or 800-211-5667.



ELECTRICAL CONTRACTING - HEATING, VENTILATION, AND AIR CONDITIONING - GENERATORS

REASERVICES.COM



724-349-4800
Mon-Fri 7 a.m. - 3:30 p.m.

reaenergy@reaenergy.com
Emergency On-Call Available

RESIDENTIAL - COMMERCIAL - INDUSTRIAL

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 Fairview Substation areas, in addition to emergency maintenance areas.

Notification of work will be made via a letter to members in the areas affected. Contractors will perform all right-of-way work per REA Energy specifications. If you have any questions, call 724-349-4800, or you can view the specifications online at reaenergy.com. All crews will carry identification.

Your Board of Directors