

From the  
PRESIDENT & CEO:

# Valley Energy joins C&T team



**Robert O. Toombs**  
*President & CEO*

**A**fter an exhausting, sometimes exasperating journey through the regulatory obstacle course, I'm pleased to report that we've finally crossed the finish line. We now have ownership in a natural gas company.

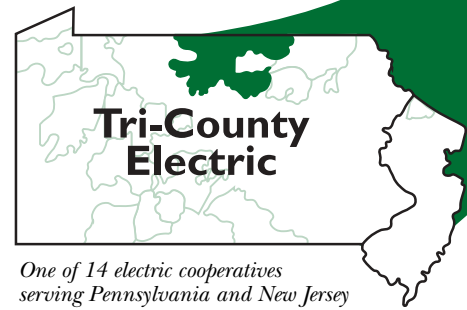
C&T Enterprises, the management company jointly owned by Tri-County and our sister cooperative, Claverack, has purchased the assets of Valley Cities Gas Service of Sayre, Pa., from parent company NUI Corp. The company is now doing business as Valley Energy Inc.

### Worth the wait

While the acquisition took much longer than expected — about 18 months longer — I'm confident the addition of a natural gas utility to our family of energy companies will prove to be well worth the wait.

The extended regulatory review process, frustrating as it was, had at least one big benefit. Interest rates fell while our application languished at the Securities and Exchange Commission (SEC), which was concerned with more pressing matters — Enron, WorldCom, Adelphia, et al. By the time the SEC finally signed off on our purchase on Oct. 31, 2002, we were able to secure a much more favorable borrowing rate than had been originally projected.

Throughout the acquisition ordeal, the Valley Energy employees exhibited the highest degree of patience and professionalism. I sincerely thank them for that and welcome them to the C&T family. We expect to learn a great deal about the natural gas business from them and trust they will gain insight into the co-op way of business from us.



*One of 14 electric cooperatives serving Pennsylvania and New Jersey*

We already know that Valley Energy is a financially sound utility with respected employees and strong ties to the community. The company provides natural gas service to the Route 220 corridor from Towanda, Pa., to Waverly, N.Y. — an area with tremendous potential for commercial and industrial expansion. It's easy to see why we're so excited about our new corporate teammate.

### Mutually beneficial

I am confident the addition of Valley Energy to the C&T fold will be beneficial to all parties involved. Valley will retain its autonomy and local identity yet will have access to the expertise and resources available through C&T and its affiliates. The company will also be able to achieve cost savings by taking advantage of economies of scale.

So what's in it for the cooperative? Not only will we be able to utilize the gas service's diverse pool of talented employees, but as a regulated, for-profit utility, Valley Energy is entitled to a rate of return. Profits realized by the operation will return to the two co-ops, allowing us to continue to provide the stable electric distribution rates you've experienced for the past decade.

And providing members with competitive, stable rates and high-quality, dependable electric service remains our top priority at Tri-County Rural Electric.

## Tri-County Rural Electric Cooperative

A Touchstone Energy® Cooperative 

22 North Main Street • P.O. Box 526  
Mansfield, PA 16933  
Mansfield – 570/662-2175  
Coudersport – 814/274-8740  
Web Site: [www.tri-countyrec.com](http://www.tri-countyrec.com)  
E-mail: [trico@epix.net](mailto:trico@epix.net)

**For Emergencies call**  
1-800-343-2559

## Robert O. Toombs

*President & CEO*

### Staff

Bobbi Jo Kilmer <i>Executive Assistant</i>	Michael W. VanBergen <i>Sr. Director, Electric Operations</i>
Barbara Johnson <i>Director, Financial Services</i>	Bert Cunningham <i>Director, Human Resources</i>
Ralph Park <i>Sr. Director, Engineering Services</i>	Alex F. Hartley <i>Director, Member Services</i>

### Board of Directors

Ferd W. Irish	.....	Chairman
Ralph E. Snyder	.....	Vice Chairman
Alston A. Teeter	.....	Secretary/Treasurer
Donald H. Blackwell		Alfred G. Calkins
James R. Davis		Jay E. Haldeman
Gerald A. Kite		Barbara J. Seeley

### Office Hours

7:30 a.m. - 4 p.m. (Mon.-Fri.)

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# A natural fit Energy lineup expands with gas service purchase

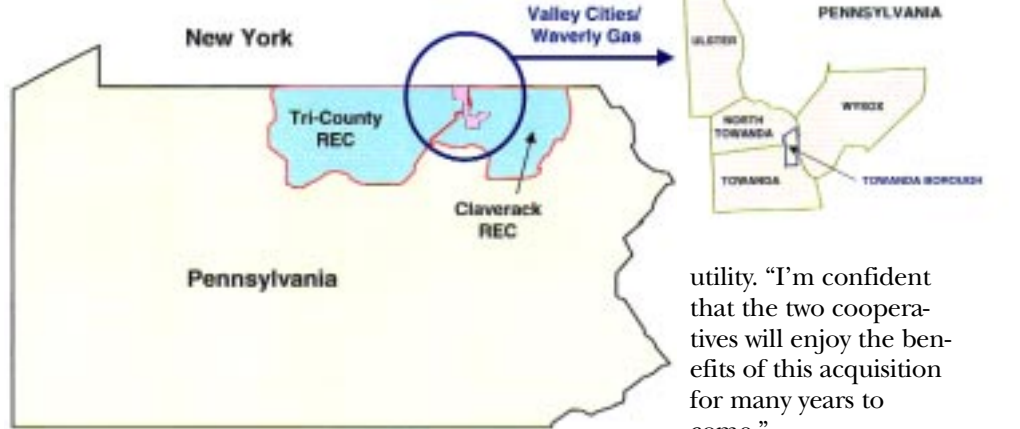
by Jeff Fetzer

C&T Enterprises marked another milestone in its quest to become a total-energy provider for the Northern Tier when it closed on the purchase of NUI Valley Cities Gas Service of Sayre, Pa., Nov. 7, 2002.

The natural gas distribution company, which has been renamed Valley Energy, serves approximately 6,600 customers in the Sayre, Athens, Towanda and Waverly, N.Y., areas.

The asset purchase of the for-profit gas utility from parent company NUI Corp. of Bedminster, N.J., was extensively reviewed and approved by the public utility commissions of Pennsylvania, New York and New Jersey, the Federal Energy Regulatory Commission and the Securities and Exchange Commission.

C&T Enterprises, the jointly owned subsidiary of Tri-County and Claverack rural electric cooperatives, acquired the assets of Valley Cities for \$15 million. Each co-op is providing



utility. "I'm confident that the two cooperatives will enjoy the benefits of this acquisition for many years to come."

an equity ownership of approximately \$1.5 million. Valley Energy is expected to generate about \$10 million in revenues annually.

Under terms of the sale, NUI will continue to provide certain support services to C&T, including gas supply management, gas control and engineering services, through separate three-year contracts.

"We are excited to have Valley Energy join the C&T organization," noted Gerald Kite of Austin, Pa., board chairman for the natural gas

All 24 employees who were with the utility at the time of the sale have been retained by C&T Enterprises. The company continues to operate from its location at 523 South Keystone Ave. in Sayre.

Robert J. Crocker, a Sayre native who has been working for the gas company since his high school days, is the company's president and chief executive officer. He reports to a seven-member board of directors.

In addition to Kite, other members of the Valley Energy board are vice chairman Steve Sliwinski of Troy, Pa., secretary Mark Elsbree of Sayre, Charles Carver Jr. of Sayre, John Logan of Sayre, Jay Haldeman of Germania, Pa., and James Zick of Kingsley, Pa.

"I'm confident that this acquisition will be beneficial to our employees, our customers and the entire C&T organization," Crocker commented. "We will continue to provide the high-quality, dependable service that our customers have come to expect."

With the acquisition of Valley Energy, the group of energy companies affiliated with C&T Enterprises serves more than 53,000 consumers. In addition to the two cooperatives, other C&T-affiliated companies are Wellsboro Electric Co., Citizens' Electric Co. of Lewisburg, Pa., Tioga Energy and Tioga Propane.

## The Vitals on VALLEY ENERGY

<b>Board Chairman:</b>	Gerald Kite
<b>President &amp; CEO:</b>	Robert J. Crocker
<b>Type of Utility:</b>	For-profit natural gas distribution utility
<b>Headquarters:</b>	523 South Keystone Ave., Sayre, Pa.
<b>Telephone:</b>	570/888-9664 or 800/998-4427
<b>Service Territory:</b>	Sayre, Athens, Towanda and Waverly, N.Y.
<b>Number of Customers:</b>	6,600
<b>Miles of Gas Line:</b>	160
<b>Fulltime Employees:</b>	24
<b>Regulatory Agencies:</b>	Pennsylvania Public Utility Commission; New York Public Service Commission; Federal Department of Transportation's Office of Pipeline Safety
<b>Governed by:</b>	Seven-member board of directors
<b>Wholesale Gas Supplier:</b>	NUI Corp.

## Co-ops award first scholarship



**AND THE WINNER IS...**  
**Tri-County Rural Electric President & CEO Robert O. Toombs presented the first Claverack/Tri-County Rural Electric Scholarship award to Megan Setzer of Coudersport, Pa., during the Mansfield University Scholarship Dinner in October.**

Megan Setzer, a freshman at Mansfield University, has been selected as the first recipient of the Claverack/Tri-County Rural Electric Cooperative Scholarship.

Megan is the daughter of Judy Snyder of Coudersport, Pa., and Jerry Setzer of Whitinsville, Mass.

Tri-County President & CEO Robert

O. Toombs awarded the scholarship to Setzer during the university's annual scholarship dinner in October.

A 2002 graduate of Coudersport High School, Setzer is majoring in Spanish. Her goal is to teach Spanish at the college level.

At Mansfield University, Setzer is active in the Fellowship of Christian

Athletes, plays clarinet in the Mounty Marching Band and belongs to the university travel club.

"I would like to thank the co-ops for this award," she remarked. "The scholarship is a real big help, and I'm honored to be the first one to receive it."

Tri-County and Claverack jointly endowed the co-op scholarship fund in January 2000.

The scholarship is presented to a full-time student at Mansfield University who is a dependent of a Tri-County or Claverack member, meets established academic criteria and demonstrates the highest traits of leadership, citizenship and character.

The winner receives scholarship funds every semester for up to eight semesters, provided he or she maintains full-time enrollment status at Mansfield University and meets specified scholarship standards.

The cooperatives anticipate that a second student will be chosen to receive a scholarship in 2004. Details on applying for the award will appear in future issues of *Penn Lines*.

## Co-op directors claim CCS, PREA posts



**ABOVE: Alston Teeter.**



**RIGHT: Ferd Irish.**

Tri-County director Alston Teeter was elected vice chairman of the Continental Cooperative Services (CCS) Board of Directors, and Tri-County Board Chairman Ferd Irish won election to the treasurer's post of the Pennsylvania Rural Electric Association (PREA) during separate board meetings in Hershey, Pa., in November.

Teeter had been serving as an at-large director on the CCS executive board. CCS is a strategic alliance between Allegheny Electric Cooperative (Allegheny) and Illinois' Soyland Power Cooperative.

Teeter has been Tri-County's delegate to the Allegheny board since 1984, serving as chairman since 1994.

Allegheny, a generation and transmission cooperative based in Harrisburg, Pa., supplies wholesale power to the 14 rural electric cooperatives in Pennsylvania and New Jersey.

Teeter, a resident of East Smithfield Township, Bradford County, has served on the Tri-County Board of Directors since 1979 and currently holds the position of secretary/treasurer.

Fellow Tri-County board member Ferd Irish began duties as treasurer of the PREA Board of Directors following the association's annual meeting at the Hotel Hershey Nov. 13-15.

Irish, who lives in Sweden Township, Potter County, has served as a local co-op director since 1992 and has been Tri-County's delegate to the PREA board since 1995.

PREA is the statewide service organization that represents the electric cooperatives of Pennsylvania and New Jersey.



# Need help paying your heating bills?

**W**inter weather has arrived, and with the lower temperatures, you can expect to see your energy bills rise due to increased use.

Many low-income homeowners and renters have difficulties keeping up with their winter heating bills.

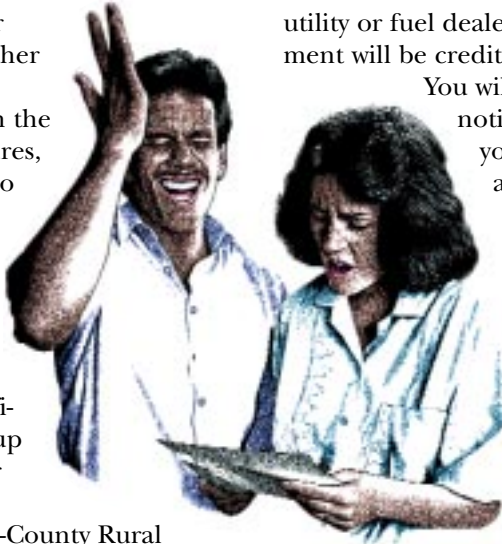
That's why Tri-County Rural Electric Cooperative supports Pennsylvania's Low-Income Home Energy Assistance Program (LIHEAP).

This program provides energy-assistance grants to help low-income households pay their heating bills through the winter months.

To receive help:

- You don't have to be receiving public assistance.
- You don't have to have an unpaid heating bill.
- You can either rent or own your home.

If you are eligible for assistance, a payment will be sent directly to your



utility or fuel dealer, and the payment will be credited on your bill.

You will receive written notice telling you if you are eligible for assistance and the amount you will receive.

Crisis grants are also available to help those who have emergency situations in which they are in danger of being without heat.

Those situations

include: having broken heating equipment or leaking fuel lines; being without fuel; or having utility service terminated.

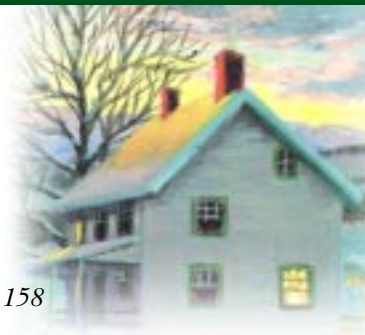
If you have a heating emergency, please call your county assistance office.

To apply for help from LIHEAP, you will need to provide the assistance office with a recent heating bill, as well as the names, Social Security numbers and proof of income for everyone in your household.

Below are the financial guidelines for acceptance into the program:

Household Size	Maximum Income (before taxes)
1	\$11,961
2	\$16,119
3	\$20,277
4	\$24,435
5	\$28,593
6	\$32,751

*For each additional household member add \$4,158*



## Statement of Nondiscrimination

Tri-County Rural Electric Cooperative is the recipient of federal financial assistance from the Rural Utilities Service, an agency of the U.S. Department of Agriculture, and is subject to the provisions of Title VI of the Civil Rights Act of 1964, as amended; Section 504 of the Rehabilitation Act of 1973, as amended; the Age Discrimination Act of 1975, as amended; and the rules and regulations of the U.S. Department of Agriculture which provide that no person in the United States on the basis of race, color, national origin, sex, religion, age, or disability shall be excluded from participation in, admission or access to, denied the benefits of, or otherwise be subjected to discrimination under any of this organization's programs or activities.

The person responsible for coordinating this organization's nondiscrimination compliance efforts is Bert Cunningham, vice president of human resources. Any individual, or specific class of individuals, who feels that this organization has subjected them to discrimination may obtain further information about the statutes and regulations listed above from and/or file a written complaint with this organization; or the Administrator, Rural Utilities Service, Stop 1510, 1400 Independence Avenue, SW, Washington, D.C., 20250-1510; or the Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; or call 202/720-5964 (voice or TDD). USDA is an equal opportunity provider and employer. Complaints must be filed within 180 days after the alleged discrimination. Confidentiality will be maintained to the extent possible.