



COMMITMENT. COMMUNITY. *Cooperative.*

2020 Annual Report

13,697
Cooperative
Members

85
Years of
Service

36
Cooperative
Employees

5
Counties
Served

MEET THE TEAM!

The staff at your local not-for-profit electric cooperative work hard every day to do more than supply your power. They manage the operations, people, and the cooperative to help you keep your energy consumption and bill as low as possible; they communicate news about the co-op as well as our rebates and events; and they keep the cooperative doing what we do best — **SERVING OUR MEMBERS!** Inside this year's annual report, we would like to introduce you to some of your neighbors who help us accomplish our mission for you!

LORAIN-MEDINA RURAL ELECTRIC

Your not-for-profit electric provider

With our membership and communities' continued support, Lorain-Medina Rural Electric Cooperative, your not-for-profit electric provider, continued to provide safe, reliable, and affordable electricity to our members, despite the uncertain and unexpected challenges of 2020.

LMRE remained efficient and effective throughout the year, even as employees took new approaches to everyday tasks. Some employees adjusted to work-from-home situations, while others found ways to socially distance while at the office to ensure the co-op would have adequate employees available to handle daily operations in the event of a COVID outbreak. We understand how important reliable electric service was in 2020 with more people working and learning from home. Through all of the changes, LMRE employees and trustees maintained their high level of productivity and dedication to our members.

LMRE earned record-high marks in the American Customer Satisfaction Index (ACSI) survey in 2020, achieving an 88 and remaining in line with other Ohio electric cooperatives. We were also pleased to return a record amount in capital credits to members to help ease some of the financial burden faced by many members in the early days of the pandemic.

The LMRE People Fund provided grants to organizations and individuals to help improve our communities' well-being and functionality. The quarterly meetings were conducted in a virtual format, and grant requests increased last year, due to COVID. Because of our members' opt-in support of this fund, the People Fund granted \$70,604.10 to 27 organizations and individuals in 2020, providing assistance to emergency service providers, local libraries, and many others.

As your electric cooperative, we strive to be your source of information on everything from energy efficiency to electrical safety and reliability. We look forward to continued success and providing safe, high-quality, dependable service to our membership throughout 2021 and well into the future.

Meet Edward VanHoose, the **GENERAL MANAGER**. Edward has been with the co-op for two years but has been in the industry for 16 years. Ed currently resides in Nova, Ohio.



Your Board of Trustees



Rodney "John" Eaton,
President
District 4



Gary Rowland, Vice Pres.
District 1



Brenda Wolfe, Secretary
District 7



Keith Lowe, Treasurer
District 8



James McConnell
District 2



Kathleen Norton Fox
District 3



Judy Pickworth
District 5



Joe Swinko
District 6



Richard Indoe
District

OPERATIONS

Our steady source of power

Lorain-Medina Electric is pleased to report that the number of outages in 2020 remained below several of our key markers. Maintenance efforts and technology enhancements have continued to play a significant role in providing reliable service to our members, as reflected by the data we've gathered.

LMRE experienced 471 outages in 2020, 33 fewer than last year and only two more than the 10-year average of 469 outages per year. Trees remain the most common cause of outages at 27%, and the cooperative continues to employ an aggressive right-of-way and vegetation management program to keep those numbers as low as possible. Animals, birds, and weather are other primary causes of outages for the year.

The cooperative also keeps track of how many major outages occur during a year. A major outage is classified as any outage lasting over 1,000 consumer hours or if three or more crews are called out to repair outages at one time. In 2020, the number of major outages increased compared to the previous year. Five of these instances were caused by FirstEnergy transmission outages to LMRE substations. In these situations, the cooperative (and our members) are at the mercy of FirstEnergy to correct the problem. The majority of the other nine major outages were the result of severe weather and falling trees.

LMRE and its line crews remain dedicated to upgrading equipment and improving service reliability in our effort to continue a downward trend of outages each year.



471

number of outages
vs. 504 in 2019



3 hr 47 min

average outage length
vs. 2 hr 30 min in 2019



1,542

miles of electric line
vs. 1,542 in 2019



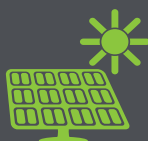
16,596

total number of
meters served



8.9

members
per mile



88,392 kWh

OurSolar output
vs. 91,299 kWh in 2019



Meet Brad Warnement, the **DIRECTOR OF ENGINEERING AND OPERATIONS**. Brad has been with the co-op for 32 years and currently resides in Republic, Ohio.

Meet Bret Surdock, the **MANAGER OF INFORMATION SERVICES**. Bret has been with the co-op for two years and currently resides in Wellington, Ohio.



MAKING A DIFFERENCE

With our members and in our community

Lorain-Medina Rural Electric members are the heart of the cooperative, and it's our mission to provide safe, reliable, and affordable electricity to each and every one of you. Beyond that, we also strive to be the trusted source for all your energy information. Home energy walkthroughs, rebates for improved energy efficiency, and solar information are just a few of the ways the cooperative works with members to meet all of our shared goals.

COVID-19 canceled many of LMRE's community traditions in 2020, but we found new ways of giving back. After all, the communities you live in are our communities, too. We provided donations and assistance to organizations supplying meals to families in need through the co-op, as well as the LMRE People Fund.

Whether it's providing energy information or a helping hand, LMRE strives to be here when you need us.

"Doing what is right and necessary for our members and community is at the very core of what a cooperative, especially LMRE, does. We saw a need, and we acted."

- LMRE General Manager Ed VanHoose

Granting success: LMRE's partnership with CoBank



In 2020, LMRE was fortunate to partner with CoBank, a national cooperative bank, to provide grants to two local schools that

were in need — Black River Local Schools in Medina County and Mapleton Local Schools in Ashland County — through CoBank's Sharing Success matching grant program, with the co-op providing half the funding for each grant.

Black River received a \$10,000 grant to assist teachers in purchasing supplies for their virtual classrooms, to purchase personal protective equipment to hold in-person classes, and to support the school district's overall funding needs following the strain that COVID-19 placed on the district.

Mapleton's volleyball program also benefited from an \$8,160 grant to purchase new, safer volleyball poles and nets that all of the district's volleyball teams are able to use. The old

poles that the students moved daily weighed roughly 75 pounds each and were not intended for indoor use. The co-op believes this grant enables youth initiatives in rural areas, like Mapleton's volleyball program, to provide a safe environment for young student-athletes.

CoBank is one of the largest private providers of credit to the U.S. rural economy. The bank delivers loans, leases, and other financial services to agribusiness, rural infrastructure, and Farm Credit customers in all 50 states. Partnering with LMRE, CoBank offers matching grant opportunities. For more information about this program, please contact the co-op.

COMMUNITY/SCHOOL EVENTS

\$10,500

Scholarship funding

\$18,160

Grants awarded with CoBank matching grant program

SOCIAL MEDIA ENGAGEMENT

2,435

Facebook followers
vs. 1,949 in 2019

2,235

Facebook likes
vs. 1,860 in 2019



Meet Kathryn Gras, the **DIRECTOR OF KEY ACCOUNTS AND MEMBER SERVICES**. Kathryn has been with the co-op for two years and currently resides in Upper Sandusky, Ohio.



Meet Janell Yorkowitz, the **DIRECTOR OF BILLING SERVICES**. Janell has been with the co-op for almost one year and currently resides in Shelby, Ohio.

GIVING BACK

People Fund and capital credits

The Lorain-Medina Rural Electric Cooperative People Fund celebrated another year of giving back to our communities by granting 27 organizations and individuals a total of \$70,604 in 2020.

The LMRE People Fund is only possible through the generous contributions of participating LMRE members. Because of these donations, the fund provided new safety equipment, food for senior citizens and children, new technology for schools, and so much more. Two emergency grants were also given to members in need following house fires. The LMRE People Fund's beneficiaries included schools, healthcare and wellness providers, several emergency service organizations, and community-focused events. The Lorain County Agricultural Society received the largest grant in 2020 — \$5,850 — for upgraded lighting at the Lorain County Fairgrounds.

In 2020, the LMRE Board of Trustees voted to distribute capital credits to members early as a way to give back and assist members who may have been struggling

financially due to COVID-19 and its many challenges. A total of \$2,209,039 was approved for distribution in May to members, which brought the cooperative's total returned capital credits to more than \$29.6 million since 1980.

The total refund is made of two components — LMRE's portion and a portion returned to the cooperative by Buckeye Power, LMRE's wholesale power supplier.

The cooperative retains annual margins to provide working capital for new construction, equipment, and system improvements throughout its service area. If LMRE's revenues exceed expenses for the year, the excess allocates back to the members in the form of individual credits.

The amount credited is determined by how much electricity a member purchases during the year and the rate at which the member is billed. The total amount refunded also increases the longer a member remains with LMRE, as long as their electricity use remains consistent.

PEOPLE FUND – BY THE NUMBERS

27

Total number of grants awarded in 2020

\$70,604

Total dollar amount funded in 2020

657

Total number of grants awarded since 1999

\$1,722,586

Total dollar amount funded since 1999

\$22,934

Grants awarded to public safety services

\$4,395

Grants awarded to individual members

\$43,275

Grants awarded to community organizations

CAPITAL CREDITS REFUNDS

| | |
|--------------------|----------------------|
| Pre-2011 | \$ 15,345,835 |
| 2011 | \$ 1,225,230 |
| 2012 | \$ 1,066,974 |
| 2013 | \$ 1,293,643 |
| 2014 | \$ 1,281,641 |
| 2015 | \$ 1,294,082 |
| 2016 | \$ 1,619,517 |
| 2017 | \$ 1,237,770 |
| 2018 | \$ 1,450,184 |
| 2019 | \$ 1,651,976 |
| 2020 | \$ 2,209,039 |
| Total | \$ 29,675,891 |



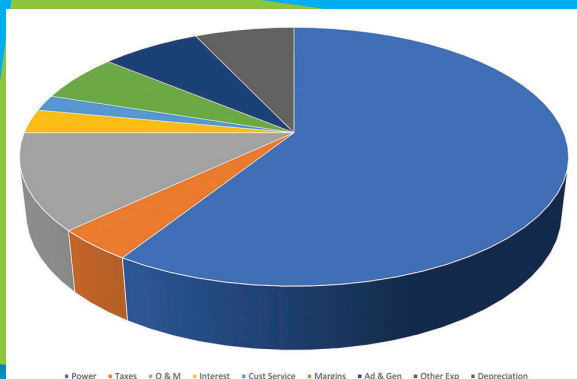
Meet Justis Clifford, the **DIRECTOR OF COMMUNICATIONS**. Justis has been with the co-op for one year and currently resides in Pittsfield Twp, Ohio.

BALANCE SHEET

| | 2020 | 2019 |
|--|-----------------------|----------------------|
| ASSETS | | |
| UTILITY PLANT IN SERVICE, NET | \$ 60,378,434 | \$ 59,209,022 |
| INVESTMENTS | 23,168,267 | 23,397,036 |
| DEFERRED CHARGES, less current portion | 229,965 | 408,249 |
| CURRENT ASSETS | | |
| Cash and cash equivalents | 997,649 | 1,842,550 |
| Restricted cash | 11,346,812 | 1,221,518 |
| Accounts receivable, consumer, less reserve of \$73,073 for 2020 and \$70,777 for 2019 | 4,451,224 | 4,042,710 |
| Materials and supplies and inventories | 456,782 | 496,846 |
| Current portion of deferred charges | 178,284 | 173,378 |
| Prepaid expenses | 191,844 | 198,839 |
| TOTAL CURRENT ASSETS | 17,622,595 | 7,975,841 |
| TOTAL ASSETS | \$ 101,399,261 | \$ 90,990,148 |
| EQUITIES AND LIABILITIES | | |
| LONG-TERM DEBT, less current portion | \$ 36,138,805 | \$ 28,512,455 |
| ACCUMULATED POST RETIREMENT BENEFIT | 1,727,627 | 1,717,082 |
| CUSTOMER DEPOSITS | 590,005 | 660,540 |
| DEFERRED CREDIT | (43) | 50,138 |
| PATRONAGE CAPITAL/RETAINED EARNINGS | 56,058,683 | 54,460,642 |
| CURRENT LIABILITIES | | |
| Accounts payable | 2,612,973 | 2,375,619 |
| Accrued expenses | 2,016,810 | 1,896,785 |
| Current portion of long-term debt | 2,254,401 | 1,316,887 |
| TOTAL CURRENT LIABILITIES | 6,884,184 | 5,589,291 |
| TOTAL EQUITIES AND LIABILITIES | \$ 101,399,261 | \$ 90,990,148 |

WHERE YOUR PAYMENT GOES EACH MONTH

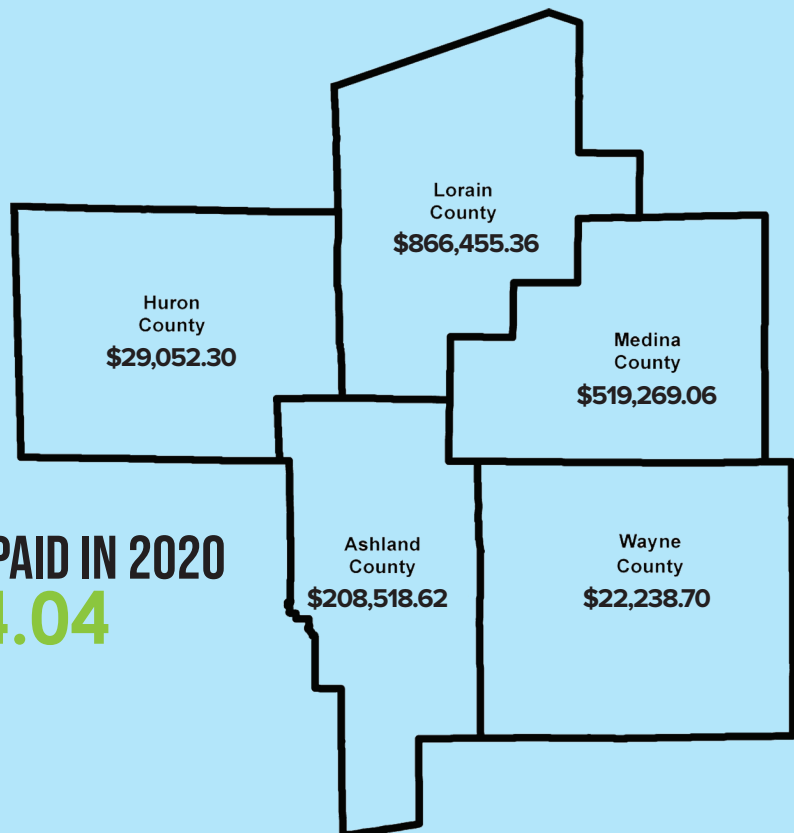
| | |
|---------------------|-----|
| Power..... | 59% |
| Taxes | 4% |
| O&M..... | 12% |
| Interest..... | 3% |
| Cust. Service | 2% |
| Margins | 6% |
| Ad & Gen | 7% |
| Depreciation | 7% |



REVENUE, EXPENSES & TAXES

| | 2020 | 2019 |
|---|----------------------------|----------------------------|
| REVENUES | <u>\$ 38,901,510</u> | <u>\$ 39,388,030</u> |
| OPERATING EXPENSES | | |
| Purchased power | 22,906,023 | 23,123,568 |
| Operations | 2,393,118 | 2,450,531 |
| Maintenance | 2,454,594 | 1,964,158 |
| Consumer accounting expense | 600,402 | 680,089 |
| Consumer service and sales expense | 180,736 | 287,882 |
| Administrative expense | 2,495,050 | 2,056,764 |
| Depreciation | 2,715,933 | 2,589,550 |
| Taxes | 1,391,418 | 1,434,549 |
| TOTAL OPERATING EXPENSES | <u>35,137,274</u> | <u>34,587,091</u> |
| OPERATING MARGINS BEFORE OTHER ITEMS | <u>3,764,236</u> | <u>4,800,939</u> |
| OTHER OPERATING ITEMS, NET | | |
| Patronage revenue | 1,257,786 | 1,203,762 |
| Interest expense | (1,310,325) | (1,244,096) |
| TOTAL OTHER OPERATING ITEMS, NET | <u>(52,539)</u> | <u>(40,334)</u> |
| OPERATING MARGINS | <u>3,711,697</u> | <u>4,760,605</u> |
| NON-OPERATING ITEMS, NET | | |
| Interest and dividend revenue | 108,643 | 165,281 |
| All other, net | (67,973) | 35,811 |
| TOTAL NON-OPERATING ITEMS, NET | <u>40,670</u> | <u>201,092</u> |
| NET MARGINS | <u><u>\$ 3,752,367</u></u> | <u><u>\$ 4,961,697</u></u> |

TOTAL PROPERTY TAX PAID IN 2020
\$1,645,534.04





Meet Kristine Dawson, the **DIRECTOR OF FINANCE AND ACCOUNTING**. Kristine has been with the co-op for four years and currently resides in Wellington, Ohio.

Meet Kathleen Chandler, the **HUMAN RESOURCES COORDINATOR**. Kathleen has been with the co-op for one year and currently resides in Ashland, Ohio.



Meet Val Darling, the **EXECUTIVE ASSISTANT**. Val has been with the co-op for nearly 31 years and currently resides in Attica, Ohio.



Lorain-Medina Rural Electric Cooperative, Inc.
22898 West Road
P.O. Box 158
Wellington, Ohio 44090

1-800-222-5673
www.lmre.org