

# STRONG & UNITED



2019

Lorain-Medina Rural Electric Cooperative

# *Annual Report*

# *Cooperative strengthens values and mission in 2019*

## **SAFETY AND COMMITMENT TO COMMUNITY**

The continued support of our membership and communities allowed Lorain-Medina Rural Electric Cooperative to have another successful year full of changes and improvements for staff and members alike.

In 2019, LMRE was evaluated through the Rural Electric Safety Achievement Program (RESAP), a comprehensive system-wide inspection program available from the National Rural Electric Cooperative Association (NRECA), to improve safety on all levels. LMRE improved scores overall from the previous inspection and was recognized for its dedication to becoming even more safety-aware at all levels.

The initiative honors cooperatives that voluntarily partner with statewide safety leaders to incorporate RESAP elements, including a dedication to safety, continuous improvement, and enhanced performance, into their own safety initiatives. NRECA considers all areas of the cooperative — management commitment, daily operations, and staffing — during its assessment of participating electric cooperatives' safety programs.

On-site observations were performed by employees of Ohio's Electric Cooperatives, the Columbus-based statewide association that works on behalf of the state's 24 not-for-profit rural electric cooperatives, as well as by long-serving members of the statewide electric cooperative network.

Additionally, LMRE held its first Ohio Cooperative Youth Day in 2019. Students from local high schools traveled to the Ohio Statehouse to meet with area legislators and learn how government decisions impact their communities and lives. The trip included a tour of the Statehouse, recognition on the Ohio Senate floor during a session, and a stop at the Ohio's Electric Cooperatives office to learn more about the cooperative business model.

The Lorain-Medina Rural Electric People Fund continued the tradition of providing grants to organizations and individuals to help improve the well-being and functionality of our communities. Our members' support of this fund allowed the cooperative to grant \$83,440 to 29 organizations and individuals in 2019, impacting emergency service providers, local schools, 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. As we make our way through 2020, our focus will remain on you, the member, and doing what we can to continue to serve you as we have for over 80 years.

Cooperative  
Members  
13,604

Counties  
Served  
5

Cooperative  
Employees  
37

# YOUR NEIGHBORS, YOUR TRUSTEES

## President



Rodney L. Eaton  
District 4

## Vice President



Gary L. Rowland  
District 1

## Secretary



Brenda J. Wolfe  
District 7

## Treasurer



Keith E. Lowe  
District 8



Richard K. Indoe  
District 9



Kathleen E. Norton Fox  
District 3



Judy A. Pickworth  
District 5

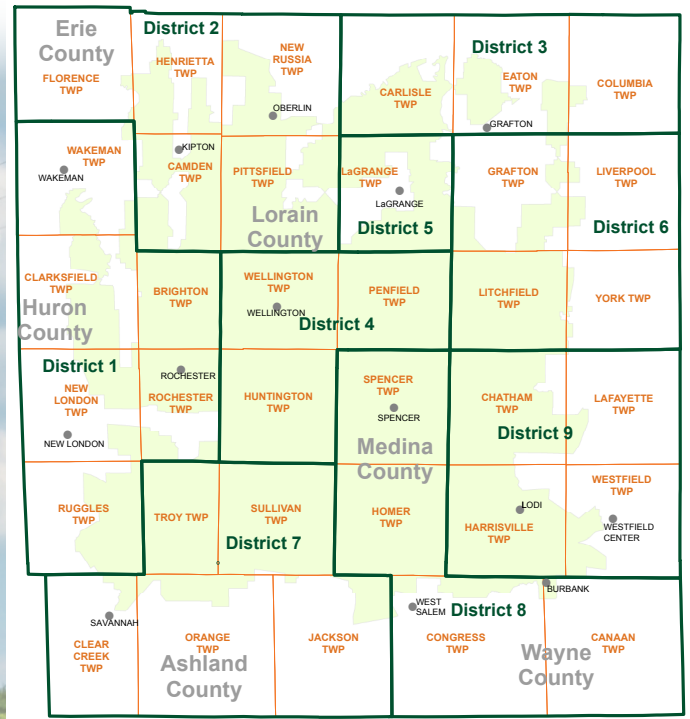


James R. McConnell  
District 2



Joseph Swinko  
District 6

**LMRE** Since 1935  
**LORAIN-MEDINA**  
**Rural Electric Cooperative**  
 Your Touchstone Energy® Cooperative



# SAFETY AND OPERATIONS

## CONSTRUCTION AND MAINTENANCE

Lorain-Medina Rural Electric's continued dedication to line maintenance and system improvements played a large role in keeping reliable electric service available to our members throughout 2019.

Tree and animal-related issues caused 49% of the 504 outages experienced by LMRE members. This number was only slightly higher than the 10-year average of 470 outages per year, but severe weather in the early part of the year played a factor in this increase as well.

The average length of time members were without power decreased slightly in 2019 compared to 2018, averaging 2.5 hours. This continued trend of service reliability is thanks in part to the cooperative's dedication to strong preventative maintenance programs, such as pole replacements, right-of-way clearing, and regulator change-outs.

The cooperative's aggressive right-of-way and vegetation management program is crucial to providing reliable electricity to our members and continues to be a main focus in preventative maintenance. Projects such as reducing span length between poles, regular pole testing, tree trimming, and removal of trees and vegetation from trouble areas all help to reduce outages for members, as they remain one of the largest concerns for outages.

"Our goal is to keep outage times to a minimum," says Operations Manager Tim Rising. "We couldn't do that without the dedication of our line crews and upgrades made by our engineering department."

LMRE also continued to interconnect the cooperative's various substations with fiber-optic line. This increases the communication abilities of the SCADA system and leads to improved service and reliability for all members.



**504**  
number of outages  
vs. 480 in 2018



**2 hr 30 min**  
average outage length  
vs. 2 hr 50 min in 2018



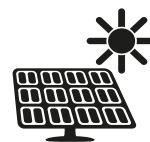
**1,542**  
miles of electric line  
vs. 1,540 in 2018



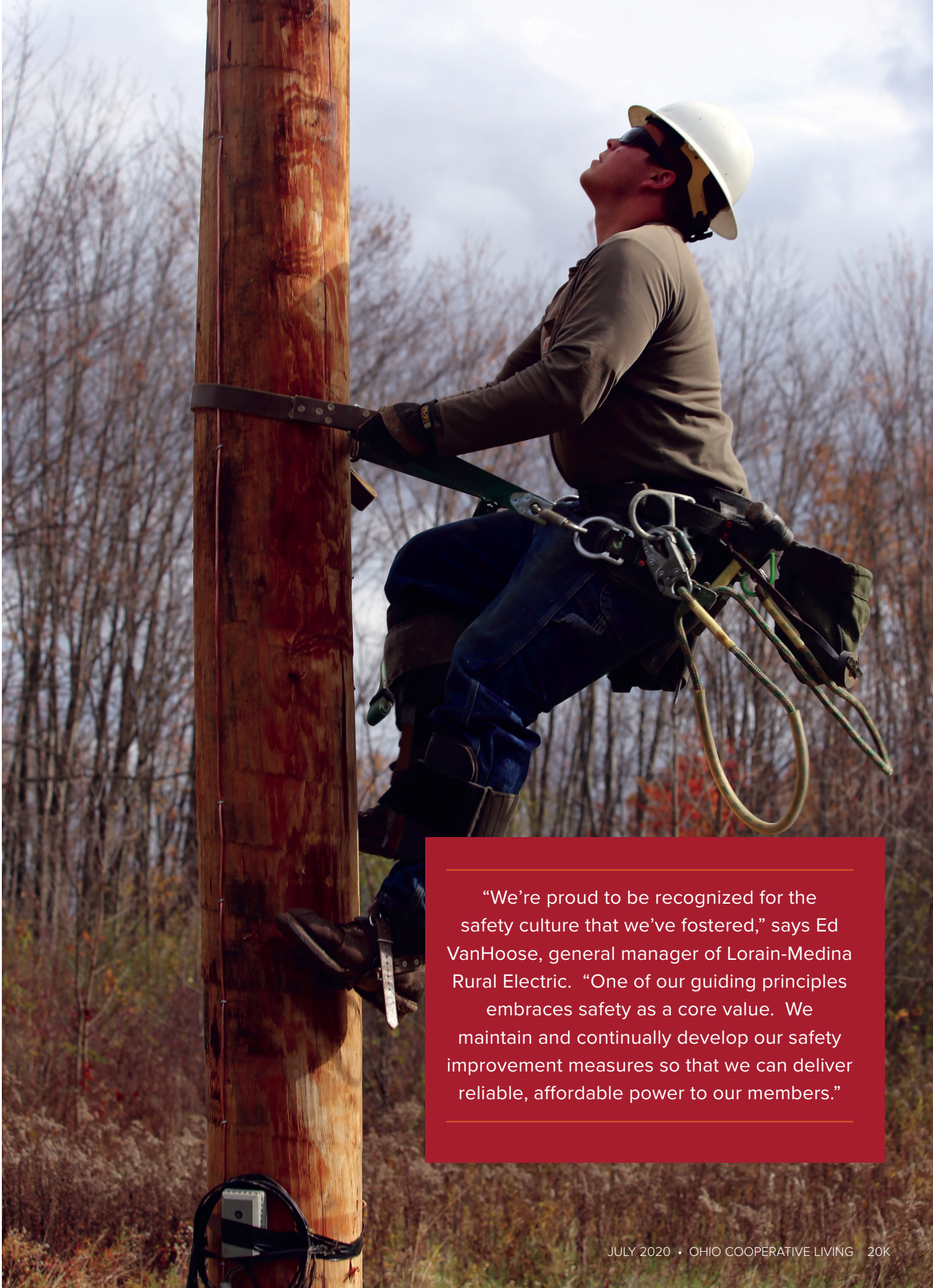
**10.9**  
members per mile  
vs. 10.7 in 2018



**16,805**  
total meters served  
vs. 16,731 in 2018



**91,299 kWh**  
OurSolar output  
vs. 78,330 kWh in 2018



“We’re proud to be recognized for the safety culture that we’ve fostered,” says Ed VanHoose, general manager of Lorain-Medina Rural Electric. “One of our guiding principles embraces safety as a core value. We maintain and continually develop our safety improvement measures so that we can deliver reliable, affordable power to our members.”

# ENGAGING WITH OUR MEMBERSHIP

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

Just as we care about the energy needs of our members, we also care for the needs of the communities where we live. From sponsoring community events to providing scholarships and hosting events such as Action Committee for Rural Electrification (ACRE) meetings and Cardinal Power Plant tours, LMRE makes its best effort to have a positive impact on the communities we serve.

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

## COMMUNITY/SCHOOL EVENTS

<b>5</b>	<b>\$10,000</b>	<b>48</b>	<b>2</b>
safety demonstrations	scholarship funding	students attended Youth Day	students attended Youth Tour in Washington, D.C.

## SOCIAL MEDIA ENGAGEMENT

<b>1,949</b>	<b>1,860</b>
Facebook followers	Facebook likes



Students from the Lorain County Joint Vocational School's electrical program participated in the 2019 Cardinal Power Plant tour in Brilliant, Ohio.



**332**  
rebates

**\$ 118,364**  
total amount in rebates

**>50**  
home energy assessments  
provided to co-op members



## Fair sponsors

Lorain County Fair

Medina County Fair

# MAKING A DIFFERENCE

## IN THE COMMUNITIES WE SERVE



# Lorain County

## Bomb Squad



The Lorain County Sheriff's Dept. Bomb Squad received funding from the People Fund to purchase new bomb detection equipment.

# GIVING BACK

## WITH THE PEOPLE FUND

**29**

total number of grants awarded in 2019

**\$83,440**

total dollar amount funded in 2019

**621**

total number of grants awarded since 1999

**\$1,603,460**

total dollar amount funded since 1999

**\$10,284**

grants awarded to public safety services

**\$26,391**

grants awarded to community organizations

**\$5,440**

grants awarded to local schools

**\$8,102**

grants awarded to members

**GRANTED IN 2019**

The Lorain-Medina Rural Electric Cooperative People Fund celebrated 20 years of giving back by granting 29 organizations and individuals more than \$83,440 in 2019.

Updated medical supplies, new band instruments, community outreach programs, and more were all outcomes of the generosity shown by LMRE members who participate in Operation Round Up and contribute to the People Fund. The Lorain County Sheriff's Office Bomb Squad received the largest grant in 2019 of \$9,557.58 for new and upgraded equipment and tools. Emergency services, including several fire departments; schools; health & wellness providers; churches; and community-focused events also received funding through the LMRE People Fund in 2019.

Most importantly, several LMRE members received People Fund grants in 2019, including five who were given emergency grants due to house fires within the cooperative's service territory.



# IN REVIEW

Lorain-Medina Rural Electric Cooperative members received their capital credits refunds on their December bill in 2019 after a refund totaling \$1,651,976 was approved by the Board of Trustees at its October meeting. LMRE has now issued more than \$27.4 million to its members since 1982.

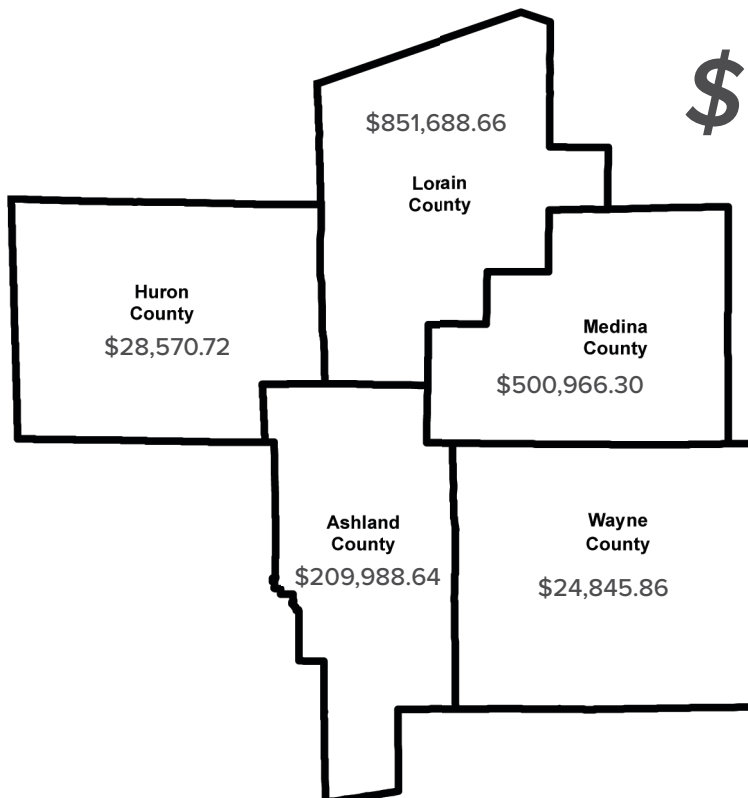
The total refund was up approximately 14% more than 2018 and is made of two components – LMRE’s portion and a portion returned to the cooperative by Buckeye Power, LMRE’s wholesale power supplier.

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

The amount credited to individuals is determined by how much electricity a member purchases during the year, as well as the rate at which the member is billed. The total amount refunded also increases the longer a member remains with LMRE as long as his or her electric use remains consistent.

## Review of 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
<b>Total</b>	<b>\$ 27,466,852</b>



**\$1,616,060.18**

**TOTAL  
PROPERTY  
TAX PAID  
IN 2019**

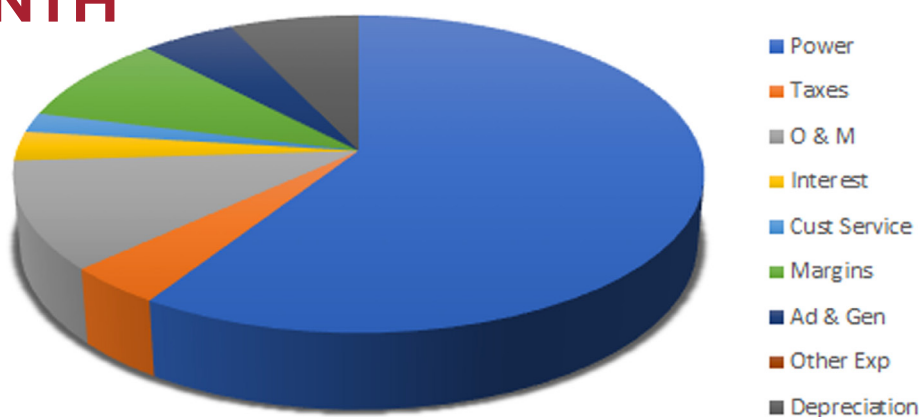
# BALANCE SHEET

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
UTILITY PLANT IN SERVICE, NET	<u>\$ 59,209,022</u>	<u>\$ 57,433,376</u>
INVESTMENTS	<u>23,397,036</u>	<u>20,277,015</u>
DEFERRED CHARGES, less current portion	<u>408,249</u>	<u>750,235</u>
CURRENT ASSETS		
Cash and cash equivalents	1,842,550	242,768
Restricted cash	1,221,518	4,747,597
Accounts receivable, consumer, less reserve of \$70,777 for 2019 and \$133,296 for 2018	4,042,710	4,076,006
Materials and supplies and inventories	496,846	815,090
Current portion of deferred charges	173,378	-
Prepaid expenses	198,839	208,200
TOTAL CURRENT ASSETS	<u>7,975,841</u>	<u>10,089,661</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 90,990,148</u></u></b>	<b><u><u>\$ 88,550,287</u></u></b>
 <b>EQUITIES AND LIABILITIES</b>		
LONG-TERM DEBT, less current portion	<u>\$ 28,512,455</u>	<u>\$ 29,829,624</u>
ACCUMULATED POST RETIREMENT BENEFIT	<u>1,717,082</u>	<u>1,572,500</u>
CUSTOMER DEPOSITS	<u>660,540</u>	<u>625,630</u>
DEFERRED CREDIT	<u>50,138</u>	<u>86,484</u>
PATRONAGE CAPITAL/RETAINED EARNINGS	<u>54,460,642</u>	<u>50,578,488</u>
CURRENT LIABILITIES		
Accounts payable	2,375,619	2,690,939
Accrued expenses	1,896,785	1,937,581
Current portion of long-term debt	1,316,887	1,229,041
TOTAL CURRENT LIABILITIES	<u>5,589,291</u>	<u>5,857,561</u>
<b>TOTAL EQUITIES AND LIABILITIES</b>	<b><u><u>\$ 90,990,148</u></u></b>	<b><u><u>\$ 88,550,287</u></u></b>

# STATEMENT OF REVENUE AND EXPENSES

	<b>2019</b>	<b>2018</b>
<b>REVENUES</b>	<b>\$ 39,410,209</b>	<b>\$ 40,244,097</b>
<b>OPERATING EXPENSES</b>		
Purchased power	23,123,568	24,442,931
Operations	2,450,531	2,339,656
Maintenance	1,964,158	1,840,985
Consumer accounting expense	967,971	935,928
Administrative expense	2,057,983	2,466,586
Depreciation	2,589,550	2,682,944
Taxes	1,434,549	1,460,575
<b>TOTAL OPERATING EXPENSES</b>	<b>34,588,310</b>	<b>36,169,605</b>
<b>OPERATING MARGINS BEFORE OTHER ITEMS</b>	<b>4,821,899</b>	<b>4,074,492</b>
<b>OTHER OPERATING ITEMS, NET</b>		
Patronage revenue	1,205,229	2,083,340
Interest expense	(1,259,302)	(1,334,839)
<b>TOTAL OTHER OPERATING ITEMS, NET</b>	<b>(54,073)</b>	<b>748,501</b>
<b>OPERATING MARGINS</b>	<b>4,767,826</b>	<b>4,822,993</b>
<b>NON-OPERATING ITEMS, NET</b>		
Interest and dividend revenue	165,281	245,618
All other, net	35,811	(15,816)
<b>TOTAL NON-OPERATING ITEMS, NET</b>	<b>201,092</b>	<b>229,802</b>
<b>NET MARGINS</b>	<b>\$ 4,968,918</b>	<b>\$ 5,052,795</b>

## WHERE YOUR PAYMENT GOES EACH MONTH





**LMRE**   
**LORAIN-MEDINA**  
**Rural Electric Cooperative**  
Your Touchstone Energy® Cooperative 

22898 West Road  
P.O. Box 158  
Wellington, OH 44090

800-222-5673