

STRONG & UNITED



2019

North Central 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 North Central Electric Cooperative to have another successful year full of changes and improvements for staff and members alike.

In 2019, North Central Electric was evaluated through the Rural Electric Safety Achievement Program (RESAP), a comprehensive system-wide inspection program to improve safety on all levels. North Central 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 to 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.

NRECA's onsite 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, to complete a comprehensive analysis of the respective organizations.

Additionally, North Central 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 North Central Electric People Fund continued the tradition of providing grants to organizations and individuals to help improve the wellbeing and functionality of our communities. Our members support of this fund allowed the cooperative to grant \$58,640 to 16 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
9,934

Counties
Served
8

Cooperative
Employees
34

YOUR NEIGHBORS, YOUR TRUSTEES

President



Duane E. Frankart
District 7

Vice President



Rodney P. Snively
District 4

Secretary



Kevin E. Bishop
District 1

Treasurer



Stephen J. Seitz
District 2



David S. Green
District 1



Dennis W. Schindler
District 2



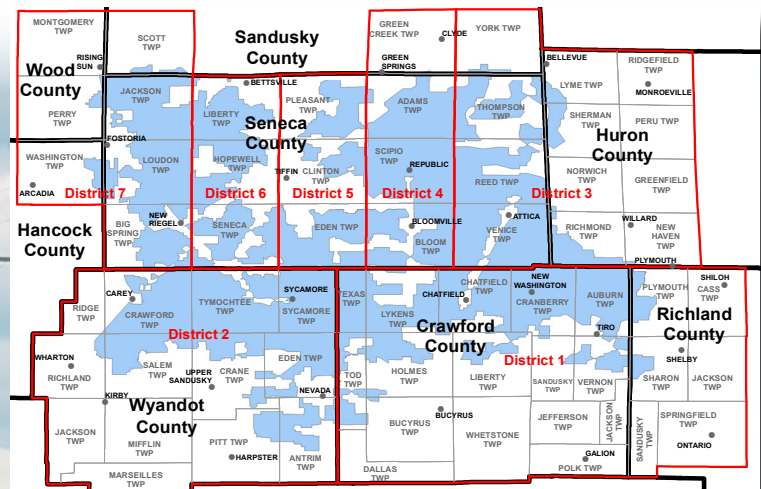
Nick W. Wagner IV
District 3



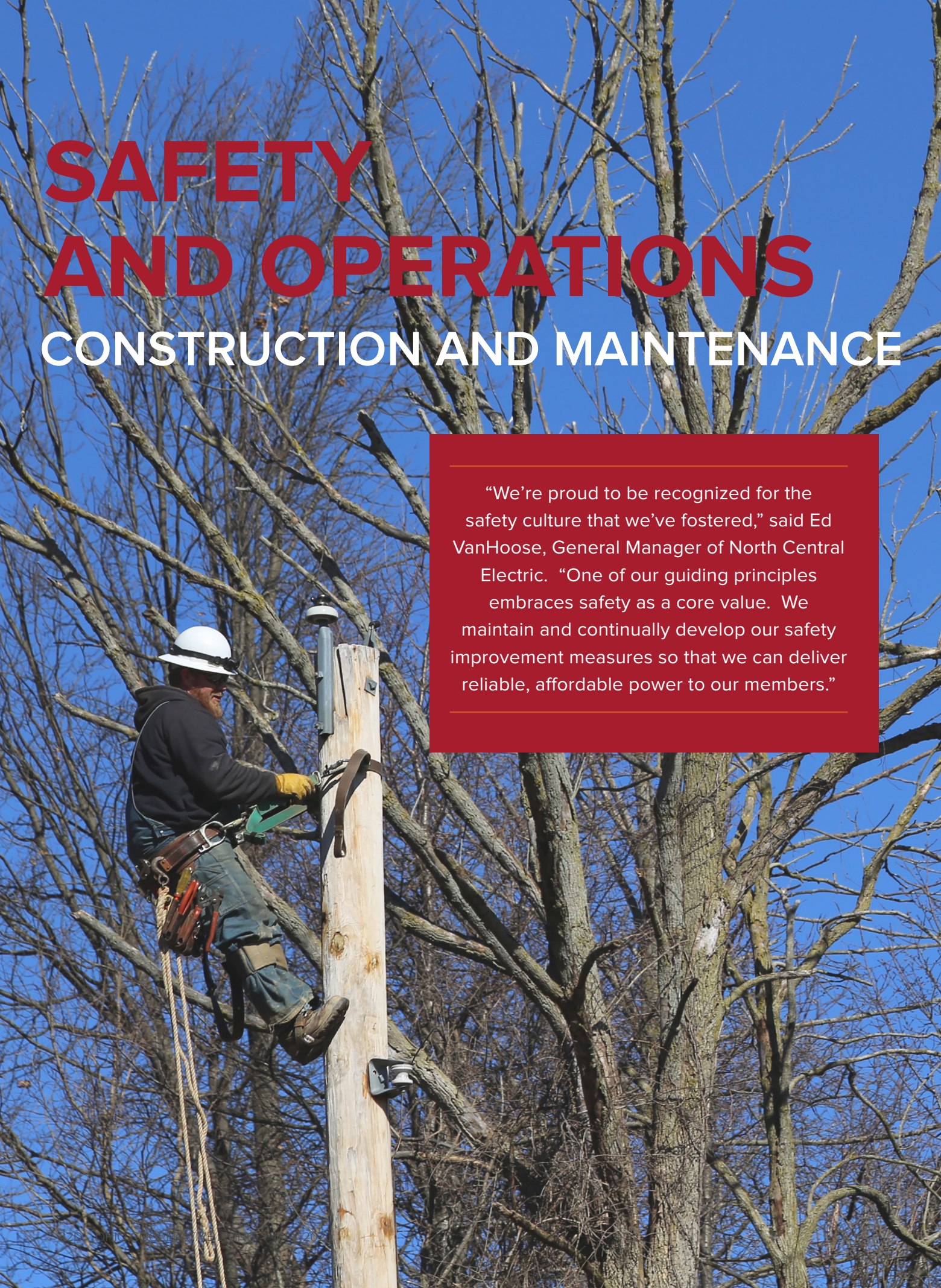
Ronald P. Frisch
District 5



Michael P. Scherger
District 6



NCE Since 1936
NORTH CENTRAL
Electric Cooperative
Your Touchstone Energy® Cooperative



SAFETY AND OPERATIONS

CONSTRUCTION AND MAINTENANCE

“We’re proud to be recognized for the safety culture that we’ve fostered,” said Ed VanHoose, General Manager of North Central 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.”

North Central Electric's continued dedication to line maintenance and system improvements led to a decrease overall in outages in 2019.

Weather and equipment-related issues caused 60% of the 194 outages experienced by North Central members. However, this number was a significant decrease from the 2018 numbers and kept the cooperative well below the 10-year average of 235 outages.

The average length of time members were without power also decreased in 2019 by roughly 15 minutes from the hour and 45 minute average in 2018. This marks the sixth year in a row that the average duration of outages has been below two 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.

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

The Adrian substation, constructed in 2018, was brought online and connected to North Central's Supervisory control and data acquisition (SCADA) system in 2019, giving the cooperative the ability to monitor and control the electric load at the substation from the cooperative headquarters.

North Central also continued to interconnect the cooperative's various substations with fiber-optic line. This increases the communications utilized by the SCADA system and leads to improved service and reliability for all members.



194
number of outages
vs. 217 in 2018



1 hr 30 min
average outage length
vs. 1 hr 45 min in 2018



1,794
miles of electric line
vs. 1,794 in 2018



5.5
members per mile
vs. 5.4 in 2018



9,934
total meters served
vs. 9,927 in 2018



47,264 kWh
OurSolar output
vs. 55,221 kWh in 2018

ENGAGING WITH OUR MEMBERSHIP

The members of North Central 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 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 energy goals.

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

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

COMMUNITY/SCHOOL EVENTS

4

Safety demonstrations

\$10,000

Scholarship funding

48

Students attended
Youth Day

2

Students attended Youth
Tour in Washington D.C.

1

Summer Internship

SOCIAL MEDIA ENGAGEMENT

1,977

Facebook followers

1,807

Facebook likes



Instructor Chris Nelson and select seniors from the Electrical Trades program from Sentinel Career Center joined the cooperative for the 2019 Cardinal Power Plant Tour.



143
rebates

\$151,716
total amount in rebates

50
provided over 50 home
energy assessments
for co-op members



MAKING A DIFFERENCE

IN THE COMMUNITIES
WE SERVE



Fair Sponsors

Crawford County Fair

Seneca County Fair

Attica Independent Fair

Wyandot County Fair



GIVING BACK

WITH PEOPLE FUND

16

Total number of grants awarded in 2019

511

Total number of grants awarded since 1999

\$58,640

Total dollar amount funded in 2019

\$891,663.68

Total dollar amount funded since 1999.

\$10,284

Grants awarded to public safety services

\$11,577

Grants awarded to community organizations

\$36,779

Grants awarded to local schools

**GRANTED
IN 2019**

The North Central Electric Cooperative People Fund celebrated 20 years of giving back by granting 16 organizations and individuals a total of \$58,640 in 2019.

Fire pagers, band uniforms, AEDs and CPR training aids, and more were all outcomes of the generosity shown by NCE members who participate in Operation Round Up and contribute to the People Fund. The Hopewell- Loudon School received the largest grant, \$7,000, in 2019 for funding to assist in upgrading to LED lighting in the old gym in the former school building. Still, other emergency services, including several fire departments, received grants throughout the year. Schools and community-focused organizations also received funding through the NCE People Fund.

IN REVIEW

North Central Electric Cooperative members received their capital credits refunds on their December bill in 2019 after a refund totaling \$826,204 was approved by the Board of Trustees at its October meeting. NCE has now issued more than \$21.3 million to its members since 1980.

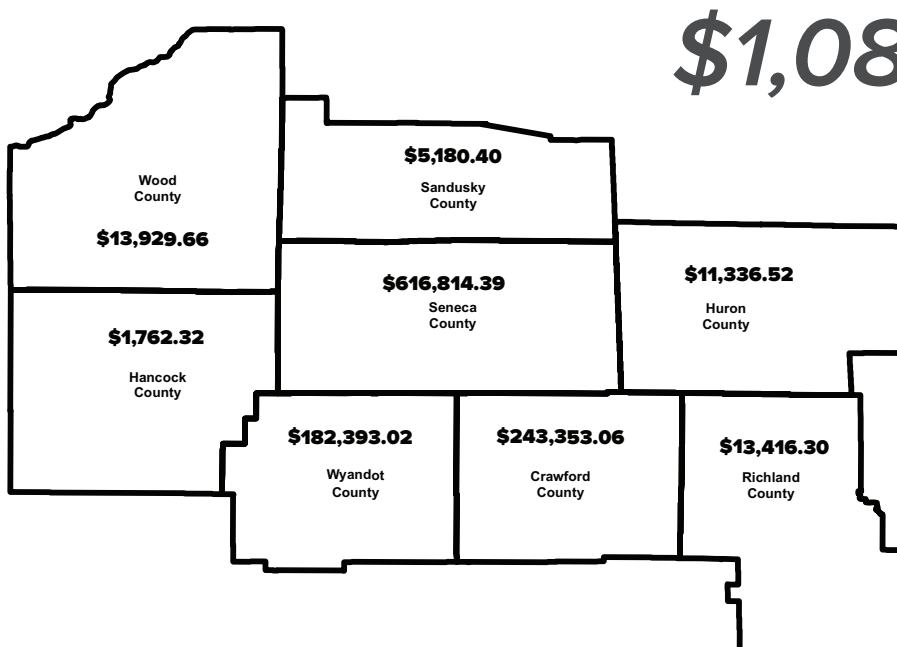
The total refund was up approximately 15 percent over 2018, and is made of two components – NCE's portion and a portion returned to the cooperative by Buckeye Power, NCE's wholesale power supplier.

The cooperative retains annual margins to provide working capital for new construction, equipment, and system improvements throughout the cooperative's service area. If NCE'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 NCE as long as his or her electric use remains consistent.

Review of Capital Credits Refunds

Pre-2011	\$ 14,873,681
2011	\$ 707,530
2012	\$ 578,667
2013	\$ 725,119
2014	\$ 689,373
2015	\$ 693,150
2016	\$ 891,446
2017	\$ 599,174
2018	\$ 715,947
2019	\$ 826,204
Total	\$ 21,300,291



\$1,088,185.67

**TOTAL
PROPERTY
TAX PAID
IN 2019**

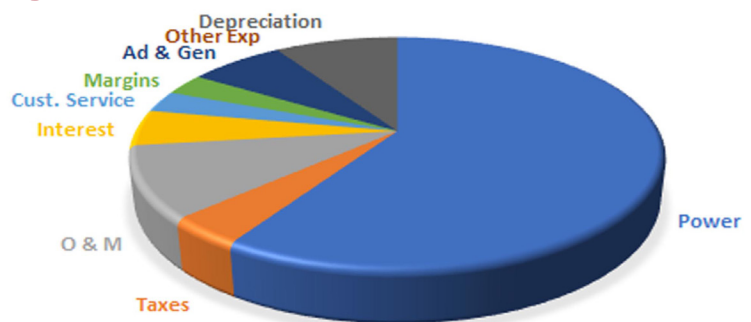
BALANCE SHEET

	2019	2018
ASSETS		
UTILITY PLANT IN SERVICE, NET	\$ 52,065,723	\$ 50,475,780
INVESTMENTS	13,627,907	13,319,418
DEFERRED CHARGES, less current portion	579,178	736,758
CURRENT ASSETS		
Cash and cash equivalents	1,246,493	270,157
Restricted cash	642,480	360,551
Accounts receivable, consumer, less reserve of \$9,744 for 2019 and \$58,429 for 2018	2,227,191	3,122,978
Materials and supplies and inventories	454,996	648,800
Current portion of deferred charges	167,270	162,668
Prepaid expenses	125,387	110,236
TOTAL CURRENT ASSETS	4,863,817	4,675,390
TOTAL ASSETS	\$ 71,136,625	\$ 69,207,346
EQUITIES AND LIABILITIES		
LONG-TERM DEBT, less current portion	\$ 32,790,394	\$ 31,921,800
ACCUMULATED POST RETIREMENT BENEFIT	1,063,342	335,700
CUSTOMER DEPOSITS	318,485	319,075
DEFERRED CREDIT	237,307	200,370
PATRONAGE CAPITAL/RETAINED EARNINGS	31,273,587	30,971,923
CURRENT LIABILITIES		
Accounts payable	1,659,479	1,647,669
Accrued expenses	2,355,361	2,384,320
Current portion of long-term debt	1,438,670	1,426,489
TOTAL CURRENT LIABILITIES	5,453,510	5,458,478
TOTAL EQUITIES AND LIABILITIES	\$ 71,136,625	\$ 69,207,346

STATEMENT OF REVENUE AND EXPENSES

	2019	2018
REVENUES	<u>\$ 25,213,360</u>	<u>\$ 25,550,172</u>
OPERATING EXPENSES		
Purchased power	14,895,110	15,361,864
Operations	1,684,970	1,739,920
Maintenance	888,669	931,145
Consumer accounting expense	720,961	491,795
Administrative expense	1,619,658	1,767,536
Depreciation	2,332,799	2,157,788
Taxes	893,702	914,395
TOTAL OPERATING EXPENSES	<u>23,035,869</u>	<u>23,364,443</u>
OPERATING MARGINS BEFORE OTHER ITEMS	<u>2,177,491</u>	<u>2,185,729</u>
OTHER OPERATING ITEMS, NET		
Patronage revenue	836,625	1,362,192
Interest expense	(1,362,946)	(1,329,155)
TOTAL OTHER OPERATING ITEMS, NET	<u>(526,321)</u>	<u>33,037</u>
OPERATING MARGINS	<u>1,651,170</u>	<u>2,218,766</u>
NON-OPERATING ITEMS, NET		
Interest and dividend revenue	140,205	46,703
All other, net	(76,039)	(1,526)
TOTAL NON-OPERATING ITEMS, NET	<u>64,166</u>	<u>45,177</u>
NET MARGINS	<u><u>\$ 1,715,336</u></u>	<u><u>\$ 2,263,943</u></u>

WHERE YOUR PAYMENT GOES EACH MONTH





NCE Since 1936

NORTH CENTRAL **Electric Cooperative**

Your Touchstone Energy® Cooperative 

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Attica, Ohio 44807

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ncelec.org