

COMMITMENT. COMMUNITY.
Cooperative.

2020 Annual Report

8,103
Cooperative
Members

85
Years of
Service

34
Cooperative
Employees

8
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!

NORTH CENTRAL ELECTRIC

Your not-for-profit electric provider

With our membership and communities' continued support, North Central 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.

North Central 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, North Central employees and trustees maintained their high level of productivity and dedication to our members.

North Central earned high marks in the American Customer Satisfaction Index (ACSI) survey in 2020, achieving an 87 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 North Central Electric 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 \$52,662 to 22 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



Duane Frankart, President
District 7



Rodney Snavelly, Vice Pres.
District 4



Kevin Bishop, Secretary
District 1



Stephen Seitz, Treasurer
District 2



David Green
District 1



Dennis Schindler
District 2



Nick Wagner IV
District 3



Ronald Frisch
District 5



Michael Scherger
District 6

OPERATIONS

Our steady source of power

North Central Electric is pleased to report that the number of outages in 2020 remained steady or decreased in several of our key markers. Maintenance efforts and technology enhancements have continued to play a significant role in providing reliable service to our members.

North Central experienced 193 outages in 2020, one outage lower than last year and 38 below the 10-year average of 231 outages per year. Weather, trees, and damaged equipment caused almost three-fourths of the outages in 2020. The cooperative employs an aggressive right-of-way and vegetation management program to keep these outages to a minimum. Additionally, we regularly tests poles and equipment and reduce the span length of wire between poles.

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 decreased compared to the previous year from five to three. Two of these instances were caused by AEP transmission outages to North Central substations. In these situations, the cooperative (and our members) are at the mercy of AEP to correct the problem. The other major outage recorded in 2020 was caused by damage due to severe weather in the area.

North Central 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.



193

number of outages
vs. 194 in 2019



1 hr 28 min

average outage length
vs. 1 hr 30 min in 2019



1,794

miles of electric line
vs. 1,794 in 2019



9,644

total number of
meters served



4.5

members
per mile



54,775 kWh

OurSolar output
vs. 47,264 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

North Central 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 North Central's community traditions in 2020, but we found new ways of giving back. After all, the communities you live in are our communities, too. Our continued partnership with CoBank brought funding to a local youth sports organization for upgraded lighting at their ballfields. We provided donations and assistance to organizations supplying meals to families in need. The cooperative even formed a new partnership with the Dolly Parton Imagination Library to serve Seneca County residents outside of Tiffin.

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

COMMUNITY/SCHOOL EVENTS

\$10,500

Scholarship funding

\$7,025

Grants awarded with CoBank matching grant program

443

Children registered with Dolly Parton Library

1

Honorable mention winner in #WhoPowersYou

SOCIAL MEDIA ENGAGEMENT

2,017

Facebook followers vs. 1,977 in 2019

1,895

Facebook likes vs. 1,807 in 2019

About our partnerships



North Central Electric is honored to be the affiliate sponsor for the Dolly Parton Imagination Library. Since 2018, the Gase Family Literacy Fund has been providing funding for children up to age five in the Tiffin vicinity of Seneca County. Now, with the affiliation of North Central Electric, the program has expanded to include

Alvada, Attica, Bascom, Bettsville, Bloomville, Flat Rock, Fostoria, Green Springs, Kansas, Melmore, New Riegel, Old Fort, and Republic in Seneca County. For more information and to learn how to sign up, visit <https://bit.ly/3a8ir0w>.

Seneca CEO (Creating Entrepreneurial Opportunities), a new 501(c)3 organization, offers high school students

the opportunity to immerse themselves in a dynamic and authentic learning environment tied to the challenges and opportunities in the local community. The program will begin serving students from Seneca East, Tiffin City, Calvert, Fostoria, Hopewell Loudon, Mohawk, New Riegel, and Old Fort school districts starting in the fall of 2021. For more information, visit <https://www.senecacountyceo.com/>.



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 North Central, CoBank offers matching grant opportunities. For more information about this program, please contact the co-op.



Meet Kathryn Grasz, 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 North Central Electric Cooperative People Fund celebrated another year of giving back to our communities by granting 22 organizations and individuals a total of \$52,662 in 2020.

The NCE People Fund is only possible through the generous contributions of participating NCE members. Because of these donations, the fund provided new safety equipment, assistance for cancer patients receiving treatment, new technology for schools, and so much more. Five emergency grants were also given to members in need following house fires. The NCE People Fund's beneficiaries included schools, wellness providers, several emergency service organizations, and community-focused events. Republic Boy Scouts Troop 442 received the largest grant, \$5,150, to help purchase a new trailer for the troop's equipment.

In 2020, the North Central Electric Cooperative Board of Trustees voted to distribute capital credits to members early as a way to give back and assist any members who may have been struggling financially due to COVID-19

and its many challenges. A total of \$1,121,892 was approved for distribution in May to members, which brought the cooperative's total returned capital credits to more than \$22.4 million since 1980.

The total refund 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 its service area. If NCE'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 NCE, as long as their electricity use remains consistent.

PEOPLE FUND - BY THE NUMBERS

22

Total number of grants awarded in 2020

\$52,662

Total dollar amount funded in 2020

533

Total number of grants awarded since 1999

\$944,236

Total dollar amount funded since 1999

\$21,012

Grants awarded to public safety services

\$7,000

Grants awarded to individual members

\$24,650

Grants awarded to community organizations

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
2020	\$ 1,121,892
Total	\$ 22,422,183



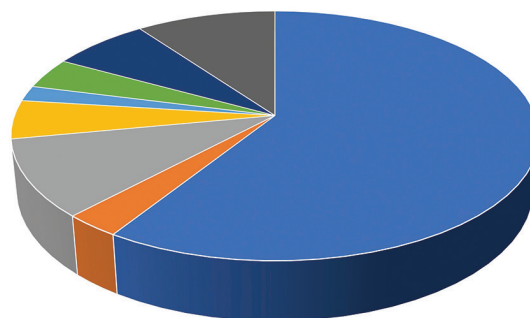
Meet Justis Clifford, the **DIRECTOR OF COMMUNICATIONS**. Justis has been with the co-op for one year and currently resides in Pittsfield, Ohio.

BALANCE SHEET

	2020	2019
ASSETS		
UTILITY PLANT IN SERVICE, NET	\$ 53,917,749	\$ 52,065,723
INVESTMENTS	13,730,685	13,627,907
DEFERRED CHARGES, less current portion	381,104	583,780
CURRENT ASSETS		
Cash and cash equivalents	382,692	1,246,493
Restricted cash	2,799,511	642,480
Accounts receivable, consumer, less reserve of \$29,868 for 2020 and \$9,744 for 2019	2,438,281	2,227,191
Materials and supplies and inventories	430,406	454,996
Current portion of deferred charges	172,003	162,668
Prepaid expenses	152,871	125,387
TOTAL CURRENT ASSETS	6,375,764	4,859,215
TOTAL ASSETS	\$ 74,405,302	\$ 71,136,625
EQUITIES AND LIABILITIES		
LONG-TERM DEBT, less current portion	\$ 34,503,380	\$ 32,790,394
ACCUMULATED POST RETIREMENT BENEFIT	1,093,132	1,063,342
CUSTOMER DEPOSITS	296,427	318,485
DEFERRED CREDIT	-	51,996
DEFERRED COMPENSATION	159,241	185,311
PATRONAGE CAPITAL/RETAINED EARNINGS	32,093,308	31,273,587
CURRENT LIABILITIES		
Accounts payable	1,728,033	1,659,479
Accrued expenses	2,415,411	2,355,361
Current portion of long-term debt	2,116,370	1,438,670
TOTAL CURRENT LIABILITIES	6,259,814	5,453,510
TOTAL EQUITIES AND LIABILITIES	\$ 74,405,302	\$ 71,136,625

WHERE YOUR PAYMENT GOES EACH MONTH

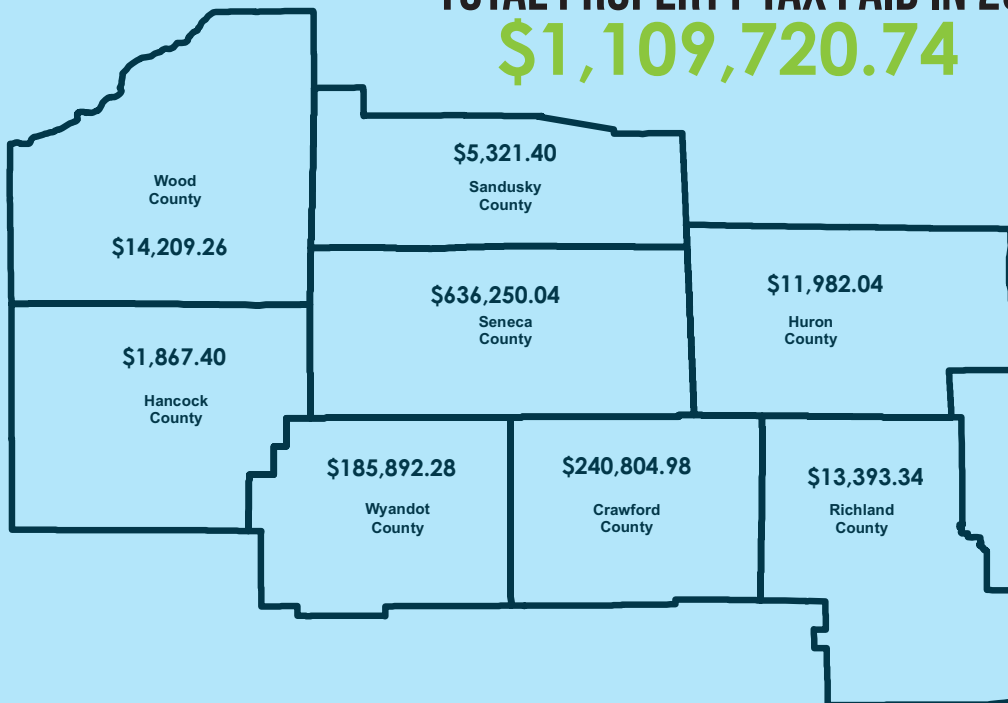
Power.....	59%
Taxes	3%
O&M.....	10%
Interest.....	5%
Cust. Service	2%
Margins	4%
Ad & Gen	7%
Depreciation	10%



REVENUE, EXPENSES & TAXES

	2020	2019
REVENUES	<u>\$ 25,684,493</u>	<u>\$ 25,213,360</u>
OPERATING EXPENSES		
Purchased power	15,196,656	14,895,110
Operations	1,730,544	1,684,970
Maintenance	957,660	888,669
Consumer accounting expense	483,397	720,961
Administrative expense	1,719,473	1,619,658
Depreciation	2,475,744	2,332,799
Taxes	892,310	893,702
TOTAL OPERATING EXPENSES	<u>23,455,784</u>	<u>23,035,869</u>
OPERATING MARGINS BEFORE OTHER ITEMS	<u>2,228,709</u>	<u>2,177,491</u>
OTHER OPERATING ITEMS, NET		
Patronage revenue	875,582	836,625
Interest expense	(1,340,871)	(1,362,946)
TOTAL OTHER OPERATING ITEMS, NET	<u>(465,289)</u>	<u>(526,321)</u>
OPERATING MARGINS	<u>1,763,420</u>	<u>1,651,170</u>
NON-OPERATING ITEMS, NET		
Interest and dividend revenue	42,302	140,205
All other, net	31,309	(76,039)
TOTAL NON-OPERATING ITEMS, NET	<u>73,611</u>	<u>64,166</u>
NET MARGINS	<u><u>\$ 1,837,031</u></u>	<u><u>\$ 1,715,336</u></u>

TOTAL PROPERTY TAX PAID IN 2020 \$1,109,720.74





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.



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