



ENERGY FOR THE JOURNEY



2023 LORAIN-MEDINA RURAL ELECTRIC COOPERATIVE ANNUAL REPORT



DISCOVER THE COOPERATIVE JOURNEY!

We're all familiar with the timeless adage "Life's a journey," which acknowledges that each of us must follow our own path, encountering a unique array of experiences along the way. As a cooperative, we share our own journey with all of you – the members who shape our identity. Lorain-Medina Rural Electric Cooperative may be in the business of electricity, but our essence stems from the cooperative principles. These principles have steered us toward success with a focus on exemplary service for over 85 years.

Our members play a pivotal role in defining the cooperative journey, helping to shape our trajectory for the future. One of the seven cooperative principles, Democratic Member Control, allows our members to take a direct hand in our enduring success. Without your support and voices, LMRE would not exist, and the positive impacts we've had on our communities in 2023 and years prior may have never come to pass.

This past year presented new challenges to LMRE. However, we are pleased to announce that your cooperative remains dedicated to providing the same caliber of service to our members. Reliability remained a top priority for co-op leadership in 2023. We tackled never before seen issues surrounding material availability, combined with increasing costs head-on, proactively acquiring extra materials to prevent potential delays. Further, we advocated for common sense energy policies on Capitol Hill to stave off increasing pressure on the electric grid. This commitment to electric reliability is rooted in the principle of commitment to community, and will endure for many years, as we continue to champion our members' needs.

Many high points marked our path along the cooperative journey throughout 2023. LMRE received a score of 85 from our members on the American Customer Satisfaction Index survey, aligning with other Ohio co-ops by surpassing

investor-owned and municipality scores significantly. Additionally, current and former co-op members received over \$2.1 million in capital credits applied to their December bills. Moreover, through our members generous donations, the co-op injected over \$109,903 back into our local communities through donations, scholarships, and People Fund grants.

In 2023, LMRE's journey extended to breaking ground for the new headquarters project that will be in the Spencer Industrial Park, an economic development project spearheaded by the cooperative. Originally slated to begin in 2020, lasting impacts from COVID-19, supply chain shortages, and other factors resulted in the delayed start of the project. Along with the necessary space to accommodate a growing workforce and operational needs, plans also include added convenience options for bill pay drop off and a meeting space available for members to utilize. The current LMRE building in Wellington has long outlived its usefulness to employees and members after being built in the early 1950s.

Another facet of our 2023 journey centered around growth through our economic development efforts and relationships with local government. If more businesses settle in service territory, our communities will benefit from increased job opportunities and additional revenue streams. This helps LMRE spread the cost of providing electricity to our members to more entities, keeping future rates and other charges as minimal as possible. We look forward to sharing our economic development wins with all of you in the future.

Thank you for your membership and for joining us on our cooperative journey. We look forward to another successful year in 2024, made possible by your continuous support and belief in our mission of providing excellent service to you all.



ENERGY TO LEAD BY EXAMPLE

Lorain-Medina Rural Electric Board of Directors, president/CEO, and leadership team



Rodney Eaton,
Chair
District 4



Gary Rowland,
Vice Chair
District 1



Brenda Wolfe,
Secretary
District 7



Keith Lowe,
Treasurer
District 8



James McConnell
District 2



Ken Diedrick
District 3



Judy Pickworth
District 5



Joe Swinko
District 6



Rick Dumperth
District 9



Ed VanHoose
President/CEO



Brad Warnement
Chief Operating Officer



Justis Clifford
Chief Strategy Officer



Joshua Long
Chief Financial Officer



Andrew Ruffing
Chief Administrative Officer

The second Cooperative Principle:
"Democratic Member Control"

Cooperatives are democratic organizations controlled by their members, who actively participate in setting policies and making decisions. The elected representatives are accountable to the membership.

ENERGY TO GROW IN OUR JOURNEY

At Lorain-Medina Rural Electric Cooperative, we always have the energy to grow in our journey. By planning ahead, we can keep moving forward with purpose and focus. LMRE places safety, reliability, and affordability of electric service at the top of our list for growing and improving.

Over the years, our members have come to expect a high quality of service, and we are continually growing to exceed that expectation. Through system maintenance, right-of-way clearing, employee training, and continuous safety inspections, our employees are striving to demonstrate the cooperative way to our members and push the bar higher for our quality of service.

The journey of the cooperative way means keeping outages low, welcoming new members, and maintaining over 1,600 miles of electric line in five Ohio counties. Maintaining the cooperative way for our members wouldn't be possible without our employees. They show up daily, work hard to keep the power on, and provide safe, reliable, and at-cost service to our members.

The fifth Cooperative Principle:
"Education, Training, and Information"

Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives.



LMRE People Fund

Gave \$76,012.99 through 21 grants to local community organizations in 2023, thanks to the members rounding up their electric bills each month. Since its inception in 1999, the LMRE People Fund has distributed 709 grants of over \$1.9 million to individuals and organizations in our local communities.

\$19,902.25
Community Organizations

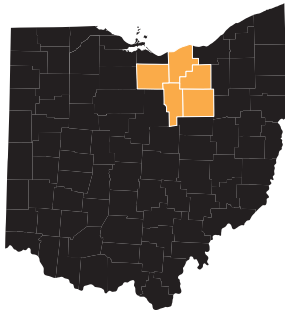
\$36,379.50
Public Safety Services

\$3,000
Individual Members

\$16,731.24
Youth Initiatives

Service across 5 Counties

- Lorain
- Huron
- Medina
- Wayne
- Ashland



551
New members

13,915
Members



\$12,500

Given in scholarships to 7 LMRE high school seniors



\$33,891

Given in donations, sponsorships, and CoBank partnerships to promote the continued health and growth of our local communities.

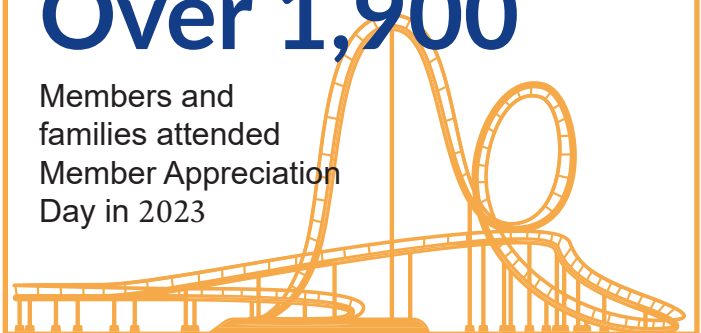
2023 Member satisfaction score

85 out of 100



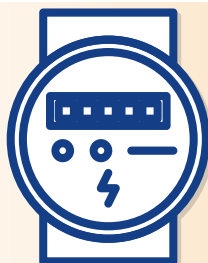
Over 1,900

Members and families attended Member Appreciation Day in 2023



69,919 kWh

Total output produced by the OurSolar program array in 2023



16,821

Meters on co-op lines

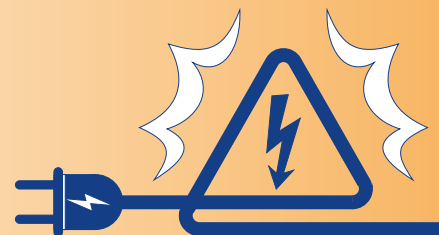
1,612

Miles of electric line



466 Outages

Slightly above the 10-year average



FINANCIAL REPORTS

Balance sheet

	2023	2022
ASSETS		
UTILITY PLANT IN SERVICE, NET	\$ 74,647,957	\$ 66,417,613
INVESTMENTS	20,279,359	19,816,910
CURRENT ASSETS		
Cash and cash equivalents	2,284,350	1,874,623
Restricted cash	8,496,861	12,817,791
Accounts Receivable (Net)	5,728,410	4,550,302
Materials and supplies and inventories	1,572,118	1,111,810
Current portion of deferred charges	-	46,637
Prepaid expenses	215,106	206,255
Other Current and Accrued Assets	26,590	18,559
TOTAL CURRENT ASSETS	18,323,436	20,625,978
TOTAL ASSETS	\$ 113,250,752	\$ 106,860,501
EQUITIES AND LIABILITIES		
LONG-TERM DEBT	\$ 32,846,893	\$ 34,453,159
ACCUMULATED POST RETIREMENT BENEFIT	1,700,630	1,704,033
CUSTOMER DEPOSITS	507,650	543,585
DEFERRED CREDIT	1,347,500	427,511
PATRONAGE CAPITAL/RETAINED EARNINGS	70,210,442	63,963,351
CURRENT LIABILITIES		
Accounts payable	3,858,995	3,076,639
Accrued expenses	2,778,641	2,692,222
TOTAL CURRENT LIABILITIES	6,637,636	5,768,861
TOTAL EQUITIES AND LIABILITIES	\$ 113,250,752	\$ 106,860,501

Statement of revenue and expenses

	2023	2022
REVENUES	\$ 47,563,772	\$ 46,684,500
OPERATING EXPENSES		
Purchased power	25,419,426	26,382,543
Operations	2,746,407	2,672,658
Maintenance	2,818,084	2,212,513
Consumer accounting expense	858,266	789,302
Consumer service and sales expense	225,986	192,944
Administrative expense	3,595,901	3,162,834
Depreciation	3,216,495	2,931,773
Taxes	1,377,110	1,430,945
TOTAL OPERATING EXPENSES	40,257,676	39,775,512
OPERATING MARGINS BEFORE OTHER ITEMS	7,306,097	6,908,988
OTHER OPERATING ITEMS, NET		
Patronage revenue	1,575,546	1,373,706
Interest expense	(1,157,012)	(1,228,959)
TOTAL OTHER OPERATING ITEMS, NET	418,534	144,747
OPERATING MARGINS	7,724,631	7,053,735
NON-OPERATING ITEMS, NET		
Interest and dividend revenue	648,151	240,401
All other, net	(192,277)	72,689
TOTAL NON-OPERATING ITEMS, NET	455,874	313,089
NET MARGINS	\$ 8,180,505	\$ 7,366,824

*Due to a two-month lead time requirement for information printed in the magazine, these numbers are printed as preliminary until they are reviewed by the board at their regularly scheduled meeting with the auditing firm.

ENERGY FOR OUR MEMBERS

LMRE is proud to be a not-for-profit organization. As a member and part-owner of the cooperative, you're eligible to receive money back through capital credits every year.

The LMRE board of directors approved to return

\$2,199,532



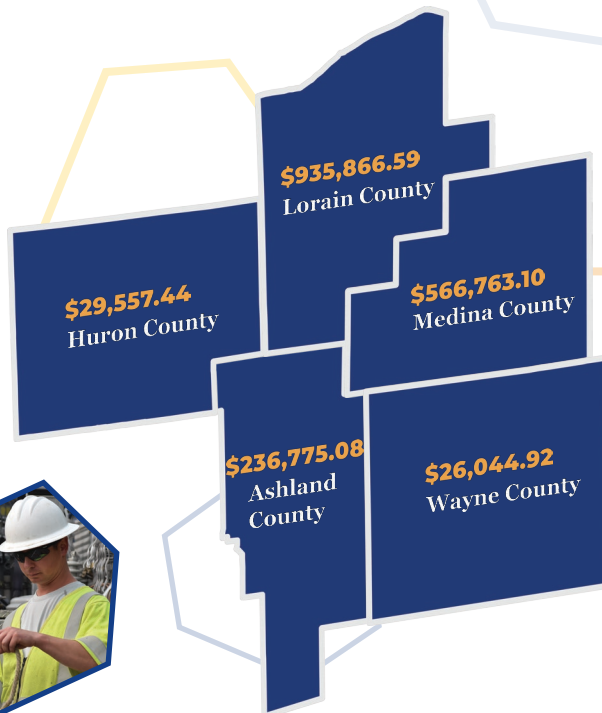
in 2023 to our members, applied to December bills or provided to former members via check.

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

The amount credited to members is determined by how much electricity a member purchases during the year, and the rate at which the member is billed.

\$36,480,913

in capital credits has been issued to members since 1980



\$1,795,007.13

Total property tax paid in 2023

THE JOURNEY OF ENERGY EFFICIENCY AND RENEWABLE ENERGY

Spotlight on Lorain-Medina Rural Electric's electric vehicle fleet

You've likely heard or read that most automakers are transitioning many of their new vehicles to electric-only models over the next ten years. Regardless of the type of car you drive today, the electrification of the transportation sector is underway.

Although electric vehicles have increased in popularity, there is still a lot of uncertainty out there. LMRE is committed to providing education to our members, employees, and the community. In 2023 we worked on putting together information and case studies on what it is like to drive EVs in rural America. As part of our EV testing, we did a deep dive on the all-electric Ford F-150 Lightning, including Chief Strategy Officer Justis Clifford's long-distance trip to a training session in Madison, Wisconsin. Scan the QR code to watch the video that takes you through the journey.



SCAN ME

There are three main types of electric vehicles: Hybrid Electric Vehicle (HEV), Plug-In Hybrid Electric Vehicle (PHEV), and Fully Electric Vehicle (EV). With the use of grants and rebate programs, the co-op has purchased several EV models of various types, at no additional cost than standard combustion engines, and is recording data and experiences about each one to report back to our LMRE members.

One popular question we get is about charging EVs. At LMRE, we have several level 2 chargers. But, there are two types of chargers: levels 2 and 3. Level 3 is also known as a DC fast charger. A level 2 charger can charge 10 to 20 miles of range per hour, whereas a level 3 charger can provide an electric vehicle 80% charge in 20 to 30 minutes (depending on vehicle and battery size).

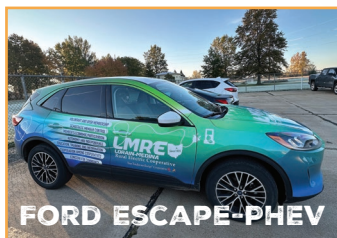


Level 3 Charger



Level 2 Charger

As we continue gathering information about driving EVs in rural America, we will share that with our members on our website, Facebook, and in the *Ohio Cooperative Living* magazine. If you have any questions about electric vehicles, give us a call at 440-647-2133, and we will be happy to discuss them with you.



FORD ESCAPE-PHEV



CHEVY BOLT-EV



JEEP GRAND
CHEROKEE 4XE-PHEV



CHEVY BLAZER-EV



FORD F-150 LIGHTNING

ENERGY TO STAY SAFE IN OUR JOURNEY

Safety is our highest priority. We believe that everyone deserves to live and work in a safe environment, which is why we share safety messages with our members, employees, and the public. Safety tips are included on social media, in our newsletters, and during presentations for schools and community groups. We are also proud that our employees are embracing our safety culture, providing candid input when we have near misses, and providing suggestions to make our jobs safer.



We saw increased interest in our live-line safety demonstration in 2023. We were invited to many schools, fire departments, and community events. These live line safety demonstrations are available to any community group in our service territory as schedule and time allows. If you are interested in scheduling a demonstration, call the cooperative at **440-647-2133**.



LMRE employs a safety coordinator on-site at our cooperative. The safety coordinator is responsible for conducting safety meetings, putting together a safety committee, performing job site observations, and ensuring everyone stays up-to-date on safety training, CPR certifications, and knowing how to operate an AED.

2024 VIRTUAL ANNUAL MEETING

OFFICIAL NOTICE

In accordance with the regulations of Lorain-Medina Rural Electric Cooperative, the board of directors hereby gives notice that the cooperative will hold its 88th Annual Meeting of Members on July 9, 2024, at 6 p.m. by way of Zoom.

Members are encouraged to participate in this year's annual meeting through one of two options: 1) viewing the annual meeting livestream through their computer, tablet, or smartphone using the link provided after registration; or 2) calling a specially designated phone number to listen in via the audio-only option.

Registration for the annual meeting is available now on the cooperative's website, and all registered members who attend the meeting will receive a \$25 bill credit. Only one credit will be given per member account. It's important to remember that if your registration does not match your login information, there could be a delay in receiving your bill credit after the annual meeting.

Along with receiving updates on the current happenings at the cooperative, LMRE will announce the winner

of the District 2 election and welcome a new director onto the board. The District 2 seat is currently held by longtime director James McConnell, who will retire at the end of his term.

The annual meeting, and our members' participation in it, is part of what makes the cooperative different. We hope to see another large turnout at this year's meeting and encourage questions for the co-op president/CEO and board chair either prior to or during the meeting.

All registered members who attend the annual meeting on July 9 will receive a \$25 bill credit.

If you have any questions about the annual meeting or its process, please contact the LMRE office at 440-647-2133 for additional information and assistance.

HOW TO REGISTER & ATTEND

Haven't registered for this year's annual meeting yet? There's still time! Visit the co-op's website at www.lmre.org/annual-meeting to register online or call us at 440-647-2133 if you need additional assistance.

Registration for the meeting will close 15 minutes before the scheduled start time of 6 p.m. on July 9. Please be aware that if your registration doesn't match the information you log in with, there could be a delay in receiving your \$25 bill credit.



Join via computer or telephone



After registering, you will receive an email confirming your registration with a link to view the annual meeting. You will use this link to join the video broadcast of the annual meeting. We'd suggest making sure your Zoom application is up to date the day before the meeting, and joining on the night of the meeting about 15 minutes prior to the 6 p.m. start time.

If you do not have access to a computer to register, please call the office at 440-647-2133 and someone will assist you with the registration process and provide you with a phone number and passcode to listen in to the annual meeting. You do not need to call in any sooner than 5 minutes prior to the 6 p.m. start time.

ANNUAL MEETING AGENDA

- Presentation of colors and call to order - Chair John Eaton, District 4
- Invocation - Chief Strategy Officer Justis Clifford
- Proof of mailing - Secretary Brenda Wolfe, District 7
- Approval of minutes and board introductions - John Eaton
- Election and voting results - Attorney Heather Niedermier Heyman
- President's report - John Eaton
- Buckeye Power update
- President/CEO's report - President/CEO Ed VanHoose
- Questions and answers - John Eaton & Ed VanHoose
- Unfinished business - John Eaton
- New business - John Eaton
- Adjournment - John Eaton

2023 ANNUAL MEETING MINUTES

The regular annual meeting of the members of Lorain-Medina Rural Electric Cooperative, Inc. was held virtually using the live stream platform on the cooperative website at 6:00 p.m. on the 11th day of July 2023 in accordance with the provisions of Section 1 of Articles III of the Code of Regulations of the Cooperative.

The invocation was given by the Director of Communications, Justis Clifford.

The meeting was called to order by John Eaton, President of the Cooperative, who presided. Michelle Semer, Assistant Secretary, kept the minutes thereof.

President Eaton reported that members registered for the meeting, with 496 members being present virtually, and that a list of those members present shall be annexed to these minutes. He then advised the members that in accordance with the provisions of Section 3 of Articles III of the Code of Regulations of Lorain-Medina Rural Electric Cooperative, Inc., those members present constitute a quorum of the members of the Cooperative and that the meeting was ready to proceed with business. The President directed Secretary Wolfe to annex the Certificate of Members to the minutes of this meeting.

A true copy of the notice of the meeting, together with the proof of the due mailing thereof to all members of the Cooperative, was directed by the President to be annexed to the minutes of the meeting.

The minutes of the 2022 Annual Meeting of the members of Lorain-Medina Rural Electric Cooperative, Inc. were approved without being read upon motion made by Erica Koontz of Huntington Township and seconded by Heather McCann of Pittsfield Township, and the motion carried.

President Eaton introduced the current Board of Trustees.

The meeting was then turned over to the Cooperative's legal counsel Attorney Heather Niedermier-Heyman of Harwood & Niedermeier, to report on the Election; petitions for trustees were

filed this year by Gary Rowland in District 1, John Eaton in District 4, and Brenda Wolfe in District 7. A provision in the Code of Regulations eliminates the requirement for a ballot in an uncontested election and deemed any unopposed candidate elected by the membership; therefore, Gary Rowland, John Eaton, and Brenda Wolfe have been deemed elected as Trustees and will serve three-year terms on the board.

President Eaton updated members on the LMRE headquarters building project and Spencer Industrial Park site, stating that the Board continues to monitor progress at the site and is eager to continue to push the project forward. President Eaton thanked members for contributing to the People Fund and introduced its Board members. He encouraged all members to join America's Electric Cooperatives PAC, formally known as ACRE and reported on the new member advisory committee meeting that took place in May 2023, which included updates from the General Manager and reports from the Energy Advisor. The code of regulation changes are to be presented to the members during the 2023 Annual meeting, and a presentation from Buckeye Power with their updates.

President Eaton introduced General Manager Ed VanHoose. General Manager VanHoose recognized the 2023 scholarship winners and reviewed the youth programs available. He reported on the current state of the economy and its impact, fuel costs, supply chain issues, labor shortages, reliability, and Broadband's Tech roadmap.

Subsequently, there was a question-and-answer session between the membership and the President and General Manager.

There being no further business to come before the meeting, President Eaton declared the meeting adjourned at 6:49 p.m.

MAY BOARD MEETING HIGHLIGHTS

To provide additional transparency to the membership, highlights of the board meetings each month are published in the monthly *Ohio Cooperative Living* (OCL) magazine. Due to the expansive number of topics and discussions, these are only the highlights. In accordance with the Code of Regulations, full meeting minutes are available to all members in-person at the co-op during regular business hours.

Call to order

- Meeting was called to order at 6:05 p.m.

Attendance

- All directors were present except for Brenda Wolfe, also present were legal counsel, President/CEO, and senior staff (or representative).

Approval of the consent agenda

- Consent agenda consisting of prior meeting minutes, new membership applications, collections report, delinquent graphs, deceased estates, and outage reports was approved.

Action items

- Safety reports, a financial policy, and personnel policy for holidays were discussed and approved as presented.

Committee Reports

- CAO Ruffing gave the LMRE Building Updates dated April 12, 2024, from PVC.

Departmental reports

- Monthly Financial, Operations, Key Accounts/Economic Development, Communications, IT, Weekly report, and Billing department reports reviewed.

- CFO Long reported on financial analysis, the cash flow statement, CFC Annual Benefits and Integrity Fund Contributions, 990 questionnaire, and the PowerBill tracking and analysis.
- President/CEO VanHoose reviewed the monthly management weekly reports and gave an overview of the REMDC Annual Meeting, where he retired as the Committee Chair. He also discussed the EPA's new rules, which will significantly impact reliability and costs should they go into effect as written, the co-op's participation in the 2024 OEC Legislative Day, and an update on the NCE headquarters building project.
- COO Warnement provided operations reports.
- CSO Clifford provided a strategy update report, including the energy services report, which now falls under the strategy department.
- CAO Ruffing gave the administration update report and reviewed several organizational policies.

Legal

- NRECA Legal Reporting Service Bulletin reviewed by the board.

Association/committee reports

- Reviewed Buckeye Power President's report, Cooperative Finance Corporation news bulletins, and the National Rural Electric Cooperative Association 2023 Annual Report and board update without comment.

Adjournment

- The meeting adjourned at 8:44 p.m.