

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

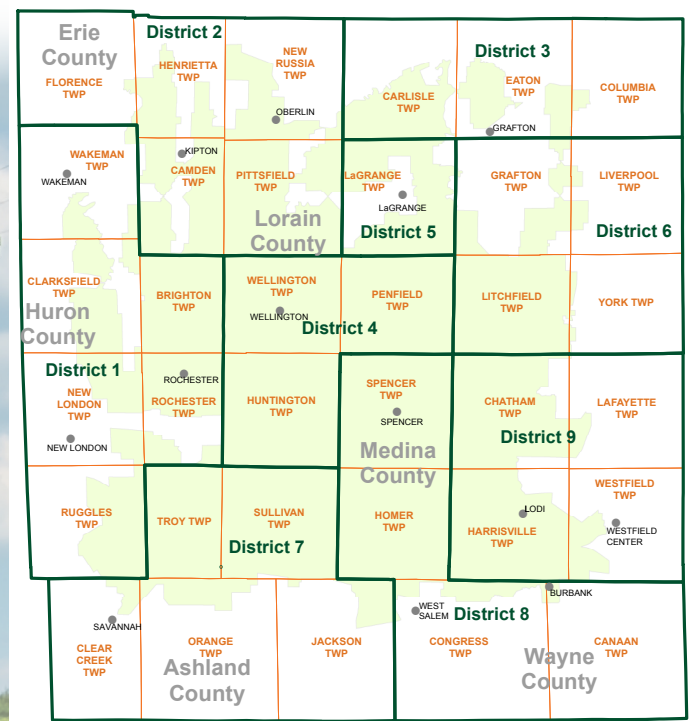


James R. McConnell
District 2



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 preventive 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 preventive 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 vegetation issues remain one of the main contributors to 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



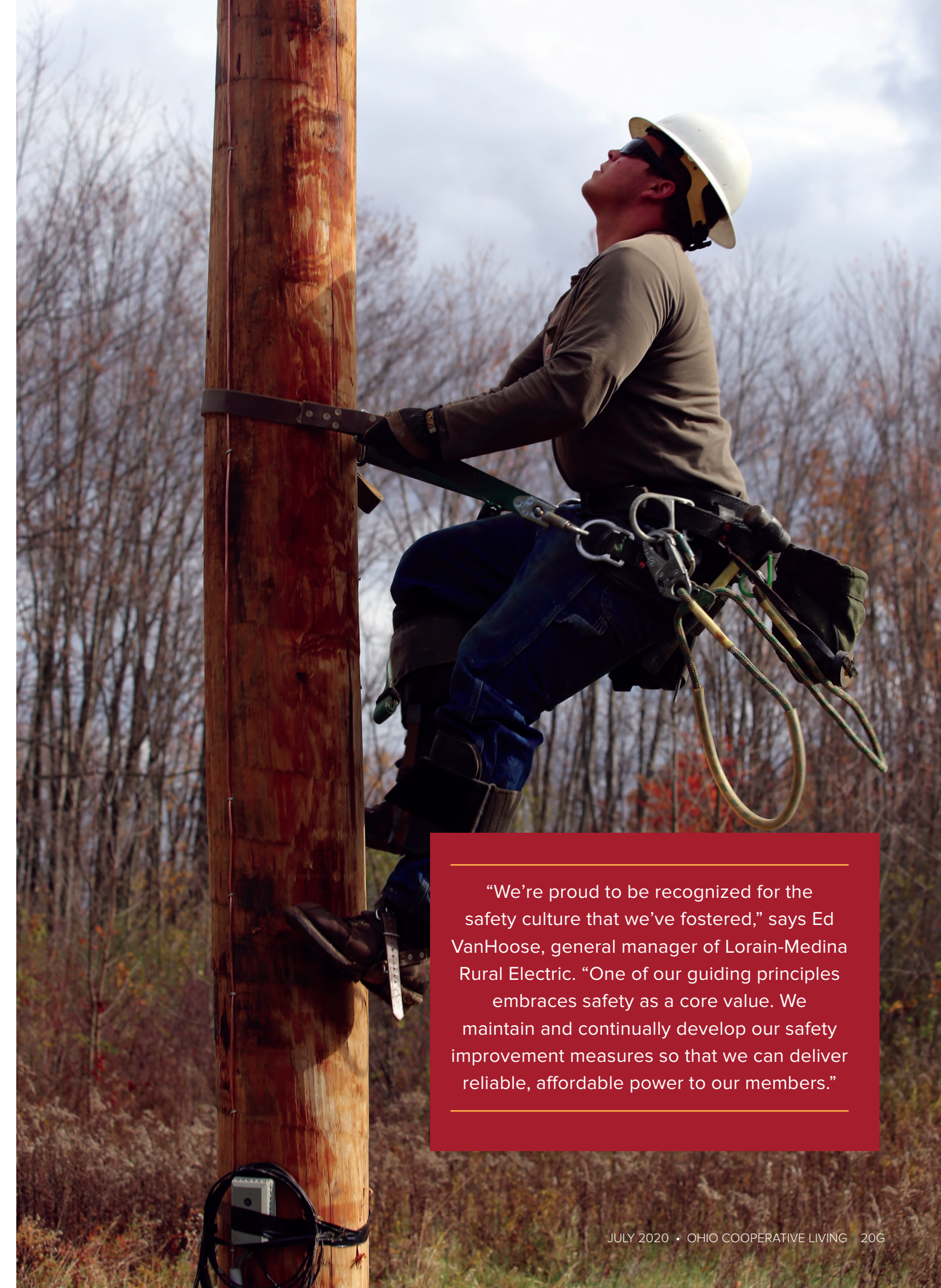
10.9
members per mile
vs. 10.7 in 2018



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 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 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

5

safety demonstrations

\$10,000

scholarship funding

48

students attended
Youth Day

2

students attended Youth Tour
in Washington, D.C.

SOCIAL MEDIA ENGAGEMENT

1,949

Facebook followers

1,860

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 Office 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

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 donated as a result 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 and wellness providers; churches; and community-focused events also received funding through the LMRE People Fund in 2019.

The People Fund board is proud to have been able to assist a number of LMRE members in 2019, including five who were given emergency grants due to house fires within the cooperative's service territory.

\$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**

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.

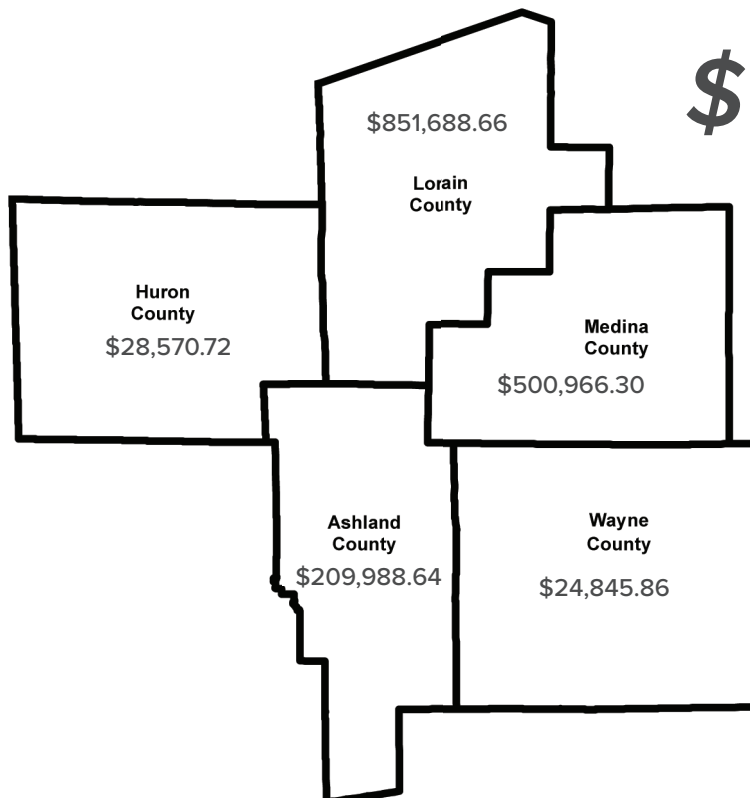
The total refund was approximately 14% more than 2018 and is made of two components — LMRE's portion and a portion returned to the cooperative by Buckeye Power, LMRE's wholesale power supplier.

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
Total	\$ 27,466,852



\$1,616,060.18

**TOTAL
PROPERTY
TAX PAID
IN 2019**

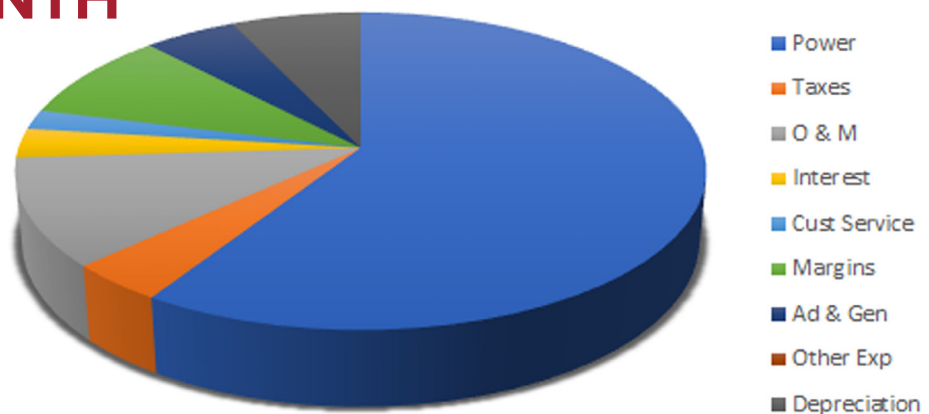
BALANCE SHEET

	2019	2018
ASSETS		
UTILITY PLANT IN SERVICE, NET	\$ 59,209,022	\$ 57,433,376
INVESTMENTS	23,397,036	20,277,015
DEFERRED CHARGES, less current portion	408,249	750,235
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	7,975,841	10,089,661
TOTAL ASSETS	\$ 90,990,148	\$ 88,550,287
EQUITIES AND LIABILITIES		
LONG-TERM DEBT, less current portion	\$ 28,512,455	\$ 29,829,624
ACCUMULATED POST RETIREMENT BENEFIT	1,717,082	1,572,500
CUSTOMER DEPOSITS	660,540	625,630
DEFERRED CREDIT	50,138	86,484
PATRONAGE CAPITAL/RETAINED EARNINGS	54,460,642	50,578,488
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	5,589,291	5,857,561
TOTAL EQUITIES AND LIABILITIES	\$ 90,990,148	\$ 88,550,287

STATEMENT OF REVENUE AND EXPENSES

	2019	2018
REVENUES	<u>\$ 39,410,209</u>	<u>\$ 40,244,097</u>
OPERATING EXPENSES		
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
TOTAL OPERATING EXPENSES	<u>34,588,310</u>	<u>36,169,605</u>
OPERATING MARGINS BEFORE OTHER ITEMS	<u>4,821,899</u>	<u>4,074,492</u>
OTHER OPERATING ITEMS, NET		
Patronage revenue	1,205,229	2,083,340
Interest expense	(1,259,302)	(1,334,839)
TOTAL OTHER OPERATING ITEMS, NET	<u>(54,073)</u>	<u>748,501</u>
OPERATING MARGINS	<u>4,767,826</u>	<u>4,822,993</u>
NON-OPERATING ITEMS, NET		
Interest and dividend revenue	165,281	245,618
All other, net	35,811	(15,816)
TOTAL NON-OPERATING ITEMS, NET	<u>201,092</u>	<u>229,802</u>
NET MARGINS	<u><u>\$ 4,968,918</u></u>	<u><u>\$ 5,052,795</u></u>

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