



North Central Electric

2021 ANNUAL REPORT

THE COOPERATIVE SERVICE YOU DESERVE

For North Central Electric, 2021 started much the same as 2020 ended. Employees were working from home, there was increased pressure and concern on keeping everyone healthy as variants of COVID-19 began appearing, and we still needed to maintain the best possible service for our members each day.

Just like in the 1930s, the co-op embraced these challenges and came out stronger for it. We saw an increase in members willing to try things like SmartHub to pay their bills electronically and tuning in for virtual annual meetings while employees continued to devise new ways for communicating and working together, even from separate locations. All these changes, and more, are working.

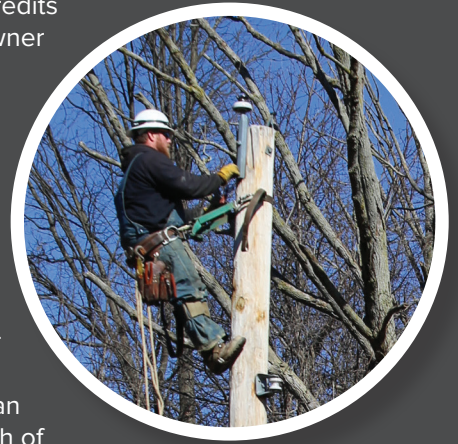
NCE once again received high marks regarding member satisfaction, earning an American Customer Satisfaction Index score of 88 out of 100. We remained in line with other Ohio electric cooperatives and much higher than investor-owned and municipality scores.

As a not-for-profit electric cooperative, we were also able to give back over \$1 million to current and past members in capital credits in 2021.

You received these credits because you're an owner of the cooperative. It's the most unique and rewarding part of being a co-op member.

One statistic we were pleased to see decrease in 2021 was our number of outages, which dropped to 173, with an average outage length of only 42 minutes. Our operations department and line crews remain dedicated to updating equipment and focusing on preventive measures like line maintenance and right-of-way clearing to reduce outage times and occurrences wherever possible.

We understand that without the support of you — our members — the cooperative would not exist. We look forward to making 2022 another successful year of service and thank you for your membership and continued trust in North Central Electric.



District 1

Crawford and Richland counties

District 2

Wyandot County

District 3

Lyme, New Haven, Norwich, Richmond, and Sherman townships in Huron County; York Township in Sandusky County; Thompson, Reed, and Venice townships in Seneca County

District 4

Green Creek Township in Sandusky County; Adams, Bloom, and Scipio townships in Seneca County

District 5

Clinton, Eden, and Pleasant townships in Seneca County

District 6

Hopewell, Liberty, and Seneca townships in Seneca County

District 7

Washington Township in Hancock County; Scott Township in Sandusky County; Big Spring, Jackson, and Loudon townships in Seneca County; Montgomery and Perry townships in Wood County

Pictured: Current board trustees (top) Ronald Frisch and Nick Wagner; (bottom) Treasurer Steven Seitz, Vice President Michael Scherger, David Green, Dennis Schindler, and Secretary Kevin Bishop.

Inset photo: President Rodney Snavelly



NORTH CENTRAL ELECTRIC BOARD OF TRUSTEES

North Central Electric is led by nine cooperative members who live and work in the same communities as the members they represent.

The board of trustees meets monthly with our general manager and management staff. They are responsible for setting the cooperative's policies and rates, approving contracts, and regularly reviewing the operating performance of the cooperative and its appointed management. As representatives of the rural community, they communicate the interests of the cooperative's membership.

Contact information for NCE board members is available on the co-op's website.

Rodney Snavelly, President

District 4

rsnavely@fesco-oh.org

Michael Scherger, Vice President

District 6

mscherger@fesco-oh.org

Kevin Bishop, Secretary

District 1

kbishop@fesco-oh.org

Steven Seitz, Treasurer

District 2

sseitz@fesco-oh.org

David Green

District 1

dgreen@fesco-oh.org

Dennis Schindler

District 2

dschindler@fesco-oh.org

Nick Wagner IV

District 3

nwagner@fesco-oh.org

Ronald Frisch

District 5

rfrisch@fesco-oh.org

Position to be filled after the 2022 election

District 7

SEEING THE *Cooperative* DIFFERENCE

NCE may have a small membership compared to investor-owned utilities, but our impact on the local communities is huge. In 2021 alone, the co-op gave more than \$72,000 back to our members through the NCE People Fund, matching grants in partnership with CoBank, and college scholarships.

The co-op also helped launch the first Seneca CEO program in Ohio this past fall — a program that encourages high school seniors to embrace leadership and entrepreneurship as they shadow local businesses. Six students spent time not only at NCE, but at numerous local businesses within the area and are working together to traverse real-life learning experiences.

NCE remained active in legislative matters on behalf of our members, hosting the first in-person ACRE Co-op Owners for Political Action meeting since 2019. In candid conversations with local and state legislators, our members were able to share their concerns and opinions on energy policy decisions affecting rural America — quite literally their own backyard — with the support of their co-op behind them.

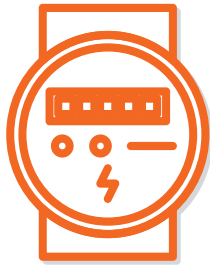
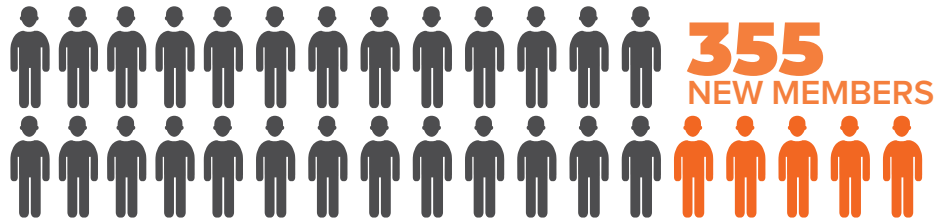
NCE also assisted other cooperatives, both in Ohio and other parts of the country, that faced large-scale system outages following storms. Even though we're locally owned and operated, part of the co-op difference is providing aid to other cooperatives and their members when called upon. Our linemen meet these challenges head-on and serve as great representatives of our local communities.

Perhaps most importantly, the co-op continued helping our commercial and residential members through rebates and incentives to increase their energy efficiency to lower monthly electric bills. As your electric co-op, we strive to be your trusted source for information ranging from electrical safety and reliability to solar realities in northern Ohio.

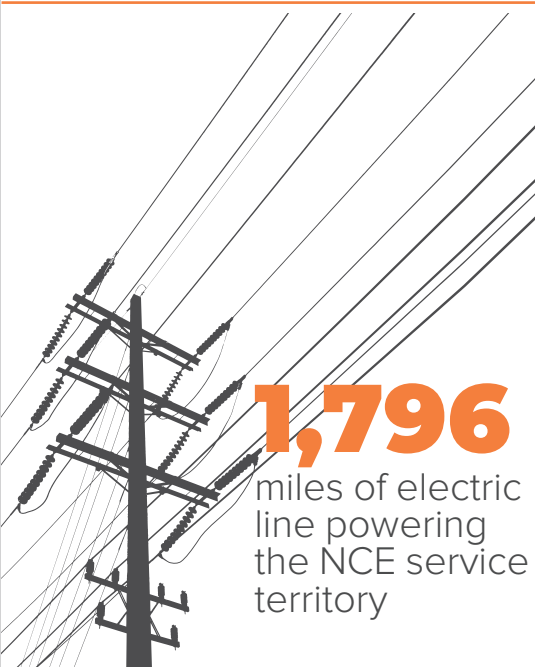
The cooperative difference is our foundation, and it is supported and maintained by the same communities that helped build the cooperative 86 years ago.



8,115 MEMBERS



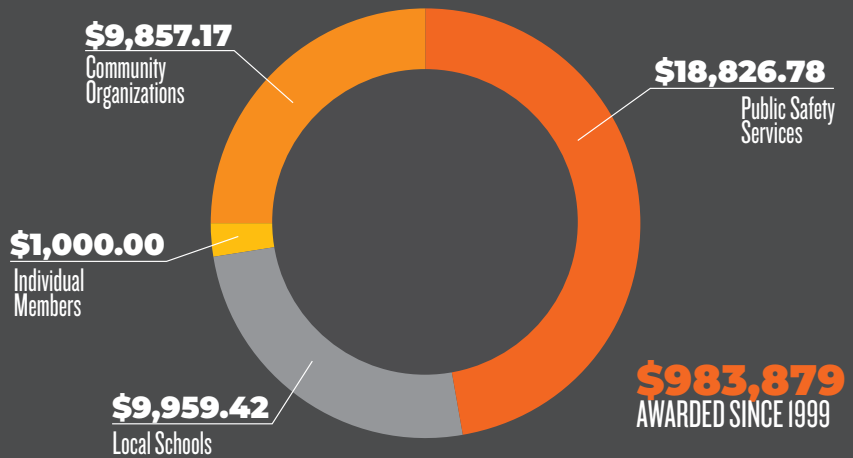
9,886
METERS ON
CO-OP LINES



1,796
miles of electric
line powering
the NCE service
territory

\$39,643.37 THROUGH
22
GRANTS

to local community organizations
and individuals in 2021 thanks to the
NCE People Fund



2021 MEMBER SATISFACTION SCORE

88
out of 100

\$20,000

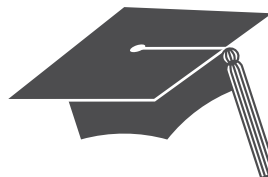
IN PARTNERSHIP WITH COBANK

to promote the continued health and
growth of our local communities



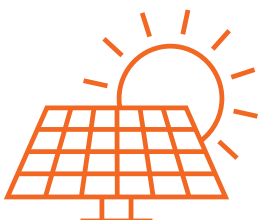
\$13,000

in scholarships
to 10 NCE high
school seniors



173 OUTAGES

The average outage time
for our members was
42 minutes in 2021, a
decrease of almost an
hour compared to the
year before.



58,256 kWh

TOTAL OUTPUT PRODUCED BY THE
OURSOLAR PROGRAM PANELS IN 2021

FINANCIAL REPORTS

Balance Sheet

ASSETS

	2021	2020
UTILITY PLANT IN SERVICE, NET	\$ 55,444,229	\$ 53,917,749
INVESTMENTS	13,575,832	13,730,685
DEFERRED CHARGES, less current portion	172,024	381,104
CURRENT ASSETS		
Cash and cash equivalents	292,281	382,692
Restricted cash	1,000,927	2,799,511
Accounts receivable, consumer, less reserve of \$15,741 for 2021 and \$29,868 for 2020	2,515,400	2,438,281
Materials and supplies and inventories	609,987	430,406
Current portion of deferred charges	176,870	172,003
Prepaid expenses	136,869	152,871
TOTAL CURRENT ASSETS	4,732,334	6,375,764
TOTAL ASSETS	\$ 73,924,419	\$ 74,405,302

EQUITIES AND LIABILITIES

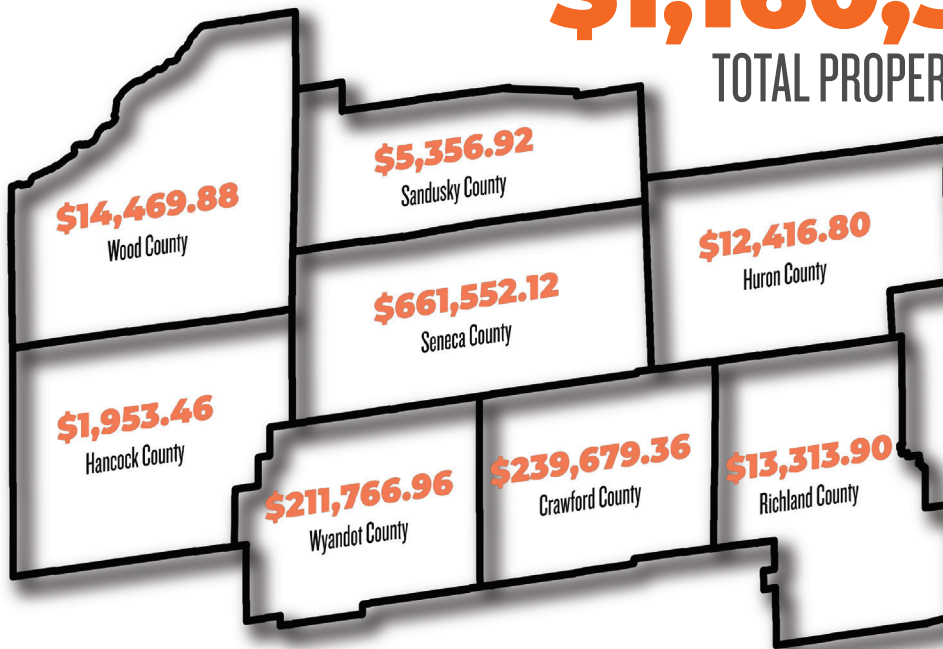
LONG-TERM DEBT, less current portion	\$ 33,147,409	\$ 34,503,380
ACCUMULATED POST RETIREMENT BENEFIT	1,135,876	1,093,132
CUSTOMER DEPOSITS	277,027	296,427
DEFERRED CREDIT	75,401	-
DEFERRED COMPENSATION	127,030	159,241
PATRONAGE CAPITAL/RETAINED EARNINGS	33,357,785	32,093,308
CURRENT LIABILITIES		
Accounts payable	1,916,724	1,728,033
Accrued expenses	2,390,686	2,415,411
Current portion of long-term debt	1,496,481	2,116,370
TOTAL CURRENT LIABILITIES	5,803,891	6,259,814
TOTAL EQUITIES AND LIABILITIES	\$ 73,924,419	\$ 74,405,302

Statement of Revenue and Expenses

	2021	2020
REVENUES	\$ 27,338,165	\$ 25,684,493
OPERATING EXPENSES		
Purchased power	16,446,256	15,196,656
Operations	2,008,492	1,730,544
Maintenance	1,053,519	957,660
Consumer accounting expense	474,693	483,397
Administrative expense	1,806,036	1,719,473
Depreciation	2,514,467	2,475,744
Taxes	898,521	892,310
TOTAL OPERATING EXPENSES	25,201,984	23,455,784
OPERATING MARGINS BEFORE OTHER ITEMS	2,136,181	2,228,709
OTHER OPERATING ITEMS, NET		
Patronage revenue	756,512	875,582
Interest expense	(1,306,775)	(1,340,871)
TOTAL OTHER OPERATING ITEMS, NET	(550,263)	(465,289)
OPERATING MARGINS	1,585,918	1,763,420
NON-OPERATING ITEMS, NET		
Interest and dividend revenue	34,702	42,302
All other, net	689,406	31,309
TOTAL NON-OPERATING ITEMS, NET	724,108	73,611
NET MARGINS	\$ 2,310,026	\$ 1,837,031

\$1,160,509.40

TOTAL PROPERTY TAX PAID IN 2021



NCE is proud to be a not-for-profit organization that returns our profits back to our members. As a member and part-owner of the cooperative, you're entitled to receive money back through capital credits every year.

The NCE board of trustees approved to return

\$1,068,416

in 2021 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 NCE's revenues exceed expenses for the year, the excess allocates back to the members in the form of capital credits.

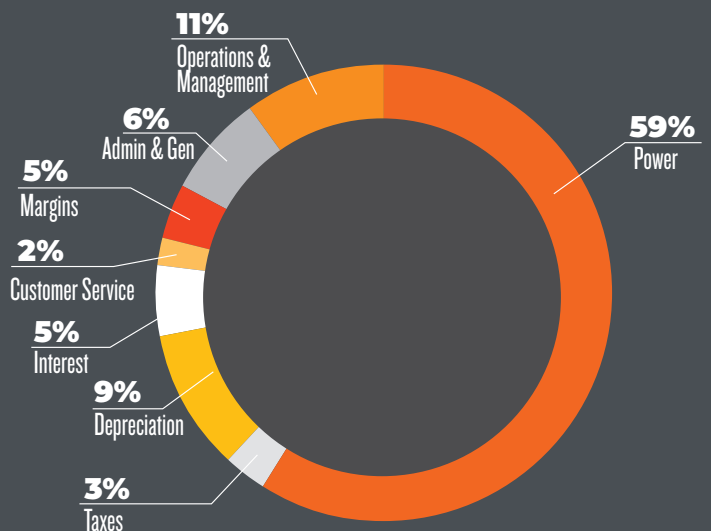
The amount credited to members is determined by how much electricity a member purchases during the year and the rate at which the member is billed.

\$23,490,599

IN CAPITAL CREDITS ISSUED TO MEMBERS SINCE 1980

WHERE YOUR PAYMENT GOES EACH MONTH

More than half of your monthly electric bill goes directly to the cost of wholesale power each month.



North Central Electric Cooperative

2022 VIRTUAL ANNUAL MEETING OF MEMBERS

OFFICIAL NOTICE

In accordance with the regulations of North Central Electric Cooperative, the board of trustees hereby gives notice that the cooperative will hold its 86th Annual Meeting of Members on June 14, 2022, at 6 p.m. via 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. Further instructions on how to register for and attend the annual meeting, as well as a meeting agenda, are available on page 20H of this annual report.

Along with receiving updates on the current happenings at the cooperative, NCE will also announce the winner of the District 7 election and welcome a new trustee onto the board. The District 7 seat was previously held by longtime trustee and

board president Duane Frankart, who retired at the end of 2021.

This will be the third annual meeting NCE has held virtually, a change made due to concerns over COVID-19. However, the positive response and increased attendance numbers have encouraged the board to continue this format to include the largest number of members possible.

All registered members who attend the annual meeting on June 14 will receive a \$25 bill credit.

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 general manager and board president either prior to or during the meeting.

If you have any questions about the annual meeting or its process, please contact the NCE office at 419-426-3072 for additional information and assistance.

MEETING DETAILS

Date: June 14 **Time:** 6 p.m.

Location: Online or by phone

Join us online for this year's annual meeting and be a part of the cooperative difference! Receive an update on what's going on at your cooperative from Rodney Snavelly, NCE's board president, and General Manager Ed VanHoose.

The winner of the District 7 election will also be announced during the meeting.



2022 BOARD OF TRUSTEES NOMINATIONS

North Central Electric Cooperative members are poised to welcome a new trustee to the board at this year's annual meeting following the completion of the first contested election since 2018.

In February, Andrew Brose, Melissa "Lisa" Guzman, and Kevin Kreais all submitted valid petitions to run for the vacant District 7 seat, leading to a run-off election.

This election was held in March within District 7 between all three candidates to determine which two candidates would move on to the all-member election in May.

Following this run-off election, Brose and Kreais were named the final candidates for their district's seat and were placed on a ballot mailed to all NCE members within the territory. Voting opened on May 10, and the election closed on May 31.

Rodney Snavelly, representing District 4, and Michael Scherger, representing District 6, remained unopposed in their districts. In accordance with NCE's Code of Regulations, because there was no challenger in either of these district races, both candidates are automatically deemed elected to the board of trustees, with new terms starting this month.

The winner of the District 7 election, along with Snavelly and Scherger, will officially be announced as trustees, starting their new terms during the broadcasted annual meeting.



DISTRICT 4



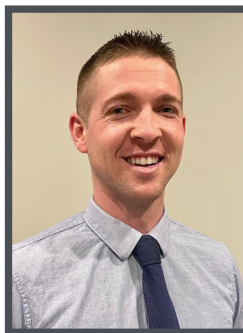
Rodney Snavelly

DISTRICT 6



Michael Scherger

DISTRICT 7 CANDIDATES



Andrew Brose



Kevin Kreais

2022 VIRTUAL ANNUAL MEETING

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.ncelec.org/annual-meeting to register online or call us at 419-426-3072 if you require assistance.

Registration for the meeting will close 15 minutes before the scheduled start time of 6 p.m. on June 14. 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

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 suggest joining around 15 minutes prior to the 6 p.m. start time.

JOIN VIA TELEPHONE

If you do not have access to a computer to register, please call the office at 419-426-3072 and we 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 to the meeting any sooner than five minutes prior to the 6 p.m. start time.



ANNUAL MEETING AGENDA

- *Presentation of colors and call to order — President Rodney Snavelly, District 4*
- *Invocation — Director of Communications Justis Clifford*
- *Proof of mailing — Kevin Bishop, District 1*
- *Approval of minutes and board introductions — Rodney Snavelly*
- *Election and voting results — Attorney Brent Howard*
- *President's report — Rodney Snavelly*
- *Buckeye Power update*
- *General manager's report — General Manager Ed VanHoose*
- *Questions and answers — Rodney Snavelly & Ed VanHoose*
- *Unfinished business — Rodney Snavelly*
- *New business — Rodney Snavelly*
- *Adjournment — Rodney Snavelly*

2021 Annual Meeting Minutes

JUNE 8, 2021

The regular annual meeting of the members of North Central Electric Cooperative, Inc. was held virtually using the live stream platform on the cooperative website due to Covid 19 at 6:00 p.m. on the 8th day of June, 2021 in accordance with the provisions of Section 1 of Articles III of the Code of Regulations of the Cooperative.

The invocation was given by Director of Communications Justis Clifford.

The meeting was called to order by Duane Frankart, President of the Cooperative, who presided. Val Darling, Assistant Secretary, kept the minutes thereof.

President Frankart reported that members registered for the meeting with 428 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 4 of Articles III of the Code of Regulations of North Central 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 the Secretary 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 2020 Annual meeting of the members of North Central Electric Cooperative, Inc. were approved without being read, upon motion made by Teri Lease, and seconded by Theresa Scherger and carried.

President Frankart introduced the current Board of Trustees.

The meeting then was turned over to the Cooperative's legal counsel Attorney Brent T. Howard of Supance & Howard to report on the election of trustees. Attorney Howard explained that the three races for trustees were uncontested with each candidate from Districts 1, 2, and 5 being the only persons who submitted nominating petitions bearing at least twenty-five signatures of members from their district. He reported that in accordance with the code of regulations, no election was required or conducted and the three candidates, David Green of District 1, Steve Seitz of District 2, and Ron Frisch of District 5, were deemed elected.

President Frankart gave a report on some of the challenges that the Covid 19 situation created.

President Frankart introduced NCE People Fund Board members and encouraged all members to join ACRE.

President Frankart introduced General Manager Ed VanHoose. General Manager VanHoose recognized the scholarship winners and reviewed the youth programs available. He also reported on the broadband status. All members interested in solar were encouraged to contact the NCE office when considering the installation of any panels at their homes. He stated that we want our members to be informed regarding the pros and cons of solar installation.

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 Frankart declared the meeting adjourned at 6:41 p.m.

ON THE COVER: Did you notice a familiar face on this month's cover of *Ohio Cooperative Living* magazine? Both as a member of the co-op and the executive assistant for NCE, Val Darling will be attending this year's virtual annual meeting, and we hope the rest of the membership joins her!

April 2022 Board Meeting Highlights

To provide additional transparency to the membership, highlights of the board meetings each month will now be published in the monthly *Ohio Cooperative Living* 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 6:04 p.m.

Attendance

All trustees were present as well as legal counsel, general manager, and senior staff (minus one). Rodney Snively and David Green attended virtually due to COVID and work-related issues, respectively. Financial auditing company representative Earl Ridlen was also present to deliver the annual audit report.

Audit presentation

Earl Ridlen presented the NCE 2021 Audit Report to the board. It was reported to be a very clean audit. He commended the accounting department for all their work.

Approval of the consent agenda

Approved consent agenda consisting of prior meeting minutes, new members, collection report, delinquent graph, deceased estates, and outage reports.

Action items

- NCE and OEC safety reports reviewed and approved.
- Work order inventories totaling \$782,495.69 and special equipment summaries totaling \$80,895.49 approved as presented.
- NCE capital credit allocations approved as presented.
- Administrative Policy AP 201 as amended, "adding trustee to be able to cancel also" (regarding travel arrangements), Administrative Policy AP 203, Personnel Policy No 200.10, and Personnel Policy PP 305 approved.

- NCE voting delegate appointed for the CFC, CRC, and NCSC annual meetings.

Departmental reports

- Monthly financial reports, weekly reports reviewed with the board.
- GM VanHoose reported on the projected increases that will be coming from Buckeye Power. Also reported on the Hubbell March 2022 business report (manufacturer of electric materials). Freight costs and long lead times on materials are projected to become higher and longer than even previously incurred. Reviewed progress report on strategic priority #1.
- Operations, IT, communications, key accounts/ economic development presented monthly reports. NCE employee appreciation luncheon will be next week, and board members are welcome to attend.
- Administrative Policy AP 200, Organizational Policy OP 109, Organizational Policy OP 112, and Federated Annual Safety & Loss Prevention Assessment report reviewed with no recommended changes at this time.
- Reported that Our Solar II will be constructed in the Hancock-Wood territory.

Legal

The March NRECA Legal Reporting Service Bulletins was reviewed with the board. Attorney reported review of Code of Regulations underway.

Cooperative associations reports

Reviewed the Buckeye Power/OEC President's report.

Other associations

Reviewed Cooperative Finance Corporation Solutions; NRECA training attendees shared their reports.

Adjournment

The meeting adjourned at 9:29 p.m.