



GM'S REPORT

Safety paramount in planning 2021 annual meeting

For over a year now, the COVID-19 pandemic has changed how we go about our daily activities — and it continues to affect how we plan future events.

Last year, Firelands Electric made the decision to convert the cooperative's annual meeting to a virtual format. A year later, we and every other cooperative across the nation are facing these same decisions once again. Many have opted to hold a virtual meeting or other alternative to gathering in person.

To meet print deadlines, this issue of *Ohio Cooperative Living* magazine was put together in late April. By the time you read this, we hope that we will be in a much better position with the virus, but we simply do not know what summer will bring and what restrictions may still be in place.

At the April board meeting, the cooperative had to decide based on the facts at hand; we had to plan for a future event using the information available at the time. Limitations on gatherings were still in place in late April, and the state had not yet come close to reaching the thresholds necessary to ease restrictions.

One of our concerns was even if the restrictions were lifted, would our members be comfortable gathering? Would it be safe for our employees, members, and community? Based on current facts, the board agreed that the 2021 annual meeting would be planned as a virtual event.

Members can tune in online or by phone on Saturday, June 19, starting at 9 a.m. More information is available on page 22G of the magazine. Details will also be mailed out to all co-op members in early June.

Fortunately, in 2019, Firelands Electric's membership approved alternative voting methods allowing ballots to be cast in ways other than in person at the annual meeting. Voting for the 2021 elections are currently taking place by internet or by mail. Instructions are available on the ballot members received by mail in late April or by visiting www.firelandsec.com/annual-meeting-members. The deadline to cast your vote is June 13 at 11:59 p.m.

The annual meeting is one of the key ways that your cooperative stays connected to you, our members. While the virtual platform planned for 2021 will allow the co-op to provide updates, announce election results, and conduct a business meeting, Firelands Electric Cooperative's employees and I look forward to being able to hold in-person events once again. In the meantime, stay safe — and tune in June 19 to keep connected with your cooperative.



Dan McNaull
GENERAL MANAGER

Members who attend the

2021 VIRTUAL ANNUAL MEETING

on June 19 have a chance to win
one of three \$85 bill credits.



CO-OP NEWS

BRUCE LEIMBACH CELEBRATES **5 YEARS OF SERVICE**

This month, Bruce Leimbach celebrates his fifth year as District 4 trustee for Firelands Electric Cooperative. Elected to the board in 2016, he filled a position left vacant following the passing of long-time trustee Dar Anderson. Bruce has served as the board's vice president since November 2017.

Residents of the New London area, Bruce and his wife, Dana, have been Firelands Electric Cooperative members for 30 years. In addition to being a member of the ACRE Century Club, Bruce is active in the New London Ruritan and Norwalk Kiwanis clubs and is a member of the Clarksfield Methodist Church. In their spare time, Bruce and Dana enjoy gardening, biking, kayaking, and traveling.

A recently retired financial consultant for Civista Wealth Management, Bruce also worked in the Farm Credit system for over 30 years in various roles, including branch manager, vice president of marketing, and vice president. His experience working for the member-owned Farm Credit, as well as serving on the Firelands board, has made him a firm believer in the power of the cooperative principles.

"The cooperative business model has been around since the 18th century. Its longevity and the success of those businesses that adhere to its principles are a testament to just how well it works," says Bruce.

With a background in finance and cooperatives, Bruce understands that the cooperative's money and assets must be used in such a way that they fulfill Firelands Electric's mission and protect the interests of all its members.

Bruce believes in the importance of minimizing rates for members while maintaining a financially sound cooperative. "It's essential to improve reliability and infrastructure, keep the cooperative's workers safe, and manage controllable costs to keep rates affordable," says Bruce.



Bruce Leimbach
VICE PRESIDENT
DISTRICT 4 TRUSTEE



SAVE ENERGY, GET \$100 with COOL RETURNS

When you sign up for Cool Returns, you help decrease the energy used by central air-conditioning systems when demand for electricity is at its highest. And you can earn \$100 just for participating!*

To find out if you qualify, visit our website at www.firelandsec.com/peakbuster-air-conditioning-incentives or call the Member Services Department at 1-800-533-8658.

**\$100 offer only available to members that are new to the Cool Returns program*

POWERING
for
85
years
PEOPLE



Firelands
Electric
COOPERATIVE
A Touchstone Energy® Cooperative 

Powering people for 85 years

A MESSAGE FROM YOUR PRESIDENT AND GENERAL MANAGER



Dan Schloemer, President
BOARD OF TRUSTEES

Firelands Electric is pleased to announce that 2020 was another successful year for your cooperative. Thanks to the diligent efforts of management and employees, we finished the year with margins totaling over \$1.5 million. These margins have been allocated to members' capital credits accounts and will be refunded to them at a future date.

We returned over \$893,000 in capital credits to our members last year and will be retiring over \$1 million in 2021. Since 1948, Firelands Electric has returned over \$17.4 million in capital credits back to its membership — which is one of the many benefits you receive as a member of a not-for-profit electric cooperative.

Your cooperative's board of trustees, management, and employees strive to keep the company's controllable costs at the lowest levels possible. Since your cooperative is not-for-profit, we don't need to earn excess profits just to pay dividends to out-of-state shareholders — we simply need to cover the cost of doing business.

Last April, due to increases in the cost of doing business, your board of trustees saw it necessary to implement the first rate adjustment in over four years. This adjustment also helped to offset effects of the COVID-19 pandemic. Even with recent rate changes, Firelands' rates remain very competitive with other area suppliers. Electricity remains a truly outstanding value when you consider everything it does for us every minute of the day.

OPERATIONS AND SERVICE RELIABILITY

Even with all the chaos triggered by politics and a pandemic in 2020, it was a very productive year for Firelands Electric. Your cooperative made investments and upgrades to its electric distribution system, with emphasis on projects that will enhance reliability, power quality, and safety to our members and line crews.

Firelands Electric works hard to reach its goal of 100% reliability for its over 9,100 homes and businesses by trimming trees across 995 miles of line in 28 townships and four counties. The continued focus on vegetation maintenance has reduced the number and frequency of outages — improving service quality for all cooperative members.

Firelands Electric's 2020 right-of-way maintenance program included over 350 miles of brush-hogging, trimming, and necessary tree removals at a cost of more than \$600,000. Much of this work was completed in Mohican, Montgomery, Orange, Ruggles, and Vermillion townships in Ashland County; Fitchville, Greenwich, and Ripley townships in Huron County; Rochester Township in Lorain County; and Butler Township in Richland County. Crews also completed vegetation management in other areas for line rebuild projects.

The cooperative's right-of-way program also keeps your family safer by ensuring that tree branches and vegetation do not become energized due to close contact with a downed power line or other electrical equipment. With the ability to deliver up to 34,500 volts, a tree branch touching an electric line can be incredibly dangerous — even deadly. The cooperative is thankful for our members' continued understanding of the importance and necessity of keeping trees away from power lines and your willingness to work with our contract crews when tree work is necessary on your property.



Dan McNaull
GENERAL MANAGER

In pursuing greater reliability, Firelands Electric Cooperative and Buckeye Power, the generation and transmission provider serving Ohio's electric cooperatives, worked with our transmission providers FirstEnergy/Ohio Edison and American Electric Power (AEP) to address concerns with transmission outages throughout portions of our cooperative's service territory. Thanks to their joint efforts, 69-kilovolt transmission line improvement projects began in 2020, which will further enhance dependability for our members.

Over this past year, Firelands Electric completed multiple line rebuild projects to replace aging conductors, poles, and equipment, which can better serve increased load capacity. The cooperative inspected nearly 4,000 utility poles in Ashland, Huron, and Richland counties — implementing a process to replace any deficient poles. Crews completed a wide array of line construction and upgrades throughout the Village of New London and Peru Township, Huron County; in preparation for Hillsdale School's new campus in Mohican Township, Ashland County; and at Pleasant Hill Park in Monroe Township, Richland County.

On a lighter note, Firelands Electric Cooperative joined forces with the Muskingum Watershed Conservancy District and Greater Mohican Audubon Society to replace two osprey nesting platforms at Pleasant Hill Lake in 2020. The cooperative also assisted in the erection of an eagle nest platform atop poles near Covert Road, including installation of a nest cam for the public to follow the progress of any hatchlings online.

As we wrapped up another year of projects, Firelands Electric's management and crews immediately began the planning phase for future projects. Beginning our next four-year construction workplan is essential to keeping our service steadfast — so members can continue to receive the reliable, affordable electric power they have come to expect from their cooperative.

CO-OP OWNERS FOR POLITICAL ACTION

The Action Committee for Rural Electrification (ACRE) is the political action committee of the nation's electric cooperatives that works with legislators on issues that are important to electric cooperative members, educates lawmakers about the unique co-op business model, and supports candidates on both the state and federal level.

In 2019, Firelands Electric hosted its first-ever ACRE Co-op Owners for Political Action breakfast and legislative update

at the co-op's new facility in New London. The pandemic caused us to cancel the planned event in 2020, but we are making arrangements to hold another legislative update in September of this year.

The breakfast event allows members to have an opportunity to meet and hear updates from several local and state government officials. This event is also a way for Firelands Electric to recognize the members who invest in ACRE Co-op Owners for Political Action and serve as champions for the cooperative difference.

MEMBER SERVICES AND COMMUNICATIONS

Firelands Electric's commitment to outstanding service is a passion throughout the cooperative. We continue to be ranked among the top energy utilities in the country in customer satisfaction.

In 2020, Firelands Electric's employees embraced and accepted the risks of being part of an "essential service," and continued to work through the pandemic. We thank our member-consumers who accepted the inconveniences caused by pandemic restrictions and mandates, such as the temporary closing of our lobby area, which still remains closed. Firelands Electric's drive-thru window and payment drop box has made it convenient for members to do business this past year. Along with the cooperative's SmartHub app and online payment system, members are able to keep on track with their payments and electric use with 24/7 availability to members.

The cooperative has continued to enhance our safe and secure SmartHub application, empowering members with information that has proven beneficial during the pandemic. SmartHub provides members with detailed electricity use, billing history, and bill comparisons with local weather trends. The system also permits Firelands Electric to communicate with members by sending text and email messages regarding power outages, billing notifications, and more. These message alerts are automated with the cooperative's system, providing members with timely information they can access anytime, anywhere (by phone, computer, or tablet).

In 2020, the cooperative enhanced our information technology with added security and protection against the latest cyber threats, which are constantly evolving. We continued to integrate multisystem platforms for added efficiency and functionality, further benefiting Firelands Electric's members.

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In addition to providing members with reliable electric service, Firelands Electric continues to offer a variety of energy conservation programs, appliance rebates, and incentives. In 2020, the cooperative provided over 400 appliance rebates to members, totaling \$66,552. That's a big savings! The cooperative's energy advisor assisted more than 300 members with their energy concerns and upgrades — helping homeowners find the best ways to reduce their power needs and energy bills.

Communication with our members is vital. Whether you prefer news in printed form, on your computer, or on your mobile device, Firelands Electric has you covered. In addition to traditional printed media, such as *Ohio Cooperative Living* magazine and mailers, the cooperative also keeps our members informed of the latest news through numerous online outlets.

Stay connected with Firelands Electric online at www.firelandsec.com, which contains a recently upgraded platform with advanced features for improved mobile device functionality. You can always find the latest news from your cooperative through our wide array of communication channels on Facebook, Instagram, Twitter, YouTube, and Flickr.

CONCERN FOR COMMUNITY

One of the ways Firelands Electric demonstrates our commitment to community is through various youth programs, including funding \$10,500 in scholarships last year for graduating high school seniors. Educating the next generation of community leaders with a better understanding of energy and efficient use is our privilege. Firelands Electric teaches kids about electrical safety and energy efficiency by supporting various youth education programs. With many families spending more time at home during the pandemic last winter, the cooperative came up with a fun way to help our member families alleviate the boredom with our Camp Co-op: Winter Edition. This contest gave member families a chance to win a kit filled with books, games, and activities that focused on electricity and energy education. Firelands Electric received 80 entries and ten randomly selected family winners benefited from this energy education program.

The cooperative is also a corporate sponsor of school sports teams, community events, county fairs, and 4-H organizations.

Concern for community is another way the electric cooperative distinguishes itself as more than just a power company. Since 2007, Firelands Electric has been a collection site for the USO of Northern Ohio "Step Up for Soldiers" campaign, where members of the community fill boxes with nonperishable care package items for soldiers and their families that are distributed during Christmas.

Since 2009, the cooperative has served as a regional pop tab collection site for the Ronald McDonald House of Akron. Firelands Electric has donated more than 1.5 million tabs for the local chapter over the past decade and continues to collect tabs at our new office facility at 103 Industrial Drive, New London.

Charitable giving is also powered by blue jeans and sneakers. For over 17 years, co-op office employees have been permitted to dress down on certain workdays in exchange for a \$20 per month donation. Although everyone enjoys wearing jeans to work, the real reason behind their deep pockets is that it's all for a good cause. In 2020, office employees raised \$2,605, donating to a different worthy cause each month.

FIRELANDS ELECTRIC PEOPLE FUND

Since 1995, members of the cooperative have been supporting the Firelands Electric People Fund through the Operation Round Up program. Members generously allow their electric bills to be "rounded up" to the next dollar, with the average member contributing around 50 cents per month, or \$6 per year. Firelands Electric's participation rate is over 84% of our 9,143 members.

In 2020, members supporting Operation Round Up contributed \$43,680 to the People Fund. To date, the People Fund has awarded nearly \$1.2 million to individuals and organizations within our local communities to help with special needs. Thank you, Firelands Electric members, for using small change to make a big difference!

Firelands Electric is committed to providing our members with safe, reliable, affordable electricity. In a time when our world is rapidly changing, one thing remains the same — our dedication to our community and our members. We thank you for your membership in Firelands Electric Cooperative, and we look forward to continuing to serve you in 2021 and beyond.

Capital credits

YOUR OWNERSHIP IN THE COOPERATIVE

As a Firelands Electric member-owner, you receive electric service at cost, and any margin the cooperative makes — the money left over after all bills are paid — is allocated back to your capital credits account. We invest those capital credits in new poles, wire, transformers, substations, and other infrastructure in order to provide a reliable supply of cost-effective electric power. Those credits are then retired, or refunded, to you as it is financially feasible to do so.

1948-2009	\$ 7,950,430
2010	\$ 125,778
2011	\$ 717,451
2012	\$ 970,368
2013	\$ 962,762
2014	\$ 959,541
2015	\$ 923,723
2016	\$ 1,071,487
2017	\$ 856,661
2018	\$ 840,708
2019	\$ 1,195,238
2020	\$ 893,717
TOTAL	\$ 17,467,864

1

Your co-op tracks how much electricity you buy and how much you pay for it throughout the year.

2

At the end of the year, Firelands completes financial matters and determines whether there is excess revenue, called margins.

3

Firelands' trustees allocate the margins to members as capital credits, based upon their use of electricity during the year.

5

Firelands Electric notifies you of how and when you'll receive your capital credits retirement.

4

When Firelands' financial condition permits, your board of trustees decides to retire, or pay, the capital credits.

Local leadership

YOUR BOARD OF TRUSTEES

District 1 — Richmond, Norwich, and Greenfield townships

District 2 — New Haven, Ripley, Greenwich, Ruggles, Cass, and Blooming Grove townships

District 3 — Peru, Bronson, Fairfield, and Hartland townships, and Fitchville Township west of State Route 250

District 4 — Clarksfield and Rochester townships, Fitchville Township east of State Route 250 and north of CSX rail in New London municipality, and New London Township

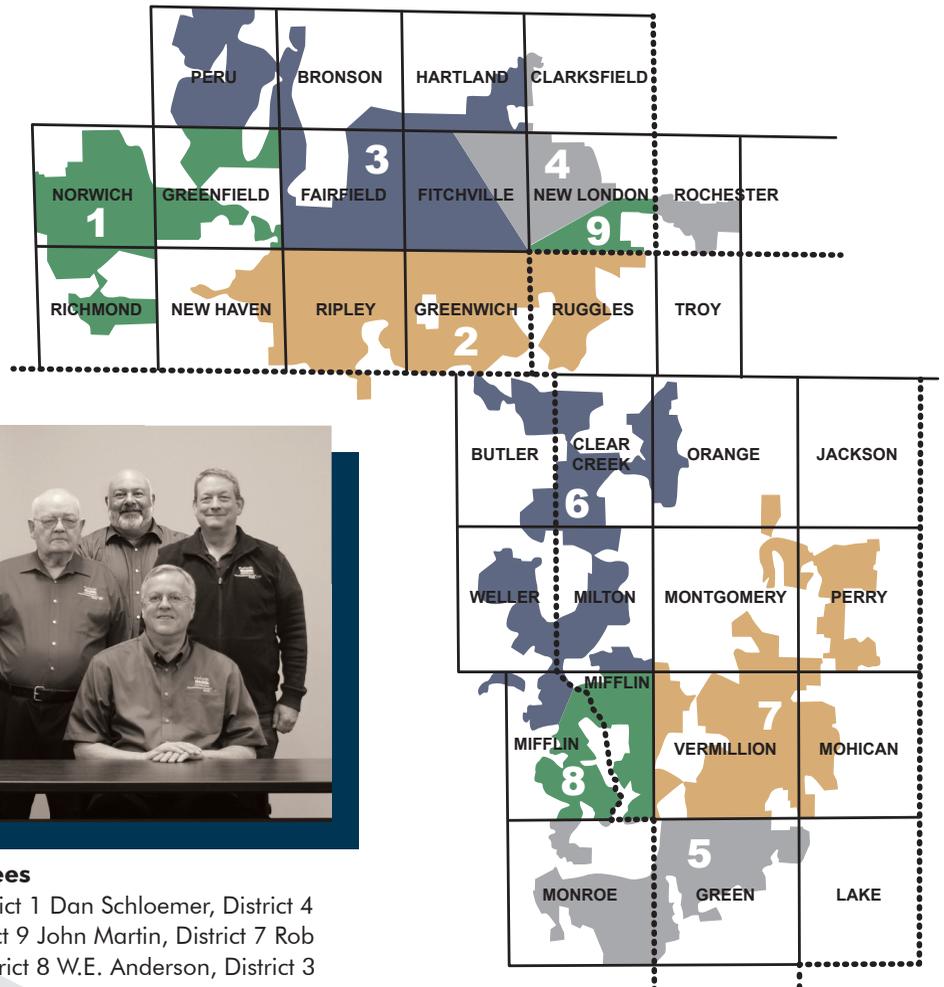
District 5 — Monroe, Green, and Lake townships

District 6 — Butler, Clear Creek, Orange, Weller, Milton, Mifflin, and Madison townships north of State Route 42

District 7 — Vermillion, Mohican, Montgomery, and Perry townships

District 8 — Mifflin Township south of State Route 42 in Ashland and Richland counties

District 9 — South of CSX rail in New London municipality and New London Township



Firelands Electric Board of Trustees

Sitting (l-r): District 5 Carl Ayers, District 1 Dan Schloemer, District 4 Bruce Leimbach. Standing (l-r): District 9 John Martin, District 7 Rob Turk, District 2 Gene Lamoreaux, District 8 W.E. Anderson, District 3 Tom Lucha, District 6 Kevin Reidy.

Official meeting notice

Due to the ongoing COVID-19 situation and Ohio's current safety measures, Firelands Electric has made the decision to cancel our in-person annual meeting again this year. The cooperative is planning a virtual meeting to take its place.

Firelands Electric is committed to the health and safety of our members and employees. While the number of COVID-19 cases has improved, we have chosen to err on the side of caution to protect the communities we serve. For this reason, combined with the directives of the state of Ohio and the CDC at this time, the cooperative has made the difficult decision to move our annual meeting to a virtual format for 2021.

Instead of our originally planned in-person meeting and family fun day, Firelands Electric Cooperative's annual meeting will be conducted as a video broadcast at 9 a.m. on Saturday, June 19. Members will be able to participate in the meeting through one of two options: 1) streaming video on their computer, tablet, or smartphone; or 2) calling a specially designated phone number to take part in an audio-only option.

Members will be mailed an official invitation postcard in early June, which will include detailed instructions for connecting and accessing the cooperative's virtual annual meeting. On the day of the event, members can log in to participate in Firelands Electric's meeting and hear updates from General Manager Dan McNaul and

the co-op's board of trustees. Since the membership is voting for trustees via online and mail ballot prior to the meeting, election results will also be announced during the broadcast.

Although we are unable to meet face-to-face, Firelands Electric wants its members to be able to stay informed of their cooperative's operations, financial health, and plans for the future. This virtual format will allow us to accomplish this goal while still protecting the health of our community.

**MEMBERS WHO ATTEND THE
VIRTUAL MEETING ON JUNE 19
WILL BE ENTERED INTO A DRAWING
FOR A CHANCE TO WIN ONE OF
THREE \$85 BILL CREDITS.**

We have sincerely missed the one-on-one interaction with our members over the past year, but the well-being of our members and employees comes first. Thank you for your understanding, and we hope you will join us for our virtual annual meeting!

Mission Statement

Improving the quality of life of our members by delivering reliable electric service at competitive prices, following the Seven Cooperative Principles, while supporting the communities where our members live and work.

2021 VIRTUAL ANNUAL MEETING

**Date: June 19 Time: 9 a.m.
Location: Online or by phone**

*Invitations with complete details will
be mailed to members by early June.*

Meet the candidates

Firelands Electric Cooperative serves 9,143 homes and businesses throughout rural areas of Ashland, Huron, Lorain, and Richland counties. It is governed by a board of trustees made up of co-op members nominated and elected by the membership. Districts are drawn based on equitable representation of the geographic areas served by the cooperative, and one trustee is chosen to represent each of the nine districts.

In accordance with our Code of Regulations, each candidate has submitted a valid petition signed by members living within their Firelands Electric

Cooperative district. All members will vote for candidates to represent districts 2, 7, and 9 for the next three years on the board of trustees. Candidates in all three districts are running uncontested.

For the 2021 elections, voting is taking place by mail or online, rather than at the annual meeting. Voting opened on May 1, and completed ballots must be received by June 13 at 11:59 p.m. Results will be announced in *Ohio Cooperative Living* magazine, at the annual meeting, and on www.firelandsec.com. Refer to your paper ballot or the website for complete details on how to cast your vote.

DISTRICT 2 • New Haven, Ripley, Greenwich, Ruggles, Cass, and Blooming Grove townships

GENE LAMOREAUX • 1430 Boughtonville Road, Greenwich, Ohio 44837



Lamoreaux is retired from Guardian Manufacturing (formerly Brunswick Defense) in Willard, where he was president for 23 years. He also served in the U.S. Army as an electronic technician for the Hawk missile system. Lamoreaux has a degree in mechanical engineering and extensive leadership skills.

He has been a member of Firelands Electric for 50 years and has participated in numerous community organizations. Lamoreaux has served as an elder and governing board member of New London Alliance Church for over 28 years. He served on the boards for Mercy Hospital of Willard and South Central Local Schools and was involved in the school's athletic boosters. Lamoreaux is an Action Committee for Rural Electrification (ACRE) Century Club member.

Lamoreaux believes that maintaining reliable system equipment while providing members with affordable power is a challenge facing the electric utility industry. He feels it's imperative for the cooperative to continue delivering reliable electric power that is cost-effective, while also meeting the membership's future needs.

Seven Cooperative Principles

1
Voluntary
and open
membership

2
Democratic
member
control

3
Members'
economic
participation

DISTRICT 7 • Vermilion, Mohican, Montgomery, and Perry townships

ROB TURK • 2284 County Road 2175, Perrysville, Ohio 44864



Turk is retired from the Coca-Cola Company in Georgia, where he was a national account operations manager. He has also served as Trumbull County manager for Production Credit Association (now Farm Credit Services), board member of the Mohican Area Community Fund, and eucharistic minister and financial committee member at St. Peter Church in Loudonville. He remains active in community organizations, including the Masonic Lodge in Ashland.

Following retirement, Turk and his wife, Kathy, moved to a small farm outside of Perrysville, where they started Gaelic Glen Alpacas. He has been a member of Firelands Electric for 11 years. Turk says his prior business experience, combined with his small-business knowledge, enables him to provide oversight and direction for Firelands Electric. Turk is also an ACRE Century Club member.

Turk believes the increased cost of producing and maintaining the electrical system, along with necessary upgrades in a changing environment, are major issues facing electric cooperatives. To him, continuing to deliver reliable electric power that is cost-effective, while meeting the future needs of Firelands Electric's membership, is the highest priority.

DISTRICT 9 • South of CSX rail in New London municipality, and New London Township

JOHN MARTIN • 37 Park Avenue, New London, Ohio 44851



Martin served as a Village of New London councilman prior to being appointed and serving as mayor for four years. Martin has been a Firelands Electric member for over 38 years. He believes his experience provides him with insight in making sound business decisions that benefit the cooperative and its members.

He is retired from CSX railroad as a signal manager, foreman, and supervisor. Martin served in the U.S. Navy, where he was responsible for maintaining communication, navigation, and propulsion systems. He is active in Eagles Aerie #2869 in New London and a former member of Rotary International. Martin is also a member of the ACRE Century Club.

Martin believes maintaining an affordable and reliable supply of power is a major challenge for electric cooperatives and the utility industry. He feels that keeping costs low and outages to a minimum, incorporating more renewable energy into the generation mix, and protecting the environment are all challenges the electric utility industry is facing now and in the future.

4

Autonomy
and
independence

5

Education,
training, and
information

6

Cooperation
among
cooperatives

7

Concern
for
community

Financial Health

COMPARATIVE BALANCE SHEET FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
UTILITY PLANT		
Electric plant in service	\$ 50,963,181	\$ 43,484,211
Construction work in progress	2,439,121	8,206,278
	<u>53,402,302</u>	<u>51,690,489</u>
Less: Accumulated provision for depreciation and amortization	(16,918,732)	(16,285,287)
Net Utility Plant	<u>36,483,570</u>	<u>35,405,202</u>
NON-CURRENT ASSETS		
Investments in associated organizations	10,114,680	10,103,931
Deferred charges	284,928	386,695
Total Non-Current Assets	<u>10,399,608</u>	<u>10,490,626</u>
CURRENT ASSETS		
Cash and cash equivalents	1,339,962	1,389,376
Accounts receivable, consumers and other, less allowance for doubtful accounts of \$221,069 (\$219,364 in 2019)	1,567,762	1,510,293
Materials and supplies	307,856	494,494
Accrued utility revenues	401,507	358,873
Other current and accrued assets	34,949	36,874
Total Current Assets	<u>3,652,036</u>	<u>3,789,910</u>
Total Assets	<u>\$ 50,535,214</u>	<u>\$ 49,685,738</u>
MEMBERS' EQUITIES		
Memberships	\$ 28,368	\$ 29,328
Patronage capital	22,413,575	21,636,835
Other equities	1,859,594	1,832,996
Total Members' Equities	<u>24,301,537</u>	<u>23,499,159</u>
NON-CURRENT LIABILITIES		
Long-term debt	<u>22,661,746</u>	<u>22,441,099</u>
CURRENT LIABILITIES		
Current portion of long-term debt	1,074,493	984,786
Accounts payable	1,059,837	1,275,876
Consumer deposits	300,211	280,591
Accrued taxes	761,749	761,912
Other current and accrued liabilities	375,641	442,315
Total Current Liabilities	<u>3,571,931</u>	<u>3,745,480</u>
Total Members' Equities & Liabilities	<u>\$ 50,535,214</u>	<u>\$ 49,685,738</u>

ASSETS

EQUITIES & LIABILITIES

STATEMENTS OF REVENUE & EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
OPERATING REVENUE	<u>\$ 19,825,233</u>	<u>\$ 19,620,726</u>
OPERATING EXPENSES		
Cost of power	11,184,379	11,117,294
Distribution expense - operations	1,190,996	1,303,314
Distribution expense - maintenance	1,677,399	1,579,863
Consumer accounts	776,371	789,928
Administrative and general	1,254,112	1,394,893
Depreciation and amortization	1,485,788	1,398,871
Taxes	532,378	545,977
Total Operating Expenses	<u>18,101,423</u>	<u>18,130,140</u>
Operating margins before fixed charges	1,723,810	1,490,586
Interest on long-term debt	<u>820,370</u>	<u>830,496</u>
Operating margins after fixed charges	903,440	660,090
Patronage capital assigned by associated organizations	<u>611,758</u>	<u>573,379</u>
Net Operating Margins	1,515,198	1,233,469
NON-OPERATING MARGINS		
Interest income	33,521	52,851
Gain on sale of assets	34,685	(113,377)
Loss on impairment of assets	-	-
Other income (expense)	<u>(16,143)</u>	<u>(17,816)</u>
Total Non-Operating Margins	<u>52,063</u>	<u>(78,342)</u>
Net Margins for Period	<u>\$ 1,567,261</u>	<u>\$ 1,155,127</u>
PATRONAGE CAPITAL & OTHER EQUITY		
Net Margins	\$ 1,567,261	\$ 1,155,127
Beginning of Year	<u>21,636,835</u>	<u>21,576,297</u>
Subtotal	23,204,096	22,731,424
Retirement of Capital Credits and Other Adjustments (Net)	<u>(790,521)</u>	<u>(1,094,589)</u>
Patronage Capital & Other Equities End of Year	<u>\$ 22,413,575</u>	<u>\$ 21,636,835</u>

MARGINS & EXPENSES

EQUITY

The accounts of your cooperative for the years ended December 31, 2020 and 2019 have been audited. The auditor's complete report is on file at the office of the cooperative and is available for inspection by the members of the cooperative.

A look back

HOW THE COOPERATIVE DIFFERENCE TRANSFORMED RURAL AMERICA

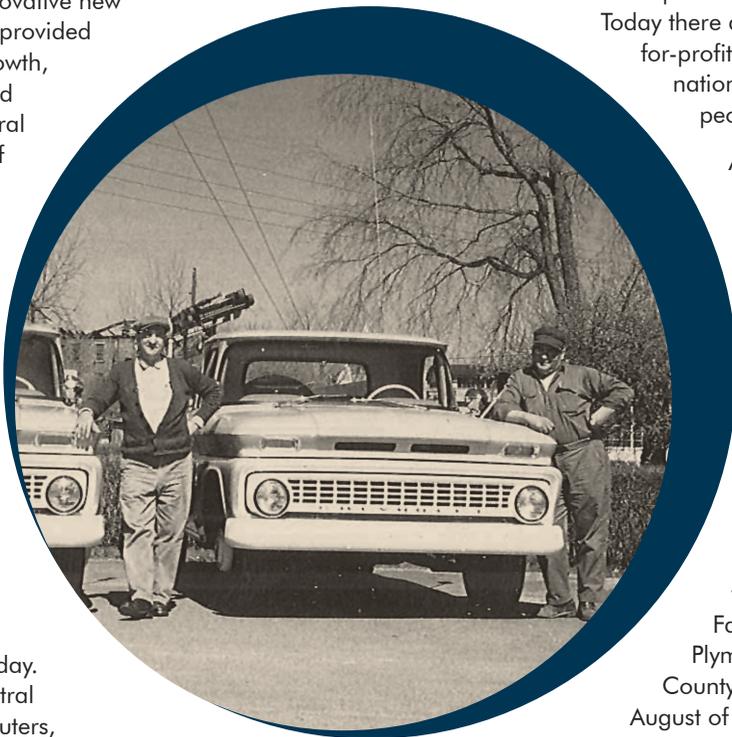
ELECTRIFYING YOUR PAST

In the early 1930s, only about one in ten farmers had electric service, and those who did paid an average of about nine cents a kilowatt-hour.

President Roosevelt created the Rural Electrification Administration (REA) with an executive order under powers granted by the Emergency Relief Appropriation Act of 1935. The goal of the REA was to bring electricity to America's rural areas.

Electric cooperatives were created to bring power to the countryside, to enrich the people of this great nation through the use of labor-saving devices, and to grow innovative new industries. Cooperatives provided the backbone for this growth, bringing light, power, and communication to the rural areas and small towns of the United States.

Eighty-five years ago, a small group of farmers had a vision for your cooperative when they formed North Eastern Farm Bureau Electric Cooperative, and today, we are reaping the benefits of their foresight and vision. It's unlikely the founders anticipated the myriad of electronics running in our homes today. From televisions and central air conditioning to computers, cellphones, and even plug-in electric cars, your cooperative's founders laid the foundation for us to meet the needs of future generations.



BY THE PEOPLE, FOR THE PEOPLE

The first steps toward getting electricity for the rural areas of Huron, Ashland, Richland, and Lorain counties began in May of 1936, when a meeting was held to form the local REA, elect officers to head the project, and sign up potential member-consumers. Since then, 63 people have served on the cooperative's board of trustees.

In 1937, the North Eastern Farm Bureau Electric Cooperative facility moved from its original Norwalk location to North Fairfield, and the name was changed to Firelands Electric Cooperative, which was the 83rd electric cooperative formed in the country.

Today there are more than 900 not-for-profit electric cooperatives nationwide, serving 42 million people in 47 states.

After several years of preliminary work, mapping out the proposed service territory, and applying for a \$100,000 federal loan to begin line construction, prayers were answered with loan approval in February of 1938. The first 100 miles of the cooperative's lines were strung near North Fairfield to the area by Plymouth East Road in Huron County and were energized in August of 1938.

In December of 1938, the co-op had 117 miles of line to serve 281 members. By 1939, the average member used about 40 kilowatt-hours (kWh)

per month at an average cost of approximately 6 cents per kWh. Today, Firelands Electric has 995 miles of line to serve 9,143 members and the average residential member uses 1,250 kWh per month at an average cost just over 12 cents per kWh.

A lot has changed at our cooperative over the past 85 years, but our core values of integrity, accountability, innovation, and commitment to community remain the same.

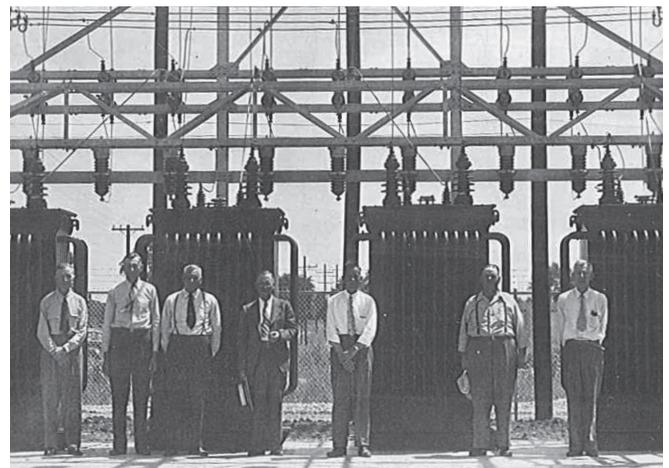
ENERGIZING YOUR FUTURE — THE COOPERATIVE DIFFERENCE

Firelands Electric is working hard to meet the needs of our existing and future members. We're not only working hard; we're working smart. Your cooperative continues to use innovative technology to improve reliability — our new advanced metering infrastructure helps us to identify possible problems faster, sometimes even before they happen.

While many of these enhancements make our jobs quicker and easier, we also maintain the level of service you've grown to expect from your cooperative. Firelands Electric has actual people, not an automated phone system, available to assist you 24 hours a day, seven days a week. These knowledgeable member service representatives can process your payments, dispatch reported outages, and help you with dozens of other requests. We pride ourselves on having an actual person assist you, not an automated machine.

While much has changed in the electricity business, very little has changed in the heart of the cooperative model. We are still owned by our members, and because of this, we are invested in the communities we serve. We support local youth programs, county fairs, and festivals. We invest in economic development to help improve the lives of our members. We work with our cities, towns, elected officials, and more to make sure we provide the power our members need to live the lives they want today and into the future. We are an active participant in the many things that improve your life and that will enrich the lives of your children and grandchildren.

We are proud of our powerful past and to have served our communities and rural areas for 85 years. We look forward to a bright future of meeting our members' needs.

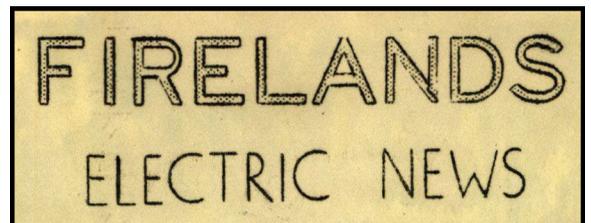


Building a legacy

While commonplace in urban areas, most rural Americans didn't have access to electricity in the 1930s. In fact, at the beginning of the decade, only about one in ten farmers had electric service. The people living in Huron, Ashland, Richland, and Lorain counties were no exception. As the invention and use of electric-driven equipment and appliances grew, so did people's need for electricity. Investor-owned utilities didn't see any profit to be made from building their systems out to reach these far-flung homes and farms, however. As a result, rural Americans would continue to lack access to electricity.

All of this would change when President Franklin D. Roosevelt created the Rural Electrification Administration (REA) in 1935. The organization, and the Rural

Electrification Act that followed in 1936, would pave the way for citizens to take matters into their own hands. Funding would now be available to help rural Americans create their own power companies. The result would be the development of electric cooperatives — including the birth of Firelands Electric Cooperative.



May 11, 1935



President Franklin D. Roosevelt created the Rural Electrification Administration. The goal was to provide funding to bring electricity to rural America.

December 1937

Trustees mapped out the territory to be served by the newly formed electric cooperative.

Jan. 29, 1938

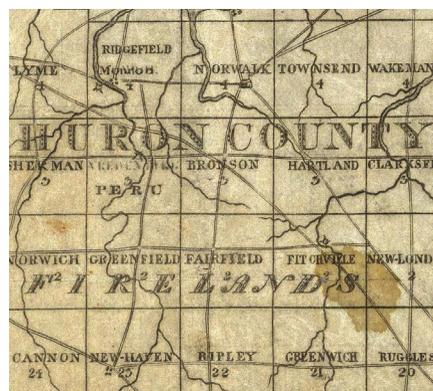
The name was officially changed to Firelands Electric Cooperative, Inc.

May 22, 1936

Incorporation papers were filed under the name of North Eastern Farm Bureau Electric Cooperative, Inc.

May 28, 1936

The first meeting of the cooperative and formal election of officers took place.



March 16, 1938

Application for Membership *and* Subscription for Service
in

~~No. Eastern Farm Bureau~~ Rural Electric Cooperative, Inc.



In 1942, Firelands purchased the New London Power and Light Company (below). The cooperative's office then moved to 3 East Main Street, New London (above), in 1943.



Feb. 1, 1938

The USDA's REA approved the initial loan for \$100,000. Firelands would use these funds to build its first 100 miles of power lines.

August 1938

The first 100 miles of power lines were known as Project A. Located between North Fairfield and Plymouth East Road, they were energized in August 1938.

1942 and 1943

1948



In 1948, the office in New London was moved to newly converted space in the building off Prospect Street, which had been purchased to serve as a warehouse in 1943.



June 14, 1976

A new building was constructed near the existing one in 1976. Offices were moved here, while operations remained in the old building.

Firelands' original office on Wooster Street in Norwalk was relocated to the Lippert Building in North Fairfield.



Firelands Electric made the final payment to REA on its original \$100,000 loan, which was taken out in 1938.

June 1, 1962

Jan. 17, 2019

Firelands Electric Cooperative moved into its new, all-in-one facility at 103 Industrial Drive, just west of New London.



Cat the helm

LEADERSHIP EMPOWERING OTHERS

Created in 1936, your cooperative was able to provide affordable power to the rural areas of Huron, Ashland, Richland, and Lorain counties within a few short years. This was a dream come true, thanks to the commitment and leadership of the cooperative's elected trustees and appointed managers.

The cooperative's first general manager, Milton Wilhelm, was hired in 1938, but was called to serve his country in

the United States Navy during World War II from 1942 to 1945. During that time, an interim manager, C.D. Stevens, was appointed until Wilhelm returned from the war, when he resumed his leadership duties through 1947. Since then, six general managers have provided cooperative leadership to meet the needs of our existing and future members.

FIRELANDS ELECTRIC COOPERATIVE'S GENERAL MANAGERS



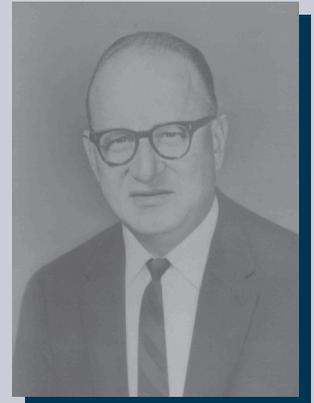
Milton Wilhelm
1938 – 1942 and 1945 – 1947



C.D. Stevens
1942 – 1945



Stanley Cummings
1947 – 1962



John Harmony
1962 – 1973



Gary Wyckoff
1974 – 2001



John Noss
2001 – 2010



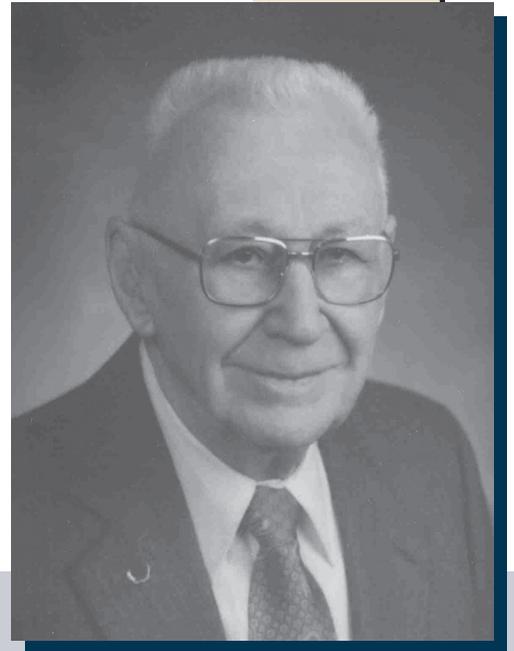
April Bordas
2010 – 2018



Dan McNaull
2018 – PRESENT

LEADERSHIP: BOARD OF TRUSTEES PAST AND PRESENT

- Darwin Anderson
- W.E. Anderson
- Joe Atkinson
- Richard Atterholt
- Carl Ayers
- Victor Bailey
- Eugene Beck
- Ted Beck
- Linda Beck
- Carl Bruce
- Howard Chapin
- John Copley
- J.W. Davidson
- Harold Fries
- Royce Ganz
- A.R. Geiger
- Preston Golding
- Steve Gray
- C.D. Harvey
- D.C. Hawn
- Gilmore Heitt
- R.R. Howard
- M.C. Hunter
- Lowell Kreager
- Gene Lamoreaux
- Lester Leech
- Bruce Leimbach
- Hugh Lewis
- Tom Lucha
- A.J. Marshall
- John Martin
- Larry Messmore
- D.F. Mohrhoff
- John Montgomery
- M.H. Morrow
- John O'Hara
- Ray Palm
- W.F. Porter
- Orlo R. Fast
- Kevin Reidy
- King Rowland
- J.C. Ruggles
- H.E. Ruggles
- C.E. Rush
- Dan Schloemer
- C.C. Sengstock
- Earl Shank
- Ed Sharpless
- T.H. Smith
- John Staples, Jr.
- Don Stauffer
- Archie Steel
- H.F. Sturges
- Harry Sutherland
- Rob Turk
- Elroy Walcher
- J.K. Weaver
- Neil Winslow
- Alton Woodworth
- Edwin Woodworth
- Donna Woodworth
- R.R. Youngs
- Robert Zimmerman



Carl Bruce
FIRELANDS ELECTRIC TRUSTEE
1939 – 1999

*His dedication and
pursuit of excellence
laid a foundation
for the cooperative we
have today.*

Diversity makes us stronger

MAJOR STORMS AND CHALLENGES

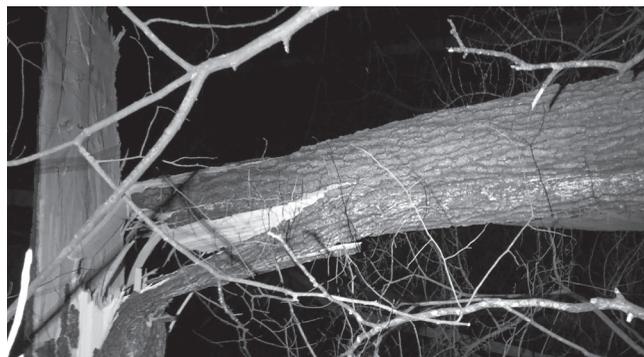
When a major storm hits, Firelands Electric Cooperative lineworkers are prepared and ready to swing into action and respond to power outages, often before the storm is even over.

Restoring power during and after a major storm is an enormous undertaking. The main goal is to safely restore power to the greatest number of members in the shortest time possible. This process is more involved than just simply throwing a switch or removing a fallen tree from a power line. The safety of our members and employees always comes first — and it's more important than ever to be cautious during extreme weather conditions. For workers in bucket trucks or linemen attempting to climb poles, high winds are very dangerous.

When a major storm hits, the cooperative team moves into action to respond to its member's needs — from

answering the phones, dispatching crews, communicating pertinent information, patrolling lines, delivering equipment and material, and making the necessary repairs to get power restored safely, in a timely manner.

Over the past 85 years, your cooperative has overcome many adversities caused by major storms and extreme weather conditions. Many times, these challenges have united co-op employees and members of the community to get the job done and help others. Whether it's a farmer assisting a stuck bucket truck with his tractor, or members offering their snowmobiles and four-wheelers to transport linemen during severe storms when roads were impassable, together, we are co-op strong!



Several major storms that made the cooperative's record books over the past century:

- The 1969 flood that struck north-central Ohio on Independence Day is on record as the most devastating summer flooding in Ohio history. A severe line of storms became nearly stationary for an eight-hour period. Many sections of Ashland and Huron counties were flooded and isolated for several days after the initial storm. Rain from the storms measured 16 inches in northern Ashland County. The flood caused major damage to Firelands Electric's office facility and equipment, which was submerged in over four feet of muddy water.
- The blizzard of 1978 was a historic winter storm that struck the Buckeye State from Wednesday, January 25 through Friday, January 27, 1978. It has been cited as the worst blizzard in U.S. history, causing 51 fatalities, \$73 million in agricultural damages, the activation of the Ohio National Guard, and a declared state of emergency. Ohio was one of the six states that was particularly hard hit by the storm, when up to 40 inches of snow fell in some parts and winds gusts reached between 75 and 100 miles per hour, causing drifts that buried automobiles and nearly some homes. With temperatures already hovering near zero, the wind chill was deadly. Many homes and businesses lost electricity, and power outages lasted up to four days for many of the cooperative's members.
- The 2003 blackout caused panic for more than 50 million people across eight northeastern U.S. states and parts of Canada when some areas were left without power for more than 24 hours, and some were in the dark for weeks. On August 14, a series of faults were caused by tree branches touching power lines in Ohio, which were then complicated by human error, software issues, and equipment failures. The largest blackout in U.S. history affected 7,300 member-consumers served by Firelands Electric Cooperative. Transmission lines feeding seven of Firelands Electric's nine substations throughout the four-county area were affected by the outage. As darkness fell, rural area dwellers turned to candles and flashlights as scattered parts of the electrical grid were being restored with power. The cooperative was able to restore power in less than six hours, except for a few individual problems scattered throughout the service area. The blackout was the nation's largest ever, costing the economy up to \$10 billion.
- The ice storm of 2005 was a devastating and historic winter storm that affected northern Ohio on January 5. Freezing rain and significant ice accumulations occurred across the northern half of Ohio, where some total amounts exceeded one inch of ice. The conditions resulted in numerous downed trees and power lines, causing widespread power outages and making travel nearly impossible. Roadways were blocked and businesses damaged. Firelands Electric lost power to over 93% of its entire electrical distribution system. Substations, poles, line, and equipment suffered extensive damage — resulting in approximately 8,400 members (out of 9,000) to be without power throughout parts of Huron, Ashland, Richland, and Lorain counties — with some outages lasting up to five days for some co-op members.





since 1936

FIRELANDS ELECTRIC COOPERATIVE, INC.
103 INDUSTRIAL DRIVE
P.O. BOX 32
NEW LONDON, OH 44851

1-800-533-8658

OFFICE HOURS
MON.-FRI. 7:30 A.M.-4 P.M.

WWW.FIRELANDSEC.COM

Firelands
Electric
COOPERATIVE
A Touchstone Energy® Cooperative 

YOUTH PROGRAMS



Education helps shape the leaders of tomorrow. That's why Firelands Electric includes it as one of our seven core principles. The A Team is a cooperative program designed to encourage students in their pursuit of academic excellence. Students in grades 6–8 are invited to participate and be recognized for their hard work and dedication to education.

ACADEMIC EXCELLENCE

Winners of April drawing receive Amazon gift cards



Taylor Smith
South Central Middle School
Daughter of Brian and Amanda Smith



Kennedy Cook
Seneca East Middle School
Daughter of Tom and Jackie Cook

Send us your grade card and win!
The next drawing will be held on July 10.

How you can win

Students in grades 6–8 who have a minimum of three A's on their most recent report card and whose parents or guardians are members of Firelands Electric Cooperative are eligible to apply. A copy of the report card should be submitted by mail to Attn: The A Team, Firelands Electric Cooperative, P.O. Box 32, New London, OH 44851. Report cards may also be emailed to members@firelandsec.com.

Be sure to include the student's name, age, school, grade, address, phone number, parents' name(s), and email address on your entry.

Complete program details are also available at www.firelandsec.com/team.



Nova Mullins
South Central Middle School
Daughter of Audry Grant



COOPERATIVE UPDATE

BOARD MEETING *highlights*

Firelands Electric Cooperative's board of trustees met March 23 and covered the following items:

- Board President Dan Schloemer reported that the cooperative received 33 membership applications for approval by the board.
- BHM CPA Group, Inc. reviewed Firelands' finances and announced a clean audit of the cooperative's financials for 2020.
- The board reviewed and approved a safety and training report from a meeting held on Feb. 18.
- General Manager Dan McNaull reviewed plans for the annual meeting, scheduled for June 19.
- McNaull reviewed tree trimming and outage reports covering the past month.
- Director of Finance and Accounting Tabi Shepherd reviewed the February financials and reported on recent accounting and billing department activities.
- McNaull provided a recap of the NRECA virtual annual meeting he had attended.
- Director of Operations Don Englet reviewed recent activities and projects in the operations department.

He also discussed new environmental review requirements for the co-op's 2021-2024 work plan.

- McNaull advised the board that the upcoming trustee elections for districts 2, 7, and 9 were all uncontested. He also reminded them that members of the credentials committee would need to be appointed at the April 27 board meeting.
- The board discussed options for this year's capital credits retirement.
- McNaull reviewed a proposal for a member broadband survey through third-party vendor Crowd Fiber. Following discussion, the board approved to proceed with the survey.
- Director of Communications and Technology Andrea Gravenhorst reviewed a report on recent activities involving the member services and IT department.
- Trustees Kevin Reidy and Tom Lucha reviewed a conference they had attended on cooperative finances.

The cooperative's next board meeting is scheduled for Tuesday, June 22. If you would like to attend the next scheduled meeting, please contact the Firelands Electric office at 1-800-533-8658.

FIRELANDS ELECTRIC COOPERATIVE, INC.

OUTAGE HOTLINE

1-800-533-8658

OFFICE

103 Industrial Drive
P.O. Box 32
New London, OH 44851
419-929-1571

OFFICE HOURS

Mon.-Fri. 7:30 a.m.-4 p.m.
www.firelandsec.com



BOARD OF TRUSTEES

Dan Schloemer
President, District 1

Bruce Leimbach
Vice President, District 4

Carl Ayers
Secretary/Treasurer, District 5

W.E. Anderson
District 8

Tom Lucha
District 3

Gene Lamoreaux
District 2

John Martin
District 9

Kevin Reidy
District 6

Rob Turk
District 7

GENERAL MANAGER

Dan McNaull

HAVE A STORY SUGGESTION?

Email your ideas to:
members@firelandsec.com

