



GM'S REPORT

ADVOCATING ON YOUR BEHALF

Representatives from Firelands Electric Co-op traveled to the nation's capital in April to advocate for the interests of electric co-op members in the halls of government.

During office visits with members of Congress, General Manager Dan McNaull and District 6 Trustee Kevin Reidy sought support for legislation that would expand access to high-speed broadband internet, fund rural development programs to boost local economies, and keep members' electric rates low by loosening burdensome regulations.

Firelands Electric met with U.S. Representative Bob Gibbs and urged him to support a farm bill that includes strong financial support for electric cooperatives and rural communities. Firelands speaks up to represent members like you — and to act in your best interest. Together, with electric co-ops across the nation, we have a loud voice.

Thankfully, not all electric co-op members need to fly to D.C. to have their voices heard. Firelands Electric members can visit www.action.coop, where they can educate themselves on energy policy and send messages to their representative and senators on behalf of the cooperative.

Firelands Electric members can also boost our grassroots policy efforts by joining ACRE Co-op Owners for Political Action®, which supports political candidates who understand co-op issues and will fight on our behalf. To learn more about Co-op Owners for Political Action and how you can raise your voice on both a state and federal level, call our office at 1-800-533-8658 or visit the Co-op Owners for Political Action table at Firelands' annual meeting on June 23.



Dan McNaull
GENERAL MANAGER



Representatives from several of Ohio's electric co-ops, including Firelands' General Manager Dan McNaull, far left, met with U.S. Representative Bob Gibbs during a recent trip to Capitol Hill.





EMPLOYEE NEWS

ZACH COLLINS

PROMOTED TO LINE SUPERINTENDENT



Zach Collins
LINE SUPERINTENDENT

Firelands Electric congratulates Zach Collins on his recent promotion as the cooperative's new line superintendent of electric operations. Collins is filling the position following the recent promotion of his predecessor, Don Englet.

Collins marks his 16th anniversary with the cooperative this year. He joined Firelands in August 2002, working as a member services technician doing water heater repairs and load management installations.

In May 2004, he was selected to enter the Central Ohio Lineman Training (COLT) apprenticeship program of Marion Technical College (MTC). The COLT program is a four-year curriculum, training qualified candidates for the high-tech work that linemen must master in the electric utility industry. After completing his schoolwork and 8,000 hours of on-the-job line training, Collins was the first Firelands Electric lineman to graduate from the COLT Program of MTC and was recognized by the Ohio State Apprenticeship Council.

Firelands Electric named Collins a journeyman lineman in 2007 and promoted him to a lead lineman position at the cooperative in 2008. As line superintendent, Collins will be responsible for scheduling projects for Firelands Electric's line crews, which consists of three lead linemen, four journeymen, and one apprentice lineman. Facility maintenance, purchasing, and maintenance of trucks, tools, and equipment are some of his other new responsibilities.

Collins says he has enjoyed working for the cooperative and is fortunate to work with an excellent group of people. Over the past 16 years, he has been involved in numerous projects, including the Federal Emergency Management Agency (FEMA)-funded rebuild project following a major ice storm that affected the area in 2005.

In addition to adjusting to his new role, Collins has been taking classes through Mount Vernon Nazarene University, where he is pursuing his Bachelor of Science in business.

According to Collins, being a lineman for many years has taught him to live life with appreciation, making the time spent outside of work with friends and family count to the fullest. "We always work very hard to make sure everyone goes home safe at the end of the day," he says. Safety will continue to be a primary focus in Collins's new role with the cooperative.

A native of the area, Collins lives near Ruggles in Ashland County with his wife, Amanda. The couple have a son, Daniel, and are expecting a baby in September. In addition to spending quality time with his family, he enjoys hunting waterfowl, fishing, and riding ATVs.



2017 Annual Report



Working together
for a more

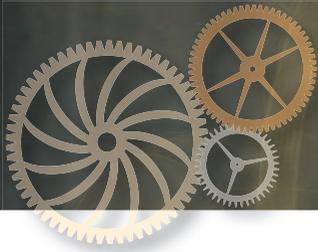
POWERFUL
future



Firelands
Electric

COOPERATIVE

Your Touchstone Energy® Partner 



MESSAGE FROM MANAGEMENT

2017 REPORT FROM THE PRESIDENT AND GENERAL MANAGER



Dan Schloemer, President
BOARD OF TRUSTEES

Firelands Electric Cooperative is pleased to announce that 2017 was another successful year. Thanks to management and employees, we were able to finish the year with margins — the money left after bills have been paid — totaling \$1,297,956. We will be refunding over \$600,000 in capital credits to our members this year. Since 1948, Firelands Electric has refunded over \$14.5 million in capital credits back to its membership, which is just one of the many benefits of being a co-op member.

Our primary focus continues to be reliability, technology, and moving forward with constructing a new facility. Your cooperative strives to provide members with safe, reliable, and affordable electricity now, and in the future.

TOP-RANKING MEMBER SATISFACTION

In keeping up with our commitment to providing outstanding service, we are proud that Firelands

Electric ranks among the top energy utilities in the country in member satisfaction. According to the 2017 American Customer Satisfaction Index, on a zero-to-100 scale, your cooperative scored 86. That's above the national average for investor-owned energy utilities and municipal energy utilities.

NEW LEADERSHIP

Firelands Electric moved forward this year with new leadership. During the cooperative's 2017 annual meeting, Donna Woodworth and Larry Messmore stepped down from the board of trustees after 53 years of combined service. Steve Gray was elected to represent District 3, while Kevin Reidy was elected to represent the members of District 6.

After 32 years with the cooperative, former General Manager April Bordas retired in February 2018. Following an extensive search this past fall, the co-op's board of trustees appointed former board president Dan McNaull as general manager, resulting in his resignation from the board.

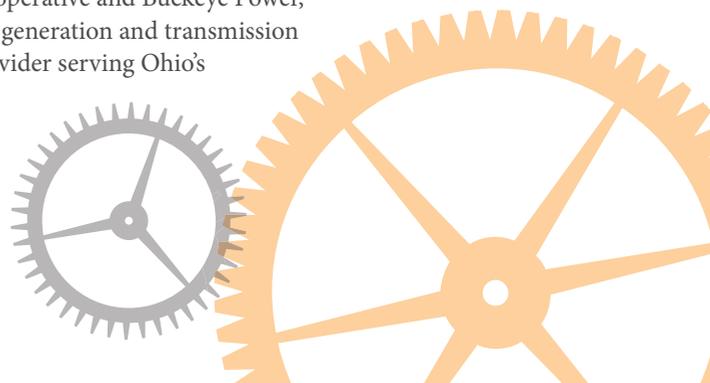
In January of this year, the cooperative announced new officers for its board of trustees: President Dan Schloemer, Vice President Bruce Leimbach, and Secretary/Treasurer Carl Ayers. The board also appointed Rob Turk to McNaull's vacated district 7 seat.

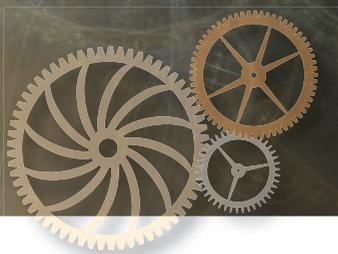
Following the passing of trustee Lowell Kreager, who represented the members of District 2 for nearly 32 years, the board appointed Gene Lamoreaux to that seat in February 2018.

SERVICE RELIABILITY AND OPERATIONS

Firelands Electric works hard to reach its goal of 100 percent reliability by patrolling electric lines and trimming trees across 995 miles of line in 28 townships and four counties. The continued focus on vegetation maintenance, brush cutting, trimming, and necessary tree removal has reduced the number and frequency of outages — improving service quality for all cooperative members.

In pursuing greater reliability, Firelands Electric Cooperative and Buckeye Power, the generation and transmission provider serving Ohio's





electric cooperatives, worked with FirstEnergy, our transmission provider, to address concerns about outages in the northwestern portion of our cooperative's service territory. Thanks to their joint efforts, the all-new Carriage-Hanline 69-kilovolt transmission line will enhance reliability for nearly 4,000 of our cooperative members in Huron County. This project allowed us to rebuild portions of our distribution system that span on the poles under the transmission line.

Your cooperative's construction work plan is essential to keeping service reliable by helping us rebuild the oldest sections of our system and increasing energy capacity for future growth. These improvements enable the co-op to reroute power and minimize the number of members experiencing an outage.

In 2017, crews upgraded nearly 5 miles of power lines in Huron County. Firelands Electric began work on a 3.2-mile stretch of three-phase line around the village of New London, which was finished this year. The cooperative inspected 3,705 utility poles in Ashland, Huron, and Richland counties — implementing a process to replace 40 poles found to be deficient.

One of Firelands Electric's fundamental principles, cooperation among cooperatives, stipulates that co-ops come to each other's aid in times of need. Firelands Electric provided assistance to a sister cooperative in Georgia last year by sending two linemen to assist in power restoration efforts resulting from Hurricane Irma. The mutual aid group, from Ohio's Electric Cooperatives, included 72 linemen volunteers, 21 bucket and 14 digger trucks, 6 pole trailers, several pickup vehicles, and other equipment.

MEMBER SERVICES AND COMMITMENT TO THE COMMUNITY

In 2017, the cooperative enhanced its SmartHub secure online payment system and Messenger capability. In addition to providing members with detailed electricity use, billing history, and bill comparisons with local weather trends, Messenger on-demand communicates with members by sending e-mail and text messages regarding electric bill notices, power outages, and more. These secure and efficient messages are automated with the cooperative's system — providing members with timely information they can access anywhere (by computer, phone, or tablet).

Firelands Electric is continually evolving its technology and enhancing cyber security. The cooperative's SmartHub downloadable app is safe and secure, encrypting every transaction, and no personal information is stored on your computer or mobile device.

Communication with our members is vital. Whether you prefer news in printed form, or on your computer or mobile device, Firelands Electric has you covered. In addition to traditional printed media, such as *Ohio Cooperative Living*, and mailers, the cooperative also keeps its members informed of the latest news through numerous online outlets. Stay connected with Firelands Electric online at www.FirelandsEC.com, and check out the cooperative's Facebook, LinkedIn, Twitter, YouTube, Pinterest, and Flickr channels.

Firelands Electric offers members a variety of energy conservation programs, appliance rebates, and incentives. In 2017, the cooperative helped reduce energy use in more than 200 homes and provided over 190 rebates to members totaling \$53,318. That's big savings!

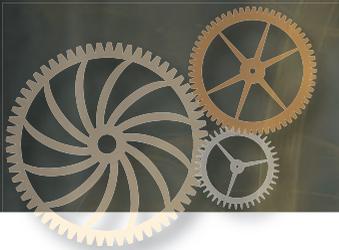
In 2017, the cooperative and employees contributed \$1,350 to the Huron County United Way agencies. Since 2009, Firelands Electric has served as a pop tab collection site for the Ronald McDonald House of Akron. Last year, Firelands Electric collected 101.5 pounds of pop tabs — roughly 126,875 tabs. Employees, trustees, members, and the community have donated 1,055 pounds of aluminum tabs over the past nine years — roughly 1.3 million tabs for the local chapter.

Charitable giving is also powered by blue jeans and sneakers at the co-op. For nearly 16 years, office employees have dressed down on Fridays in exchange for \$5 a week. The money raised each month is donated to a local charity or family in need — and is distributed to a different cause each month. In 2017, office employees raised \$3,145.

Firelands' commitment to community continues with our youth programs, funding nearly \$15,000 last year in scholarships for graduating high school seniors, and sponsoring the Youth Tour to Washington, D.C., for high school sophomores and juniors.

Educating the next generation of community leaders with a better understanding of energy and its efficient use is our responsibility. Firelands Electric teaches kids

Continued on Page 20D



2017 COOPERATIVE HIGHLIGHTS

2017 REPORT FROM THE PRESIDENT AND GENERAL MANAGER

Continued from Page 20C

about electrical safety and energy efficiency by visiting local schools and supporting youth programs. The cooperative is a corporate sponsor of school sports teams, community events, holiday parades, 4-H organizations, and county fairs.

Firelands Electric offers members an annual opportunity for a close-up look at where their power is generated. Last year, 45 members and guests toured the Cardinal Generating Station, a coal-fired power plant located just south of Steubenville. The group included 12 Hillsdale Middle School students who were able to see the environmental control equipment that makes Cardinal one of the cleanest facilities of its type in the world.

FIRELANDS ELECTRIC PEOPLE FUND

For 23 years, members of the cooperative have been supporting the Firelands Electric People Fund, known as Operation Round Up. Members allow their electric bills to be “rounded up” to the next dollar, and the average member contributes around 50 cents per month, or \$6 per year. Firelands Electric’s participation rate is nearly 85 percent of its roughly 9,130 members, which equates to more than \$40,000 per year awarded to individuals with special needs and organizations within our local communities.

In 2017, Firelands Electric reached a milestone by collectively raising \$1 million in Operation Round Up funds. Our members, employees, and communities all work together to make life better, just as our founders did more than 82 years ago.

NEW BUILDING PLANS

Over the past two years, Firelands Electric’s board and management have exercised due diligence in preparation to build a new facility that will incorporate a 12,180-square-foot office and 22,800-square-foot warehouse — all under one roof. This facility will replace three current inefficient buildings. Firelands Electric is taking advantage of lower interest rates and other financial opportunities available from USDA Rural Utilities Service (RUS) to finance the new facility located

on 15 acres of property in the Village of New London — a site that will be very beneficial to the cooperative.

Monroeville-based firm Janotta & Herner is constructing the building, and an official groundbreaking ceremony for the new facility was held in October. Soil boring tests, environmental studies, and some groundwork were completed at the end of 2017, before resuming construction in late April.

Firelands Electric’s new facility is expected to be completed before the end of the year. It will encompass energy-efficient heat pumps in the office, warehouse radiant floor heating, LED lighting, foam insulation, and other innovative technologies. The property will also incorporate a community solar project, which will be available as a generation resource to the cooperative’s membership.

“The new facility is an investment in both our future and in the community. It is reflective of the comprehensive strength and financial health of Firelands Electric Cooperative,” says General Manager Dan McNaull. “Having the cooperative’s operations under one roof will offer improved communications and efficiencies to our workforce.”

The cooperative’s board and management will continue to oversee and manage the project to ensure a long-lasting structure that will serve Firelands Electric and its members for many years in the future.



CAPITAL CREDITS

COOPERATIVE PRINCIPLE #3: ECONOMIC PARTICIPATION

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 paid back, to you as it is financially feasible to do so.

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

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

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

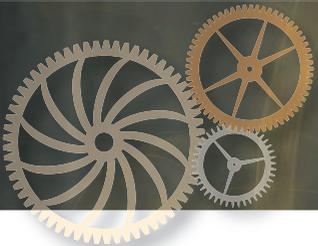
When Firelands' financial condition permits, your board of trustees decides to retire, or pay, the capital credits.

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

CAPITAL CREDITS REFUNDS

| | |
|--------------|----------------------|
| 1948-2000 | \$ 4,568,960 |
| 2001 | \$ 240,500 |
| 2002 | \$ 384,275 |
| 2003 | \$ 377,015 |
| 2004 | \$ 367,390 |
| 2005 | \$ 536,005 |
| 2006 | \$ 517,787 |
| 2007 | \$ 300,145 |
| 2008 | \$ 320,580 |
| 2009 | \$ 337,773 |
| 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 |
| TOTAL | \$ 14,538,201 |

innovation
accountability
community commitment
integrity



WORKING TOGETHER FOR A MORE POWERFUL FUTURE

ATTEND YOUR ANNUAL MEETING ON SATURDAY, JUNE 23

OFFICIAL NOTICE

The 2018 Annual Meeting of the members of Firelands Electric Cooperative will be held on Saturday, June 23, at Ashland University Myers Convocation Center, Ashland, Ohio. Members attending the cooperative's annual meeting will elect representatives for board districts 2, 7, and 9. A district map is available at www.firelandsec.com/content/board-trustees. Make a difference with your vote!

Please join us for a complimentary hot breakfast buffet for members and their immediate families. All members are welcome and encouraged to attend the business meeting, but seating for the hot breakfast is limited, so make sure to RSVP.

Members must bring their Official Annual Meeting Registration Card on June 23 to receive a \$5 bill credit on their August electric bill, a complimentary membership bag and gifts, and to be entered in special prize drawings. Members of ACRE Co-op Owners for Political Action® will be recognized for their dedication and will receive a special gift.

All registered co-op members will also have the opportunity to be entered into prize drawings for a KitchenAid 5-quart mixer; Milwaukee 18V cordless tool set; and \$300 in bill credits (4-\$25, 2-\$50, and 1-\$100). Winners must be present to win. Firelands Electric will be collecting pop tabs for the Ronald McDonald House of Akron at the cooperative's Annual Meeting. Please bring a container or resealable plastic bag filled with pop tabs and help make a difference for those in need.

RSVP BEFORE JUNE 15

Seating is limited for the hot breakfast buffet, so your reservation must be submitted before June 15. Complete your reservation online at www.firelandsec.com/content/annual-meeting-members, OR by contacting Firelands Electric's office at 1-800-533-8658.

FUN FOR THE ENTIRE FAMILY

- Registration begins at 8:30 a.m.
- Breakfast will be served from 8:30 to 9:15 a.m.
- Streamlined business meeting starts at 9:15 a.m.
- Kids' Zone activities for children ages 10 and under from 9:15 to 10:15 a.m.
- Special prize drawings begin at 10:15 a.m.

MEMBERS ATTENDING THE ANNUAL MEETING WILL BE ENTERED INTO SPECIAL DRAWINGS FOR:

- a KitchenAid® 5-quart mixer
- a Milwaukee 18V cordless tool set
- \$300 in bill credits (4-\$25, 2-\$50, and 1-\$100)

MUST BE PRESENT TO WIN



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



Dan Schloemer
DISTRICT 1



Gene Lamoreaux
DISTRICT 2



Steve Gray
DISTRICT 3



Bruce Leimbach
DISTRICT 4



Carl Ayers
DISTRICT 5



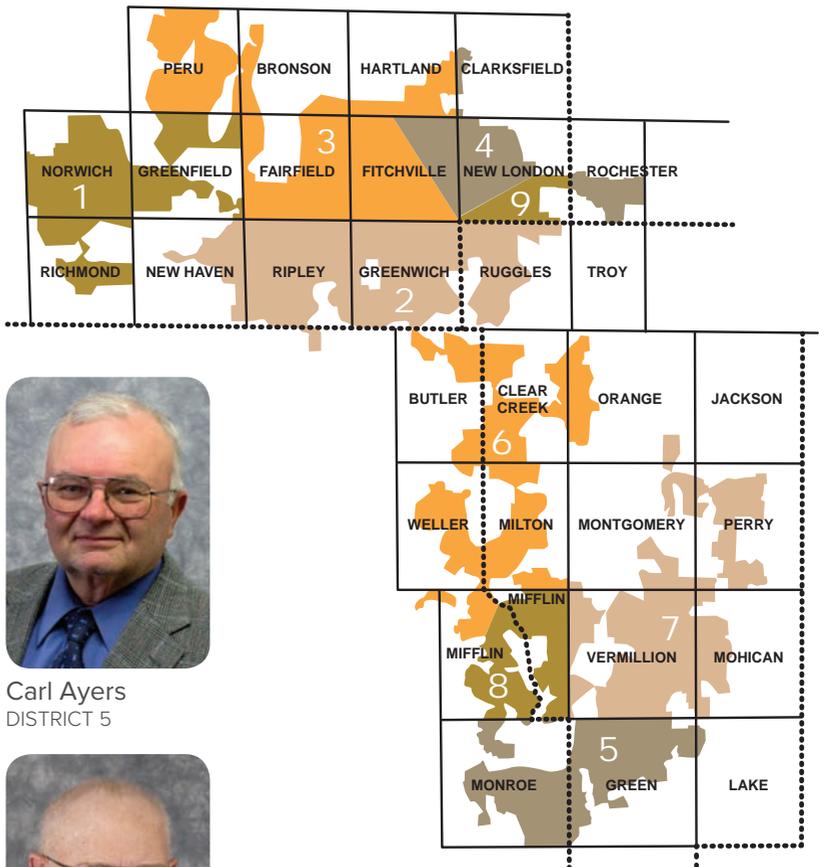
Kevin Reidy
DISTRICT 6



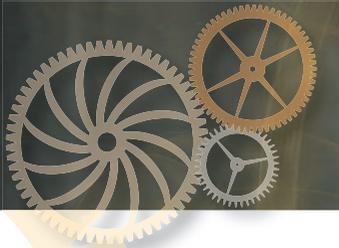
Rob Turk
DISTRICT 7



W.E. Anderson
DISTRICT 8



Firelands Electric Cooperative is governed by a board of trustees that is nominated and elected by our members in accordance with our Code of Regulations. Our service area is divided into nine districts, which are drawn based on equitable representation of the geographic areas served by the cooperative.



BOARD OF TRUSTEE CANDIDATES

LEADERSHIP BY MEMBERS OF YOUR COOPERATIVE

Firelands Electric Cooperative serves more than 9,130 homes and businesses throughout rural areas of Ashland, Huron, Lorain, and Richland counties. Firelands' service territory is composed of nine districts, which are each represented by a member who is elected to serve on the board of trustees that governs Firelands' operations.

Each candidate has submitted a valid petition signed by members living within his or her Firelands Electric Cooperative district. All members in attendance at the 2018 Annual Meeting will vote for candidates to represent Districts 2, 7, and 9 for the next three years on the board of trustees. Nominations from the floor at the Annual Meeting are not permitted.

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



Gene Lamoreaux

GENE LAMOREAUX • 1430 Boughtonville Road, Greenwich

Lamoreaux retired from Guardian Manufacturing (formerly Brunswick Defense) in Willard after 46 years, where he was president for 23 years. He served in the U.S. Army and was stationed in Germany for several years, where he was 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 47 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 25 years. He served on the Mercy Hospital of Willard board for nine years and South Central Local Schools board for eight years, and he was involved in the school's athletic boosters for five years. Lamoreaux is also 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 meeting the membership's future needs.

District 7 – Vermilion, Mohican, Montgomery, and Perry townships



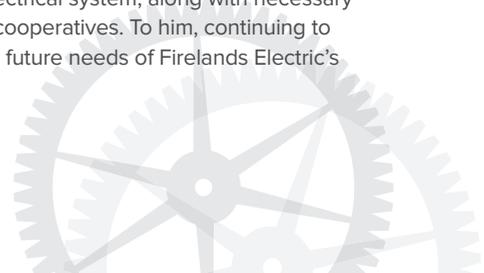
Rob Turk

ROB TURK • 2284 County Road 2175, Perrysville

Turk retired from The Coca-Cola Company in Georgia after 31 years, where he was a national account operations manager. His other leadership positions include Trumbull County manager for Production Credit Association (now Farm Credit Services); past board member of the Mohican Area Community Fund; and eucharistic minister and past member of the financial committee 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 eight years. Turk says his prior business experience, combined with his small-business knowledge and insights, would enable him to make sound financial decisions while providing oversight and direction for Firelands Electric to achieve its near- and long-term goals. 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, is a major issue 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



Brian Cucco

BRIAN CUCCO • 4966 Townline Road 187, New London

Cucco is a skilled heavy-equipment operator for the Village of New London, where he has worked for over 22 years. He says his strong work ethic and common-sense approach can be used to make wise business decisions on behalf of Firelands Electric and its members. Cucco is active in various organizations, including overseeing operations of Grove Street Cemetery, and serving as president of the cemetery board.

He has been a member of Firelands Electric for 18 years and previously served on the New London Fire Department for 11 years. Cucco says his willingness to listen to what people need, and finding common-sense solutions, are strengths that help him be an effective communicator and leader. He looks forward to being an advocate of the cooperative and working with Firelands Electric's board of trustees and management, to set policies that will strengthen the cooperative.

Cucco believes it is important for the co-op to make constructive decisions that are in the best interest of Firelands Electric and its member-owners. Maintaining a reliable and affordable supply of electricity for future demand is a challenge facing the cooperative and the electric utility industry overall. He says promoting technologies that will help member-owners be more energy efficient is vital for future generations.



Randy Fishbaugh

RANDY FISHBAUGH • 71 Prospect Street, New London

Fishbaugh is a co-owner of R&D Farms, a grain operation in Greenwich, and owner of excavating company Dirt Collector. He is also co-owner of East of Chicago Pizza in Greenwich with his wife, Susie. Fishbaugh has been a member of Firelands Electric for 29 years and is an active member of ACRE Co-op Owners for Political Action®.

He is a newly elected trustee of New London Township and is vice president of the Ohio State Tractor Pullers Association. Fishbaugh has been a Huron County Fair Board director for 23 years, serving on committees responsible for multiple building projects. He is an active member of the Huron County Farm Bureau, National Rifle Association, Fraternal Order of Eagles #2869, and Sons of the American Legion #292.

Being a small-business owner has provided Fishbaugh with sizable experience in fiscal management and making logical business decisions. He looks forward to working with Firelands Electric's board of trustees to make sound business resolutions that will strengthen the cooperative. Fishbaugh believes increased costs to deliver reliable and affordable power to members is a major challenge facing the electric utility industry.



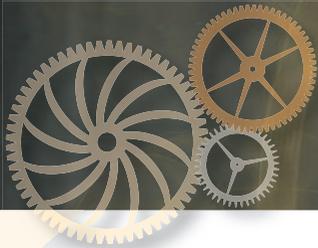
John Martin

JOHN MARTIN • 37 Park Avenue, New London

Martin served as a Village of New London councilman for 10 years prior to being appointed as mayor two years ago. Martin has been a Firelands Electric member for over 35 years. He believes his experience will provide him with insight in making sound business decisions that benefit the cooperative and its members.

He retired from CSX railroad after 37 years as a signal manager, foreman, and supervisor. Martin served in the U.S. Navy for six years, where he was responsible for maintaining communication, navigation, and propulsion systems. He is active in Rotary International and Eagles Aerie #2869 in New London. He looks forward to working with Firelands Electric's board of trustees to make sound business decisions to maintain the co-op's structure while holding down costs for members.

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 near future.



COMPARATIVE BALANCE SHEET

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

ASSETS

UTILITY PLANT

| | | |
|---|-------------------|-------------------|
| Electric plant in service | \$ 43,260,745 | \$ 42,531,133 |
| Construction work in progress | 1,956,533 | 1,454,865 |
| | <u>45,217,278</u> | <u>43,985,998</u> |
| Less: Accumulated provision for depreciation and amortization | (14,661,285) | (14,679,968) |
| Net Utility Plant | <u>30,555,993</u> | <u>29,306,030</u> |

NON-CURRENT ASSETS

| | | |
|---|----------------|----------------|
| Investments in associated organizations | 9,399,731 | 8,849,829 |
| Deferred charges | <u>584,878</u> | <u>709,371</u> |
| Total Non-Current Assets | 9,984,609 | 9,559,200 |

CURRENT ASSETS

| | | |
|---|------------------|------------------|
| Cash and cash equivalents | 1,491,582 | 1,120,355 |
| Accounts receivable, consumers and other, less allowance for doubtful accounts of \$204,424 (\$183,567 in 2016) | 1,671,247 | 1,673,157 |
| Materials and supplies | 218,607 | 243,423 |
| Accrued utility revenues | 459,641 | 403,931 |
| Other current and accrued assets | <u>38,130</u> | <u>37,239</u> |
| Total Current Assets | <u>3,879,207</u> | <u>3,478,105</u> |

Total Assets

\$ 44,419,809

\$ 42,343,335

EQUITIES & LIABILITIES

MEMBERS' EQUITIES

| | | |
|-------------------------|-------------------|-------------------|
| Memberships | \$ 31,842 | \$ 33,087 |
| Patronage capital | 20,651,237 | 20,147,020 |
| Other equities | <u>1,659,929</u> | <u>1,572,366</u> |
| Total Members' Equities | <u>22,343,008</u> | <u>21,752,473</u> |

NON-CURRENT LIABILITIES

| | | |
|----------------|-------------------|-------------------|
| Long-term debt | <u>18,797,066</u> | <u>17,426,009</u> |
|----------------|-------------------|-------------------|

CURRENT LIABILITIES

| | | |
|---------------------------------------|------------------|------------------|
| Current portion of long-term debt | 768,128 | 751,774 |
| Accounts payable | 1,120,290 | 1,097,204 |
| Consumer deposits | 278,615 | 264,756 |
| Accrued taxes | 727,369 | 671,893 |
| Other current and accrued liabilities | <u>385,333</u> | <u>379,226</u> |
| Total Current Liabilities | <u>3,279,735</u> | <u>3,164,853</u> |

Total Members' Equities & Liabilities

\$ 44,419,809

\$ 42,343,335

STATEMENTS OF REVENUE & EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

| | 2017 | 2016 |
|---|----------------------|----------------------|
| OPERATING REVENUE | \$ 18,676,689 | \$ 19,099,987 |
| OPERATING EXPENSES | | |
| Cost of power | 10,863,351 | 10,637,789 |
| Distribution expense - operations | 1,289,144 | 1,352,647 |
| Distribution expense - maintenance | 1,420,845 | 1,486,732 |
| Consumer accounts | 751,588 | 771,200 |
| Administrative and general | 1,202,377 | 1,157,072 |
| Depreciation and amortization | 1,430,267 | 1,390,767 |
| Taxes | 524,813 | 549,942 |
| Total Operating Expenses | <u>17,482,385</u> | <u>17,346,149</u> |
| Operating margins before fixed charges | 1,194,304 | 1,753,838 |
| Interest on long-term debt | <u>697,466</u> | <u>717,938</u> |
| Operating margins after fixed charges | 496,838 | 1,035,900 |
| Patronage capital assigned by associated organizations | <u>778,930</u> | <u>393,046</u> |
| Net Operating Margins | 1,275,768 | 1,428,946 |
| NON-OPERATING MARGINS | | |
| Interest income | 37,419 | 36,811 |
| Gain on sale of assets | - | 17,588 |
| Other income (expense) | <u>(15,231)</u> | <u>(11,294)</u> |
| Total Non-Operating Margins | <u>22,188</u> | <u>43,105</u> |
| Net Margins for Period | \$ 1,297,956 | \$ 1,472,051 |
| PATRONAGE CAPITAL & OTHER EQUITY | | |
| Net Margins | \$ 1,297,956 | \$ 1,472,051 |
| Beginning of Year | <u>20,147,020</u> | <u>19,713,504</u> |
| Subtotal | 21,444,976 | 21,185,555 |
| Retirement of Capital Credits and Other Contributions (Net) | <u>(793,739)</u> | <u>(1,038,535)</u> |
| Patronage Capital & Other Equities End of Year | \$ 20,651,237 | \$ 20,147,020 |

The accounts of your cooperative for the years ended December 31, 2017 and 2016 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.



FIRELANDS ELECTRIC COOPERATIVE, INC.

OUTAGE HOTLINE

1-800-533-8658

OFFICE

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

OFFICE HOURS

Mon. - Fri. 8 a.m. - 5 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

Steve Gray
District 3

Gene Lamoreaux
District 2

Kevin Reidy
District 6

Rob Turk
District 7

GENERAL MANAGER

Dan McNaull

Firelands
Electric

COOPERATIVE

Your Touchstone Energy® Partner



YOUTH PROGRAMS



Education helps shape the leaders of tomorrow. That's why Firelands Electric includes it as one of our seven core principles. At the beginning of 2017, the cooperative introduced a new program to encourage students in their pursuit of academic excellence. Students in grades 6-8 are invited to become part of "The A Team" and be recognized for their hard work and dedication to education.

ACADEMIC EXCELLENCE

Winners of April drawing receive iTunes gift cards



Jocelyn Speicher
New London Middle School
Daughter of Bill and Dalee Speicher



Emily McGovern
Hillsdale Middle School
Daughter of Kent and Sheri McGovern

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 Co-op, are eligible to apply. A copy of the report card must be submitted by mail to Firelands Electric Co-op, Attn: The A Team, P.O. Box 32, One Energy Place, New London, OH 44851. Report cards may also be e-mailed to members@firelandsec.com.

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

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



Marson Kimberlin
South Central Middle School
Son of Benny and Jennifer Kimberlin



COOPERATIVE UPDATE

BOARD MEETING *highlights*

Firelands Electric Cooperative's board of trustees met March 27 and covered the following items:

- Board President Dan Schloemer reported the cooperative received 35 membership applications for approval by the board.
- Amanda Pridemore from BHM CPA Group presented Firelands Electric's audit report for 2017 to the board. She reported it was a clean audit with no findings against the cooperative, and the audit report was accepted by the board.
- The board reviewed a safety and training report for a meeting held on Feb.22 and workplace observation conducted March 13.
- Director of Finance and Accounting Tabi Shepherd reviewed February financials and reported on accounting and billing department activities. She presented the board with a 10-year financial forecast for the cooperative and discussed how the projections are calculated.
- General Manager Dan McNaull discussed options for the 2018 capital credits retirements with the board. Dan Schloemer reviewed the cooperative's cash flow and its impact on capital credit retirements. The board will make its decision on 2018 capital credit retirements at the April board meeting.
- The board reviewed a letter from employee Kolleen Patton, which thanked the board and management for allowing her to attend the NRECA Annual Meeting in February.
- Dan McNaull reviewed the Ohio Electric Cooperative Semi-Annual Statistical Report with the board, which compares Firelands Electric's rates with those of investor-owned utilities and other electric cooperatives around the state.
- Management discussed its plans for the NASA Orion spacecraft project. The cooperative's plan is to raise some of its power lines, which is necessary in facilitating the transport of the NASA Orion spacecraft from Mansfield to NASA Plum Brook in Sandusky.
- The board reviewed reports prepared by Director of Electric Operations Don Englet on recent projects and crew activities in the operations department and Director of Member Services and Communications Andrea Gravenhorst on recent projects and activities involving the member services department.

The cooperative's next board meeting is scheduled for 7 p.m. on Thursday, June 21, at Firelands Electric's office, located at One Energy Place, New London.

T.E.A.M.

Congratulations to our T.E.A.M. SmartHub Contest winners!

The following members won a \$25 bill credit for enrolling in SmartHub:

- Mike Hockenberry
- Shelly Carolina
- Thomas Steward
- Rachel Wade

