



COOPERATIVE **POWER**

2019 ANNUAL REPORT



A Touchstone Energy® Cooperative 

2019 YEAR IN REVIEW

SAFETY, COMMUNITY COMMITMENT SHOW CO-OP STRENGTH IN 2019

It's been another successful year for Pioneer Electric and we are very thankful for the continued support of our membership.

In 2019, Pioneer was evaluated through the Rural Electric Safety Achievement Program (RESAP), a comprehensive system-wide inspection program to improve safety. Pioneer once again improved scores overall compared to previous inspections. The RESAP evaluation is a three-day process that reviews all areas of Pioneer's safety program, including work site inspections, facility inspections and one-on-one employee interviews.

The group that completed Pioneer's inspection referred to Pioneer as having an "elite" safety program.

That elite status helped earn Pioneer national recognition through the National Rural Electric Cooperatives Association (NRECA). NRECA selected Pioneer to be part of their Commitment to Zero Contacts video, highlighting the cooperative's initiatives that keep safety at the forefront.

Additionally, our employees continue to shine in their philanthropic efforts each year. In May 2019, following the Memorial Day tornados, Pioneer employees and members donated items to help the victims. Pioneer's employee fundraising group, Powering Possibilities, also collected donations, including quilts, clothing, personal hygiene items, and more for veterans at the Dayton VA Hospital. Along with the supply donations, Pioneer

employees also held various internal fundraising efforts throughout 2019 to financially support the Semper Fi/America's Fund, a fund dedicated to providing urgently needed resources and support for combat wounded, critically ill, and catastrophically injured members of the U.S. Armed Forces and their families.

In addition to fundraising efforts to support the community, Pioneer lineman provided mutual aid to Dayton Power & Light and employees participated in safety demonstrations, energy bike presentations, career days, and other events throughout the year.

In 2019, we continued our focus on preventive maintenance by beginning our five-year process to replace out-date meters and we began construction of Haas Substation in Miami County, which will improve reliability for members in that area.

The response from our lineman throughout the year, but especially during a few major outages, was commendable.

As your electric utility provider, every day we strive to be your go-to source for information and service, from efficiency to safety and reliability, our focus throughout 2019 never deterred from you. As we enter 2020, we continue to strive toward enhancements in reliability, efficiency, community, and safety. We look forward to another successful year partnering with you.



16,844

MEMBERS

2,728

MILES OF LINE

6.2

MEMBERS PER MILE

BOARD OF TRUSTEES

The Board of Trustees, elected by the membership, oversees the President/CEO, sets company policy and monitors finances of the cooperative. They represent fellow members and participate in cooperative training and conference opportunities.



Ron Clark
CHAIR



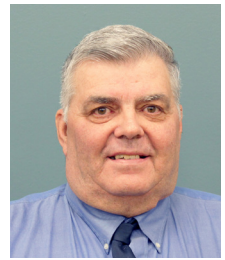
Colleen Eidemiller
FIRST VICE CHAIR



Mark Bailey
SECOND VICE CHAIR



Terrence Householder
SECRETARY



Ron Bair
TREASURER



John Goettemoeller
TRUSTEE



Roger Bertke
TRUSTEE



Ted Black
TRUSTEE



Duane Engel
TRUSTEE

11

COUNTIES SERVED

56

EMPLOYEES

24/7

SERVICE HOURS



SAFETY & OPERATIONS

Safety is at the heart of everything we do. It's our focus and our top priority year in, year out, and every single day.



SAFETY INSPECTIONS

Supervisors completed **158** crew observations
19 were after-hours

RESAP EVALUATION

17/17 categories scored satisfactory performance or higher



“THAT’S AMONG THE ELITE WHEN IT COMES TO A RESAP SCORE.”

DWIGHT MILLER
Ohio's Electric Cooperatives Director of Safety Control and Loss Prevention

MUTUAL AID

Assisted Dayton Power & Light
4 different times including after the Dayton tornados

AVERAGE OUTAGE

TIME PER MEMBER: **104 MINUTES***



Median Outage Time Per Member For All Midwestern Cooperatives: **159 Minutes***

*excludes major events.

TOP TWO MAJOR OUTAGE EVENTS

1. January 19-20, 2019 - Ice/Snow Storm
2. December 31, 2019 - Ice/Wind Storm



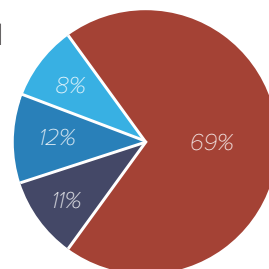
SAFETY MANUAL UPDATE

Reviewed and revised Ohio's Electric Cooperative's safety manual

BROKEN POLE REPLACEMENTS

75 broken poles were replaced

- Accident (52)
- Tree (8)
- Storm (9)
- Other (6)





PREVENTIVE MAINTENANCE



LINE REBUILD

Champaign: **12.6 miles**, Miami: **1.5 miles**,
Shelby: **1.4 miles**; installed **1 mile** of underground
in Fox Harbor subdivision in Miami County



POLE TESTING

Poles Tested: **5,699** | Failed: **182**
Replaced: **181**



TREE TRIMMING

Miles Trimmed: **402**
Ash Trees Removed: **12,000+** since 2013



WILDLIFE COVER UP

Cover up added to **Mingo** and **Newport**
substations in Champaign and Shelby counties

OTHER MAINTENANCE/UPGRADES

METER EXCHANGE

2,484 meters replaced in 2019 as part of a 5 year
change-out program

SUBSTATION CONSTRUCTION

Construction began on **Haas Substation** in Miami
County to enhance reliability

Maintenance work was completed on Northwest Urbana, Eagle and Givens substations in Champaign County; East Casstown substation in Miami County; and State Route 66 and Newport substations in Shelby County.



ENGAGING WITH OUR MEMBERSHIP

We strive to be your source of information. Whether it's electric efficiency, safety, or reliability information you're looking for, we're here when you need us.



ARBOR DAY

Planted a tree at Springcreek Elementary in Piqua



29,184

Phone calls answered



SCHOLARSHIPS

Ten children of members were awarded \$8,000 in scholarships

COMMUNITY/SCHOOL EVENTS

11

Tabletop safety demonstrations

4

Energy bike presentations

2

Career days

1

Pony Wagon Days Parade

SOCIAL MEDIA ENGAGEMENT



3,163

Facebook followers



1,604

Twitter followers



91,951

website visits





MAKING A DIFFERENCE IN THE COMMUNITIES WE SERVE

From employee-driven fundraising efforts to rebates and incentives, Pioneer is making an impact on our members and the communities in which we serve and live.



EMPLOYEE-FUNDED DONATIONS

\$1,000 to the Semper Fi/America's Fund to support veterans and their families, collected donations for the Dayton VA and victims of the Dayton tornados



SPONSORSHIPS

Supported **31** local events, organizations or causes



REBATES

131 residential members received a total of **\$73,200** in rebates

*Cost is shared with Buckeye Power



CAPITAL CREDITS

\$2,339,914.90 returned to members



ECONOMIC DEVELOPMENT

\$10,500 contributed to economic development projects in Champaign, Miami, and Shelby counties

Balance Sheet *as of December 31, 2019*

ASSETS

Electric Plant

In service — at cost	\$117,118,002
Construction work in progress	2,033,094
Subtotal	<u>\$119,151,096</u>

Less accumulated provision for depreciation and amortization	<u>37,445,995</u>
Net electric plant	<u>\$81,705,101</u>

Other Assets & Investments

Investments in associated organizations	<u>\$38,238,404</u>
Total other assets and investments	<u>\$38,238,404</u>

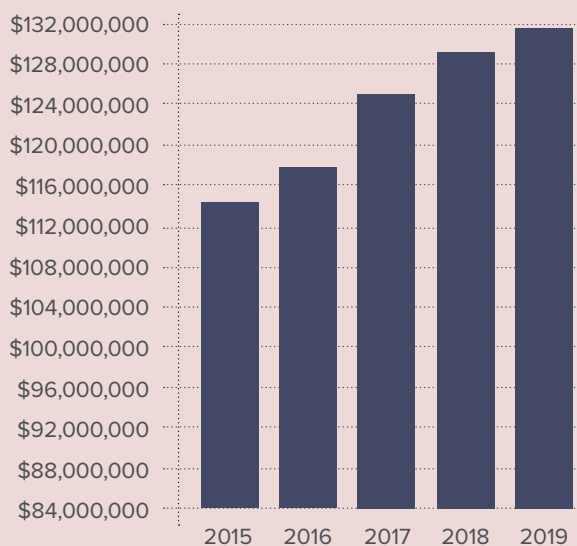
Current Assets

Cash and cash equivalents	\$3,367,097
Accounts receivable <i>(less accumulated provision for uncollectible accounts of \$70,171)</i>	4,899,059
Materials and supplies	649,424
Prepayments — Buckeye Power, Inc.	232,945
Other current assets	<u>1,437,585</u>
Total current assets	<u>\$10,586,110</u>

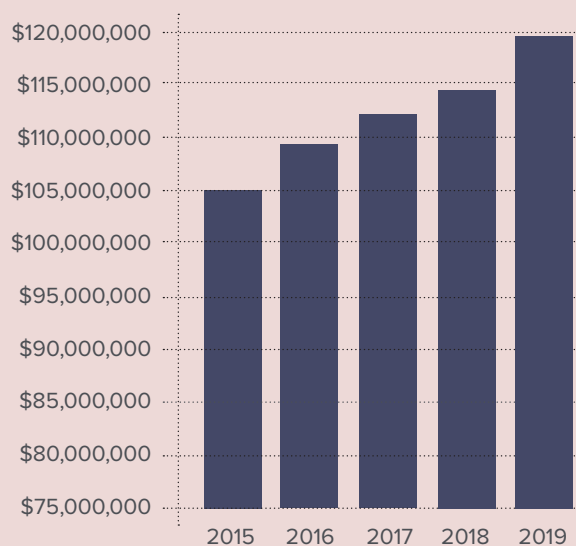
Deferred Debits	<u>\$933,181</u>
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Total Assets	<u>\$131,462,796</u>
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TOTAL ASSETS



ELECTRIC PLANT



Balance Sheet *as of December 31, 2019*

EQUITIES AND LIABILITIES

Equities

Patronage capital	\$73,018,188
Other equities	2,696,665
Accumulated other comprehensive income	<u>155,900</u>
Total equities	\$75,870,753

Long-term Debt

CFC mortgage notes less current maturities	<u>\$45,108,960</u>
Total long-term debt	<u>\$45,108,960</u>

Other Noncurrent Liabilities

Accumulated provision for pensions and benefits less current maturities	\$1,248,844
Obligations under capital leases less current maturities	<u>10,205</u>
Total other noncurrent liabilities	<u>\$1,259,049</u>

Current Liabilities

Current maturities of long-term debt	\$1,698,115
Current maturities of obligations under capital leases	79,552
Accounts payable — purchased power	3,758,950
Accounts payable — other	638,454
Consumer deposits	260,215
Accrued taxes	1,928,134
Current maturities of accumulated provision for pensions and benefits	108,484
Other current liabilities	<u>682,940</u>
Total current liabilities	<u>\$9,154,844</u>

Deferred Credits

\$69,190

Total Equities and Liabilities

\$131,462,796

Statement of Revenue & Patronage Capital *for the year ended December 31, 2019*

Operating Revenues \$67,990,028

Operating Expenses

Cost of power	\$45,816,368
Distribution — operation	5,532,084
Distribution — maintenance	2,577,441
Consumer records and collection expense	891,602
Administrative and general expense	2,271,572
Sales expense	719,653
Depreciation and amortization	3,857,330
Taxes	1,643,212
Other income deductions	7,637
Interest on long-term debt	2,048,002
Other interest expense	<u>22,932</u>
Total operating expenses	<u>\$65,387,833</u>

Operating margins before capital credits	\$2,602,195
Buckeye capital credits	2,186,014
Other capital credits	<u>193,911</u>
Net operating margins	<u>\$4,982,120</u>

Nonoperating Margins

Interest and dividend income	\$126,426
Other nonoperating income	6,493
Total nonoperating margins	<u>\$132,919</u>

Net Margins \$5,115,039

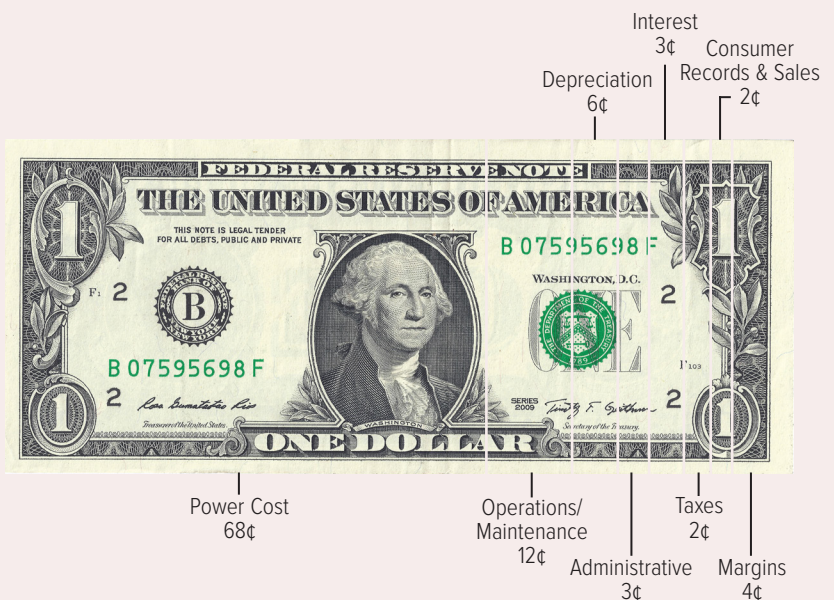
Patronage Capital — *beginning of year* \$70,482,284

Retirement of capital credits — general (2,238,142)

Retirement of capital credits — estate (340,993)

Patronage Capital — *end of year* **\$73,018,188**

Where does each dollar of your electric bill go?



Statement of Cash Flow *for the year ended December 31, 2019*

Cash Flows from Operating Activities

Cash received from consumers	\$67,397,696
Interest and dividend income	126,426
Capital credits	<u>1,558,892</u>
Cash provided by operating activities	\$69,083,014
Cash paid to suppliers and employees	\$57,657,658
Interest and taxes paid	<u>4,093,834</u>
Cash disbursed for operating activities	<u>\$61,751,492</u>
Net cash from operating activities	<u>\$7,331,522</u>

Cash Flows from Investing Activities

Construction and acquisition of plant	\$(5,602,068)
Proceeds from disposal of plant	(1,464,873)
Investment in associated organizations	14,799
Other nonoperating income	<u>6,492</u>
Net cash used by investing activities	<u>\$(7,045,650)</u>

Cash Flows from Financing Activities

Increase in consumer deposits	\$1,497
Proceeds from long-term debt	1,000,000
Payments on long-term debt	(1,762,408)
Proceeds from short-term debt	2,000,000
Patronage capital credits retired	<u>(2,579,134)</u>
Net cash used by financing activities	<u>\$(1,340,045)</u>

Net Decrease in Cash

\$(1,054,173)

Cash — *beginning of year*

4,421,270

Cash — *end of year*

\$3,367,097

Reconciliation of Net Margins to Net Cash Provided by Operating Activities

Net Margins	\$5,115,039
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Adjustments to Reconcile Net Margins to Net Cash Provided by Operating Activities

Depreciation	\$3,857,330
Buckeye Power Inc. and other capital credits (noncash)	(821,032)
Provision for uncollectible accounts receivable	10,023
(Increase) decrease in:	
Customer and other accounts receivable	556,443
Current and accrued assets — other	128,904
Deferred debits	(373,496)
Increase (decrease) in:	
Accounts payable	(265,706)
Accrued taxes	53,717
Current and accrued liabilities — other	29,944
Deferred credits	(796,162)
Other nonoperating (income) loss	(6,492)
Accumulated provision for pensions and benefits	(155,337)
Obligations under capital lease	(181,928)
Retired capital credits — gain	<u>180,275</u>
Total adjustments	<u>\$2,216,483</u>

Net Cash Provided by Operating Activities

\$7,331,522

