



2020 ANNUAL REPORT

PIONEER RURAL ELECTRIC COOPERATIVE, INC.

Focused on what counts.



ABOUT US

Pioneer Rural Electric Cooperative, Inc., is a not-for-profit, consumer-owned electric distribution utility headquartered in Piqua, Ohio. We also have a district facility in Urbana, Ohio, providing quicker response times during outage situations and continued operations in case of a disaster.

The cooperative serves more than 16,900 residential, commercial, and large industrial members throughout rural Miami, Champaign, and Shelby counties, as well as portions of the eight surrounding counties — Mercer, Auglaize, Logan, Union, Madison, Clark, Montgomery, and Darke.

16,921 consumer-members

2,739 miles of line

6.2 members per mile

11 counties served

56 employees



DESPITE AN UNUSUAL YEAR, PIONEER FOCUSED ON WHAT COUNTS — **SAFETY AND YOU.**

In 2020, Pioneer Electric Cooperative celebrated its 85th year as a cooperative. Throughout the years, our mission has always been to provide safe, high-quality, reliable, and responsive electric service to our consumer-members.

While 2020 proved to be a year of uncertainty and provided hurdles no one could have expected, Pioneer was able to remain efficient and effective while keeping safety and service to our membership at the forefront. Reliable electric service was vital in 2020 with more people working and learning from home.

Pioneer employees proved that they could adapt to change. They took new approaches to everyday tasks while remaining dedicated to Pioneer's membership. Some employees reported to a different office, or in some cases, from home, for an eight-week period, to be sure we had unaffected employees available to restore power, answer phones, etc. in the event of a COVID-19 outbreak. Overall, workload remained steady and employees remained productive. Pioneer's information technology team also capitalized on the opportunity to set up and test remote work capabilities, including answering calls from home, which could be utilized and beneficial in the future.

Among Pioneer's biggest accomplishments was the completion of Haas Substation, a new 138 kV substation that will improve reliability to 729 members in southern Miami County. The co-op also provided mutual aid following severe storms to Dayton Power & Light in January; Carroll Electric Cooperative in Carrollton, Ohio, in June;

and EnergyUnited in Statesville, North Carolina, in October of 2020.

Pioneer's five-year meter exchange project, which is part of our preventive maintenance efforts, continued to progress on schedule. The cooperative continued to complete annual infrared inspections of Pioneer's power distribution system to detect loose or failing connections prior to outages, further enhancing reliability. Pioneer deployed text messaging services and now offers text notification of peak alerts for those members participating in the load management program. The cooperative plans to begin outage texting in 2021.

Pioneer received its highest member satisfaction score ever by scoring a 90 on the American Consumer Satisfaction Index. We were happy to return a bonus capital credits retirement to our consumer-members this year as pandemic relief during the temporary shutdown. Pioneer also secured a 20-year franchise renewal agreement with both the Village of Anna and the City of Troy in 2020.

And finally, Pioneer's employee fundraising initiative, Powering Possibilities, made possible through employee contributions and fundraising efforts throughout the year, was again successful. Employees donated \$1,900 to Project Ohio and \$2,000 to six food banks throughout our service territory and adopted a family for Christmas — a tradition Pioneer has held for nearly 30 years.

We look forward to continued success and providing safe, high-quality, dependable service to our membership throughout 2021 and well into the future.

RELIABLE SERVICE

HAAS SUBSTATION

Pioneer completed its new 138 kV substation in lower Miami County in late June. Haas Substation, named after former Pioneer President and CEO Doug Haas, will increase reliability to members in that area.

"I am sure this substation will serve Pioneer well in the future, and I am most appreciative of the honor Pioneer has shown me in naming it in my behalf."

Doug Haas, former President & CEO

IMPROVED RELIABILITY TO
729 MEMBERS



BACKFEEDING CAPABILITY TO
617 MEMBERS

Pioneer didn't lose focus with its preventive maintenance efforts and line replacement projects. After all, keeping the lights on was critical in 2020 with more people working, learning, and staying at home.

AVERAGE OUTAGE
MINUTES PER
MEMBER

Compared to
104 in 2019

91



METERS
REPLACED

2,167

MILES OF TREES
TRIMMED

453

*25.7% of total



UTILITY POLES

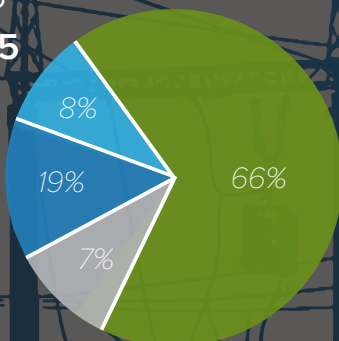
Poles tested: **5,695**

Failed: **201**

Replaced: **172**

Broken poles: **73**

- Accident (43)
- Tree (5)
- Storm (14)
- Other (6)



LINE REBUILDS

Miami County

1 mile; installed underground in Fox Harbor and Reserve of Washington subdivision in Miami County

Shelby County

15.6 miles of line



SAFETY & COOPERATION

CREW OBSERVATIONS

Supervisors completed 123 crew observations to ensure work was being done safely. In-house crew observations were implemented in 2018 to enhance Pioneer's safety program.

MUTUAL AID

As an electric cooperative, we believe what goes around comes around. So when an electric utility needs help getting their consumers' power restored, we do what we can to help. In 2020, Pioneer assisted Dayton Power & Light in January, Carroll Electric Cooperative in Ohio in June, and EnergyUnited in North Carolina in October.

7

LINEMEN

3

UTILITIES

301

HOURS
WORKED

Pioneer's Leader Lineman John Holcomb participated in a 15-day humanitarian trip, Project Ohio, to provide power to a village in Guatemala. The crews were able to complete the work; however, the trip was shortened due to COVID-19.



"We have a great group of safety professionals at Pioneer, and, more importantly, all of our employees take ownership in safety. In 2020, we implemented new operating procedures, technology, sanitation procedures, and social distancing requirements quickly and effectively. During this time, we also finalized an extensive update to our safety manual."

– Nick Berger, Director of Operations and Safety

SLOW

SERVING THE COMMUNITY

SCHOLARSHIPS

10 children of members were awarded **\$8,000** in scholarships.

ECONOMIC DEVELOPMENT

Contributed **\$10,500** to economic development projects in Champaign, Miami, and Shelby counties.

REBATES & INCENTIVES

117 residential rebates were awarded to members for a total of **\$61,400** in rebates.*

*Cost is shared with Buckeye Power

EMPLOYEE FUNDRAISING

Pioneer's employee fundraising initiative donated **\$4,631**, collectively, to Project Ohio and six local food pantries and to provide Christmas for a local family as part of our ongoing Kids for Christmas program.

90 AMERICAN CONSUMER SATISFACTION INDEX

Pioneer received its highest member satisfaction score ever in 2020.

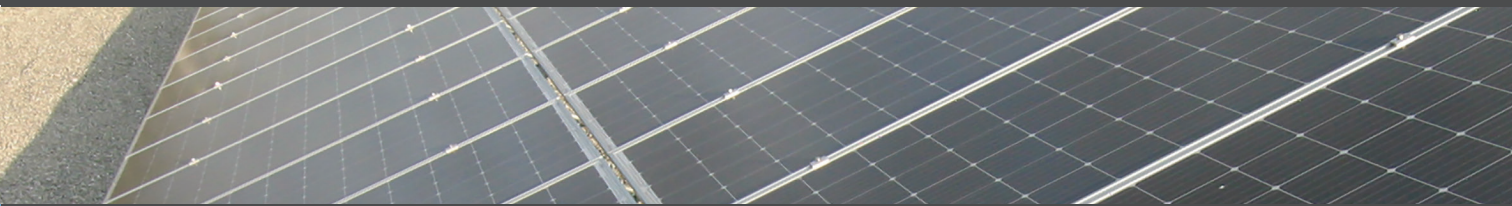
CAPITAL CREDITS

\$3,547,807 was returned to current and former members in 2020; this included a bonus capital credits return for pandemic relief.

FRANCHISE AGREEMENTS

Pioneer secured a 20-year franchise renewal agreement with both the Village of Anna and the City of Troy in 2020. A franchise agreement is a negotiated contract between a municipality and an electric service provider that grants the utility the right to serve customers in the city's limits.

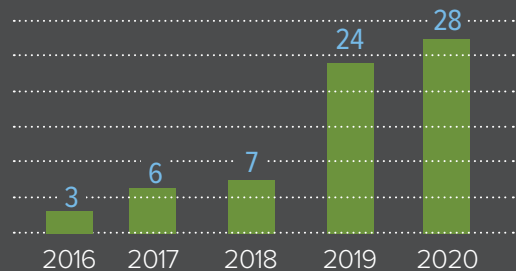




SOLAR BOOM

In the past two years, Pioneer had more than three times the number of members install solar than in 2017 and 2018. In 2020, the cooperative had an all-time high of 28 installations in our service territory, reminding us of how important it is for members to contact Pioneer prior to signing a solar contract.

Pioneer members installing solar panels



AND THE COOPERATIVE

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 to best serve the membership.



Terrence Householder
CHAIR



Colleen Eidemiller
FIRST VICE CHAIR



Roger Bertke
SECOND VICE CHAIR



John Goettemoeller
SECRETARY



Mark Bailey
TREASURER



Ted Black
TRUSTEE



Duane Engel
TRUSTEE



John Vulgamore
TRUSTEE



Wade Wilhelm
TRUSTEE

Balance Sheet *as of December 31, 2020*

ASSETS

Electric Plant

In service — at cost	\$121,488,533
Construction work in progress	589,139
Subtotal	<u>\$122,077,672</u>

Less accumulated provision for depreciation and amortization	39,787,936
Net electric plant	<u>\$82,289,736</u>

Other Assets & Investments

Investments in associated organizations	\$38,439,099
Total other assets and investments	<u>\$38,439,099</u>

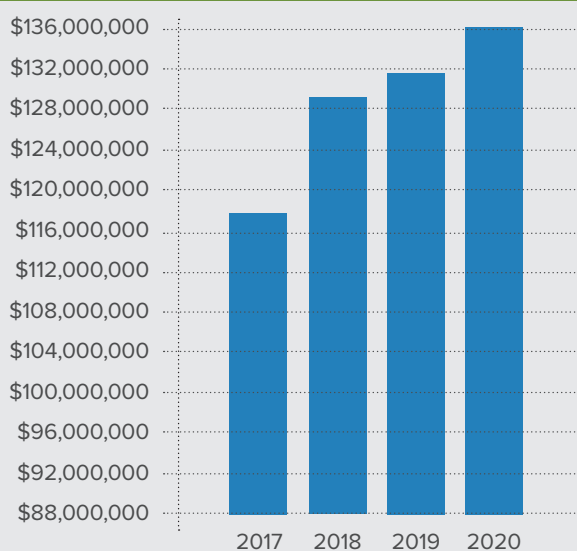
Current Assets

Cash and cash equivalents	\$6,670,642
Accounts receivable <i>(less accumulated provision for uncollectible accounts of \$61,212)</i>	5,406,620
Materials and supplies	603,174
Prepayments — Buckeye Power, Inc.	726,873
Other current assets	<u>1,584,144</u>
Total current assets	<u>\$14,991,453</u>

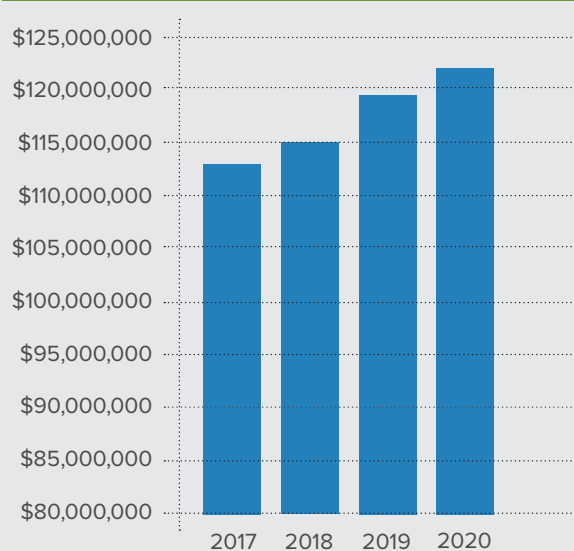
Deferred Debits	<u>\$319,230</u>
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Total Assets	<u>\$136,039,518</u>
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TOTAL ASSETS



ELECTRIC PLANT



Balance Sheet *as of December 31, 2020*

EQUITIES AND LIABILITIES

Equities

Patronage capital	\$75,257,764
Other equities	2,839,160
Accumulated other comprehensive income	<u>117,000</u>
Total equities	\$78,213,924

Long-term Debt

CFC mortgage notes less current maturities	<u>\$47,217,707</u>
Total long-term debt	<u>\$47,217,707</u>

Other Noncurrent Liabilities

Accumulated provision for pensions and benefits less current maturities	<u>\$999,120</u>
Total other noncurrent liabilities	<u>\$999,120</u>

Current Liabilities

Current maturities of long-term debt	\$1,866,675
Current maturities of obligations under capital leases	10,205
Accounts payable — purchased power	3,937,074
Accounts payable — other	741,191
Consumer deposits	255,641
Accrued taxes	1,984,696
Current maturities of accumulated provision for pensions and benefits	87,550
Other current liabilities	<u>698,188</u>
Total current liabilities	<u>\$9,581,220</u>

Deferred Credits

\$27,547

Total Equities and Liabilities

\$136,039,518

Statement of Revenue & Patronage Capital *for the year ended December 31, 2020*

Operating Revenues \$66,900,797

Operating Expenses

Cost of power	\$44,607,373
Distribution — operation	5,234,072
Distribution — maintenance	2,450,651
Consumer records and collection expense	888,405
Administrative and general expense	2,242,860
Sales expense	707,859
Depreciation and amortization	3,932,533
Taxes	1,604,558
Other income deductions	6,766
Interest on long-term debt	2,030,547
Other interest expense	<u>16,965</u>
Total operating expenses	<u>\$63,722,589</u>

Operating margins before capital credits	\$3,178,208
Buckeye capital credits	2,312,533
Other capital credits	<u>183,250</u>
Net operating margins	<u>\$5,673,991</u>

Nonoperating Margins

Interest and dividend income	\$107,288
Other nonoperating income	6,104
Total nonoperating margins	<u>\$113,392</u>

Net Margins \$5,787,383

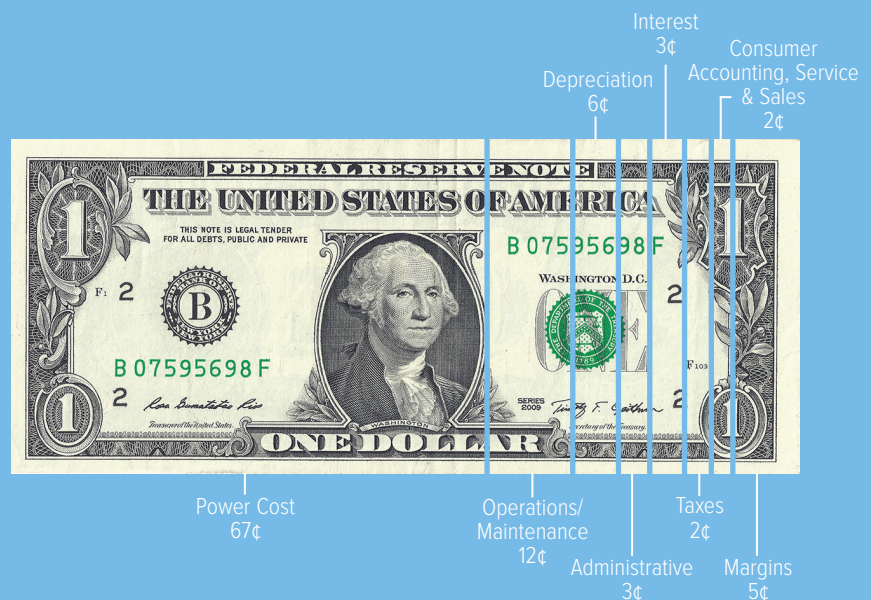
Patronage Capital — *beginning of year* \$73,018,188

Retirement of capital credits — general (3,273,834)

Retirement of capital credits — estate (273,973)

Patronage Capital — *end of year* **\$75,257,764**

Where does each dollar of your electric bill go?



Statement of Cash Flow *for the year ended December 31, 2020*

Cash Flows from Operating Activities

Cash received from consumers	\$66,718,284
Interest and dividend income	107,288
Capital credits	<u>2,250,327</u>
Cash provided by operating activities	\$69,075,899
Cash paid to suppliers and employees	\$55,994,054
Interest and taxes paid	<u>4,036,922</u>
Cash disbursed for operating activities	<u>\$60,030,976</u>
Net cash from operating activities	<u>\$9,044,923</u>

Cash Flows from Investing Activities

Construction and acquisition of plant	\$(3,137,906)
Proceeds from disposal of plant	(1,379,262)
Investment in associated organizations	44,761
Other nonoperating income	<u>6,103</u>
Net cash used by investing activities	<u>\$(4,466,304)</u>

Cash Flows from Financing Activities

Decrease in consumer deposits	\$(4,575)
Proceeds from long-term debt	2,000,000
Payments on long-term debt	(1,722,692)
Proceeds from short-term debt	2,000,000
Patronage capital credits retired	<u>(3,547,807)</u>
Net cash used by financing activities	<u>\$(1,275,074)</u>

Net Increase in Cash

\$3,303,545

Cash — *beginning of year*

3,367,097

Cash — *end of year*

\$6,670,642

Reconciliation of Net Margins to Net Cash Provided by Operating Activities

Net Margins	\$5,787,383
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Adjustments to Reconcile Net Margins to Net Cash Provided by Operating Activities

Depreciation	\$3,932,533
Buckeye Power Inc. and other capital credits (noncash)	(245,456)
Provision for uncollectible accounts receivable	(8,960)
(Increase) decrease in:	
Customer and other accounts receivable	(498,601)
Current and accrued assets — other	(594,237)
Deferred debits	613,951
Increase (decrease) in:	
Accounts payable	280,861
Accrued taxes	56,562
Current and accrued liabilities — other	15,248
Deferred credits	(41,643)
Other nonoperating (income) loss	(6,104)
Accumulated provision for pensions and benefits	(309,557)
Obligations under capital lease	(79,552)
Donated Capital	(3)
Retired capital credits — gain	<u>142,498</u>
Total adjustments	<u>\$3,257,540</u>

Net Cash Provided by Operating Activities

\$9,044,923



A Touchstone Energy® Cooperative 

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