



MESSAGE FROM THE PRESIDENT

CAPITAL CREDITS MAKE CO-OPS DISTINCTIVELY DIFFERENT



Dan Schloemer, President
BOARD OF TRUSTEES

While Firelands Electric Cooperative members love receiving capital credits refunds, they don't necessarily like the fact that the credits cannot be immediately returned to them. Despite this love/hate relationship, capital credits represent one of the most significant differences between electric cooperatives and other types of utilities.

Large for-profit utilities get a portion of their operating capital from the sale of stock to shareholders. When there are operating profits,

shareholders are rewarded with dividends. As a not-for-profit entity, Firelands Electric Cooperative does not set out to generate profits to pay dividends to shareholders. We do, however, still need operating capital and to meet the requirements of our lenders. Without this, Firelands would not be able to build and maintain our distribution system, or even borrow the money necessary to do so.

Unlike the for-profit companies, when cooperatives such as Firelands Electric have money left over after covering all of their obligations, it is allocated back to its member-owners as capital credits. It is not paid to shareholders. Capital credits are not issued as cash, but rather as a member's equity — or "share" — in the cooperative. They are based on a member's specific electric use during the fiscal year. Reinvested into the co-op, this equity is used to maintain and improve the electrical distribution system, make repairs, and cover any other necessary costs associated with providing members safe, reliable power.

As a member-owner of Firelands Electric, you invest in the cooperative every time you pay your bill. And by reinvesting capital credits into the cooperative, Firelands is able to uphold its promise to provide dependable power with superior service.

Every year, members receive an allocation notice, letting them know how much was added to their capital credits for the previous year, as well as their total capital credits balance. When the cooperative's financial position permits, capital credits are retired, or refunded. Unlike for-profit utilities, Firelands pays these credits back to you, our members — not to shareholders. In fact, since 1948, Firelands Electric has refunded nearly \$20 million in capital credits to current and former co-op members.

This year, Firelands Electric Cooperative is retiring \$1,000,000 in capital credits to its present and past membership. Those who received electric power from the co-op during portions of 2001, 2002, and 2003 will be eligible for a refund. Retired capital credits will be applied to the August bills of current members, while former members will receive a check.

For additional information about capital credits, check out the Q&A on the next page, visit www.firelandsec.com/capital-credits, or contact the Firelands Electric Cooperative office at 1-800-533-8658.





CAPITAL CREDITS Q&A

What's the difference between allocated and retired capital credits?

An allocation is made annually for every member based upon Firelands' margins for the year and the amount of electricity the member purchased. This amount is set aside to be used as operating capital for maintaining the co-op's distribution system. Co-op members receive an allocation notice every year, which is simply a report showing their capital credits balances for the current and previous years.

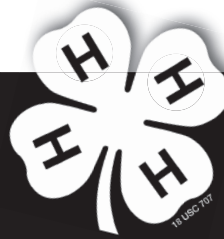
A retirement is a portion of a member's capital credits balance that is being refunded. The amount retired is decided annually by the board of trustees based on the financial health of the cooperative. Similar to investment dividends, retirements are paid to the members of the co-op rather than to stockholders, as done by investor-owned utilities.

Will I receive a refund every year?

Like any investment, receiving a payout takes time. The board of trustees authorizes retirements based on the financial condition of the co-op. When a retirement takes place, specific years are selected, and those who were Firelands Electric members during those years are eligible to receive a refund. Typically, those members with the longest-standing investments in the co-op receive a refund first. Currently, those receiving refunds have been co-op members for about 20 years.

What happens to my capital credits if I move out of the co-op's service area?

Your capital credits balance remains on the books in your name until the credits are retired. Refund payments are made to both current and former co-op members, so you should be sure to always provide us with your current mailing address. If a member passes away, the legal representative of the member's estate should contact the co-op for assistance.

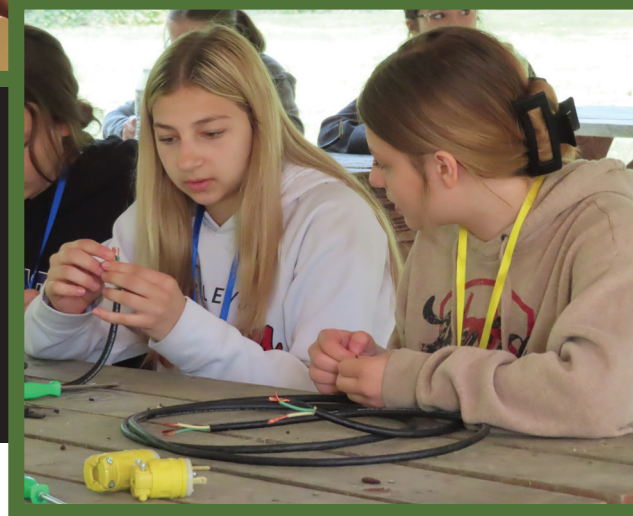


CAMP CONGER

In June, Firelands Electric's Andrea Gravenhorst, Bob Stokes, James Miller, Tracy Gibb, and summer intern Reed Warnement spent two mornings at Huron County's 4-H Camp Conger. The group helped a dozen campers make heavy-duty extension cords and an additional 37 campers complete small table lamp projects.

For more than 30 years, the cooperative and the camp have partnered to give students an opportunity to build electricity projects. Firelands has also provided the electric power at the camp for more than 50 years.

To view additional photos, visit the 2023 4-H Camp Conger album on our Flickr page at www.flickr.com/photos/firelandsec/albums.



CO-OP NEWS

REPAIR AND RESTORATION

Co-op crews able to expedite June 15 storm recovery

Just one year and two days after the 2022 derecho storm that significantly impacted the southern portion of Firelands Electric's service territory, cooperative members were hit by high winds and several confirmed tornados on the evening of Thursday, June 15.

The storm rolled through portions of all four counties that Firelands Electric serves, with the majority of damage occurring in central Huron County. At the outset, more than 5,000 members were without electricity due to downed trees and power lines and broken poles. Although line crews were able to backfeed some members shortly following the storm, the extensive damage to Firelands' distribution system and the transmission lines of First Energy/Ohio Edison left 3,400 co-op members without power until Saturday evening.

Eleven Firelands crew members, along with 18 additional linemen from our neighboring cooperatives North Central Electric and Lorain-Medina Rural Electric, worked around the clock over the next 46 hours, putting in a total of 855 man-hours. The most daunting of the repairs was the replacement of 30 broken poles, many of which had been taken down by tornados with winds reaching up to 115 mph.

In addition to the damage on Firelands' distribution system, the June power outage was also greatly impacted by several broken 110-foot transmission poles owned by First Energy/Ohio Edison. While Firelands and the other electric cooperatives throughout Ohio generate their own power at the Cardinal Power Plant along the Ohio River, they do not own transmission lines. We rely on larger utilities, like First Energy/Ohio Edison and AEP, to send electricity to the co-op's substations, where it is then distributed through Firelands' equipment

to our members. The transmission poles that were broken normally bring power into three of Firelands' substations, so a large number of members were affected when they were damaged.

The cooperative would like to express our sincere thanks to all of our members for their patience during the restoration process following this storm. A special shoutout to Exclusively Yours Catering; the New London Alumni; the group of community members including Stephanie Rogers, Robin Burkhart, Kelly Yates, and Jennifer Rym; and the many other individuals who made sure that our crews had meals, drinks, and snacks throughout a long couple of days. We can't thank our members enough for making sure they were well taken care of!

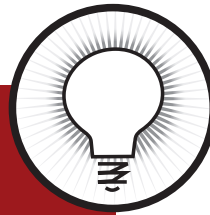
To view additional photos of damage from June's storm, visit www.flickr.com/photos/firelandsec/albums.





ANNUAL MEETING

FOCUSED ON *reliability*



Co-op holds 85th annual meeting of members

More than 350 members and guests attended Firelands Electric Cooperative's annual meeting on Saturday, June 24, at the Ashland University Myers Convocation Center.

During his annual update, District 1 Trustee and Board President Dan Schloemer reported that kilowatt-hour (kWh) sales remained flat in 2022. He also stated that, like it affected our members, inflation had an impact on the cooperative, increasing operating expenses by more than 10%. Despite this, Schloemer announced, margins were still strong in 2022, allowing the board to approve the return of \$1 million in capital credits to current and former members in August 2023.

Schloemer also highlighted the cooperative's Operation Roundup program, which awarded more than \$40,000 to 12 community organizations in four counties last year. Operation Roundup receives its funding from Firelands Electric members who volunteer to have their bills "rounded up" to the next whole dollar each month. Since it was established in 1995, the program has contributed more than \$1.3 million in grants to benefit volunteer fire

departments, medical facilities, food pantries, individuals with special circumstances, and many others in the communities that Firelands serves.

Ohio's Electric Cooperatives Vice President of Power Generation Tom Alban presented on behalf of Firelands Electric's power supplier, Buckeye Power. Buckeye generates electricity from a variety of resources, including the coal-fired Cardinal Power Plant, as well as natural gas, solar, hydro, and methane gas.

Alban provided information on some troubling regulatory initiatives that are being undertaken by the U.S. Environmental Protection Agency (EPA). Starting in 2030, proposed rules would generally require more significant CO2 emissions controls at fossil fuel-fired power plants that plan to operate past 2031. The rule would further strain America's electric grid and undermine the co-op's ability to keep the lights on at a cost that communities can afford. The EPA's new regulatory actions appear to be motivated by a desire to accelerate the retirement of coal-fired power plants by the mid- to late-2030s and are part of the regulatory strategy of President Biden's administration to achieve net zero emissions by no later than 2050.

"In 2009, Ohio had 21 coal-fired power plants in operation, providing much-needed baseload capacity to the grid," Alban stated. "Today, only four such plants remain in production. A similar trend can be seen across much of the country. This EPA proposal threatens to accelerate the premature retirement of power plants like Buckeye's Cardinal Power Plant, while offering no viable replacement to ensure grid reliability."

Alban emphasized that replacing the energy output of just one of Buckeye Power's 600-megawatt (MW) units at Cardinal would take more than 1,500 MW of solar power — requiring at least 6,000 acres of land and an investment of at least \$1.5 billion.

2023 ELECTION RESULTS

DISTRICT 1:

Dan Schloemer - 313 votes

DISTRICT 3:

Tom Lucha - 301 votes

DISTRICT 6:

Kevin Reidy - 206 votes

Samuel Ahrens - 180 votes

General Manager Dan McNaull spoke to members about recent outages following confirmed tornados in the cooperative's service territory on June 15. These storms affected a significant portion of the cooperative's membership in Huron County, as well as parts of Ashland and Richland counties. Firelands' crews, along with mutual aid provided by Lorain-Medina Rural Electric Cooperative and North Central Electric Cooperative, completed extensive repairs in less than 48 hours.

McNaull emphasized to the crowd that Firelands Electric is actively building a strong legacy for a powerful tomorrow. He went on to explain that the cooperative has a long-range construction plan through the year 2045

that is aimed at strengthening the cooperative's local distribution system, address increased load capacity, and accommodate growth. This plan will prioritize upgrading main tie lines between substations to permit rerouting power for maintenance work and during outages.

Like Alban, McNaull also spoke on the topic of electric reliability across the state. He stated that on June 8, he received an email advising that PJM Interconnection, the 13-state grid which includes Ohio, is in the process of developing a mandatory plan for shedding electric load, which will possibly cause rolling blackouts as early as this summer. "We are now at a critical point where legislators and the executive branch need to hear from us and understand their quest to eliminate carbon from our country's electric generating grid must be practical and move at a reasonable pace," McNaull said.

Electric co-ops nationwide are working to establish relationships with elected leaders, and a key to establishing these relationships is America's Electric Cooperatives PAC (formerly known as ACRE), which is the non-partisan federal political action committee (PAC) of the nation's electric co-ops. McNaull wrapped up his portion of the meeting by encouraging attendees to join the nearly 300 Firelands Electric members who currently support America's Electric Cooperatives PAC, which supports candidates who represent the interests of electric co-op members and their communities.

To view additional photos from the 2023 annual meeting event, visit the cooperative's Flickr page at www.flickr.com/photos/firelandsec/albums.



Firelands Electric's General Manager Dan McNaull (right) presents member Thomas Thieme of Loudonville (left) with a \$100 bill credit during the prize drawing at the co-op's annual meeting on June 24.

PRIZE WINNERS

Members attending the 85th annual meeting were entered into a drawing for a chance to win one of seven bill credits totaling \$300.

Congratulations to our winners!

- Thomas Thieme of Loudonville — \$100
- Steve Englet of Ashland — \$50
- Ronald Kestner of Ashland — \$50
- Herbert Houser of Ashland — \$25
- Randy Kemp of Jeromesville — \$25
- Edward May of Lucas — \$25
- Stanley Wertz of Mansfield — \$25



REBATE PROGRAMS

REEL IN THE SAVINGS WITH REBATE PROGRAMS



An energy-efficient home not only reduces your electricity use — it also lowers your utility bills. To help make your home more energy savvy, Firelands Electric Cooperative offers rebates on more than a dozen different purchases and upgrades. Check them out below and start reeling in the savings!

Appliances

Some of Firelands Electric's most popular rebates are those for common household appliances. Cooperative members who replace eligible appliances with new ENERGY STAR-certified versions can receive

bill credits ranging from \$25 to \$100 per appliance. Since ENERGY STAR-certified models use anywhere from 10% to 50% less energy than standard units, this upgrade makes it easy to net some savings.

To claim the rebate, members must provide a copy of their purchase receipt for the new appliance, as well as proof of its ENERGY STAR-certification. Documentation showing that the old appliance was removed/recycled is also required (except for dehumidifiers).

- \$100 refrigerator and stand-alone freezer bill credit — models that are 10-30 cubic feet only.
- \$50 dishwasher, stove, clothes washer, and clothes dryer bill credit.
- \$25 dehumidifier bill credit — models with a minimum capacity of 50 pints/day.

(Remember: All new appliances must be ENERGY STAR-certified to qualify for the rebate program.)

Electric water heaters

Also popular with Firelands' residential, commercial, and industrial members is the cooperative's electric water heater rebate. Those who purchase and install an electric water heater meeting all incentive requirements are eligible to apply. The new tank must be inspected and approved by a Firelands service technician and rebates are issued in the form of a bill credit to the member's electric account.

- \$300 NEW standard electric water heater bill credit — 50-gallon or larger electric water heater with an Energy Factor (EF) of 0.91 or higher. Includes switching from fossil fuel (gas/propane/oil) and new construction. Member must agree to the installation of the cooperative's load management PeakBuster device and those with a device already installed DO NOT qualify for this rebate (see below).
- \$150 REPLACEMENT of existing electric water heater bill credit — 50-gallon or larger electric water heater with an EF of 0.91 or higher in a home with a water heater PeakBuster device already installed.
- \$150 electric heat pump or communicating water heater bill credit — 50-gallon or larger electric heat pump or communicating water heater with an EF of 0.91 or higher. (Applies only to units that are incompatible with the co-op's load management device.)
- \$50 load management device bill credit — applies to the installation of a load management device on an electric water heater that DOES NOT meet Firelands' Energy Factor or size requirements. *(Members with a water heater PeakBusters device already installed DO NOT qualify.)*



Heat pump and geothermal systems

Cooperative members who purchase and install new or replacement geothermal or air-source heat pump systems that meet or exceed the co-op's energy efficiency standards can also snag some great rebates. New equipment must be inspected and approved by a Firelands service technician.

- \$800 all-electric geothermal system rebate — an all-electric geothermal system that meets or exceeds an EER of 17.1 (closed loop) or 21.1 (open loop) with a Cool Returns load management device installed. Communicating geothermal systems that are incompatible with the co-op's load management device will receive a \$700 rebate.
- \$500 all-electric heat pump system rebate — an all-electric air-source heat pump system that meets or exceeds a SEER of 15.0 with a Cool Returns load management device installed. The backup heating source must be electric resistance.

Communicating heat pump systems that are incompatible with the co-op's load management device will receive a \$400 rebate.

- \$300 dual-fuel geothermal or heat pump system rebate — dual-fuel system added to any fossil fuel (gas/propane/oil) furnace with a Cool Returns load management device installed and meets or exceeds Firelands' energy efficiency standards (see above). Communicating systems that are incompatible with the co-op's load management device will receive a \$200 rebate.

- \$300 all-electric ductless or mini-split heat pump system rebate — an all-electric ductless or mini-split heat pump system that meets or exceeds a SEER of 15.0.

Other energy efficiency rebates

Firelands Electric also offers some additional rebates outside of these main categories. The installation of a Level-2 electric vehicle charger can qualify for a \$250 rebate and members can receive a bill credit worth

up to \$150 for switching to a Wi-Fi-connected smart thermostat.

Incentives for professionally completed air-sealing and insulation upgrades are also available for those living in a home with electricity as its primary heat source, while commercial members can apply for rebates on qualifying lighting improvements.

For a complete listing of all Firelands Electric Cooperative rebate programs and incentives, as well as their specific eligibility requirements, visit www.firelandsec.com/member-programs. Please note that some rebates and incentives require members to participate in the cooperative's load management program by having a PeakBuster device installed on the applicable electric appliance.

Improving energy efficiency is a great way to "catch" some savings on your utility bills, so don't miss the boat! The cooperative's budget for rebate programs is limited and rebates are offered on a first-come, first-served basis. The current program year is effective July 1, 2023, to June 15, 2024.

LOOKING FOR ADDITIONAL WAYS TO SAVE ENERGY?

Check out all of the helpful resources available on Firelands' website at www.firelandsec.com/energy-education





COOPERATIVE UPDATE

BOARD MEETING *highlights*

Firelands Electric Cooperative's Board of Trustees met May 23 and covered the following items:

- Board President Dan Schloemer reported that the cooperative received 30 membership applications for approval by the board.
- General Manager Dan McNaul reviewed the cooperative's 10-year financial forecast.
- The schedule for the annual meeting being held on Saturday, June 24, was reviewed.
- McNaul summarized the tree trimming and outage reports for the past month.
- The board reviewed a report from the safety and training event held on May 10.
- McNaul reported on the progress of the M2 line relocation in Monroe Township in Richland County.
- McNaul confirmed that the 2022 capital credits Allocation Notices were sent out to members.
- McNaul reviewed the current number of submitted ballots for the annual trustee elections.
- Director of Operations Don Englet reported on activities in the operations department. Englet

also recognized Lead Lineman Dave Sumpter for graduating Summa Cum Laude from West Virginia University and Apprentice Lineman Jake Willbond for earning Apprentice of the Week at the COLT lineworker training facility.

- McNaul recognized District 6 Trustee Kevin Reidy for recently receiving his Board Leadership Certificate from NRECA.
- Director of Finance and Accounting Tabi Shepherd reviewed the April financial report and provided an update on recent accounting and billing department activities.
- Director of Communications and Technology Andrea Gravenhorst reported on recent activities involving the member services and IT departments.
- McNaul reported on the co-op's flat kilowatt-hour sales, national electric reliability concerns, and the statehouse day in Columbus, which he and Gravenhorst attended.

The cooperative's next board meeting is scheduled for Tuesday, Aug. 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

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OFFICE HOURS

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



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GENERAL MANAGER

Dan McNaul

HAVE A STORY SUGGESTION?

Email your ideas to:
members@firelandsec.com

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