



# Annual Report — 2018



— Light up your life. —



# IMPROVING THE QUALITY OF LIFE FOR OUR MEMBERS

Consolidated's purpose has been to improve the quality of life of our members and communities by providing high-value energy and telecommunication services in environmentally responsible ways. Our mission is to make life better for you – our members, our friends, and neighbors, and the people who live in our communities. This is the reason Consolidated exists. Always has been, always will be.



Phil Caskey  
President & CEO



Larry Roof  
Chairman

# EXECUTIVE LETTER

2018 ANNUAL REVIEW

Dear Friends,

In a world filled with challenges, Consolidated Cooperative's trustees and employees are tightly focused on the organization's core mission: bringing affordable, reliable, and safe quality-of-life services to you and your communities, when other businesses and organizations can't or won't. It is the only reason we exist; it is our privilege, therefore, to provide an overview of how your cooperative has continued with and improved on these goals in 2018.

## Strength in Numbers

Consolidated lights up lives with electric-power services to roughly 14,000 members and 17,000 meters in north-central Ohio over 1,870 miles of power lines. Every year, we study our costs of providing those services and in 2018 identified a need for additional revenue to cover our increased expenses for the first time since 2014. The new electric rates took effect January 1, 2019, and will provide financial strength and flexibility now and into the future so we can continue helping our communities thrive and our members prosper.

We also light up members' lives with gas services — including 793 natural-gas meters and 2,746 propane accounts. Our commitment to excellent service,

reliable delivery, and affordable pricing has allowed us to continue adding gas customers consistently over the past twenty years.

Although your and your neighbors' parents and grandparents created the co-op more than 80 years ago with an eye on making life easier and better with electric power, today we're the first electric co-op in Ohio to bring its members what is arguably the fastest-growing need for access to products and services that are so rapidly re-defining quality of life; we are lighting up broadband internet service that not only meets or exceeds today's needs, but easily adapts to the imminent future. We expect to roll out broadband internet to the entire membership over the next four years, and we have expanded our workforce to build out our fiber-optic system and support this new service. We're excited, and we know you are, too, because you tell us.

## Pioneers

Ask Ryan Boyles, a member whose family relies on the internet for online classes and for Ryan's work. He put his enthusiasm to work by recruiting his neighbors to sign up for service and is now enjoying the fruits of his labor — speeds that equal or better those available in more populated areas and include our unmatched service.

Ryan is a great example of what a cooperative is at its core — its members working together to accomplish something that will impact the community positively well into the future.

## High Marks

Ryan wasn't the only member to weigh in about Consolidated Cooperative's services last year.

In our 2018 Member Attitude Survey, you resoundingly said you're happy with us. You rated us an average 8.79 out of 10, an increase of 0.3 over last year. You especially appreciated our communication efforts, and told us that those efforts show we have members' best interests at heart.

Studies show that overwhelmingly, people want their work to make a difference and want to be recognized for what they do. We, your cooperative's employees and trustees, love knowing that our efforts help make life better for people, and that the people we serve recognize our diligence.

Thank you for investing some of your time and interest with us; we look forward to seeing you at the annual meeting on May 18 at the co-op's Delaware location.

Yours faithfully,  
Phil Caskey and Larry Roof

# OUR SERVICES

Under the umbrella of Consolidated Cooperative, our electric, internet, natural gas, and propane services are called Consolidated Electric, Consolidated Fiber, and Consolidated Gas.



## ELECTRIC

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Consolidated provides safe, reliable, and affordable quality-of-life electricity services to our members—who live in rural areas investor-owned utilities can't or won't serve.



## FIBER

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Consolidated is excited to offer broadband fiber internet service that is affordable, reliable, and ultra-fast. With Consolidated Fiber, you'll enjoy speeds 100 times faster than the national average.



## GAS

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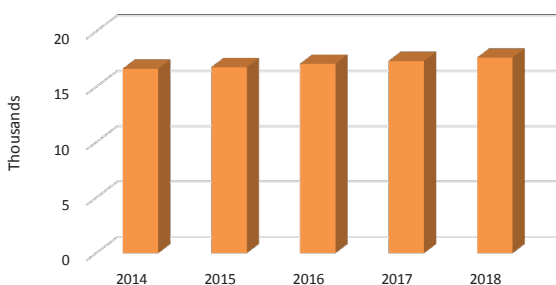
Consolidated Gas is a not-for-profit subsidiary of Consolidated Cooperative. We are a full-service energy provider, committed to meeting the needs of our growing and diversified community.

# We Continue to Grow

Consolidated Electric continued to experience positive growth throughout 2018.



Number of Meters



Revenue by Member Class (2018)

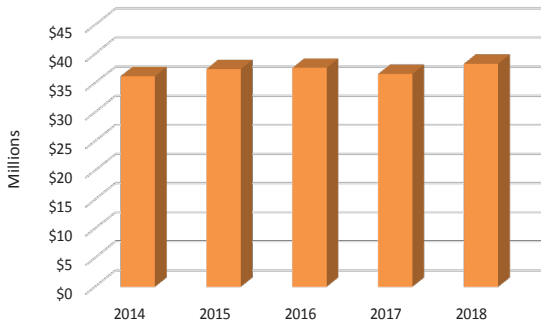


# GLANCE AT 2018

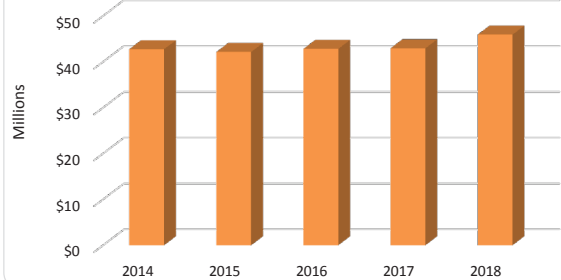
The cooperative recognized net margins of \$2.3 million in 2018. The increase in margins over prior years were primarily due to a return to “normal” weather, after several years of mild weather, and an increase in net margins received from the wholesale power supplier in the form of capital credits.



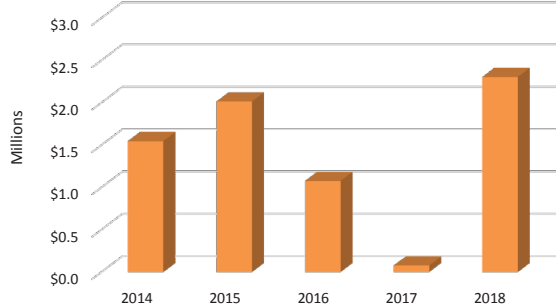
Total Margins and Equities



Revenue

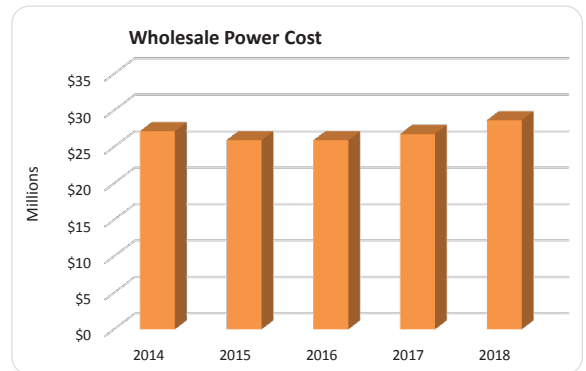
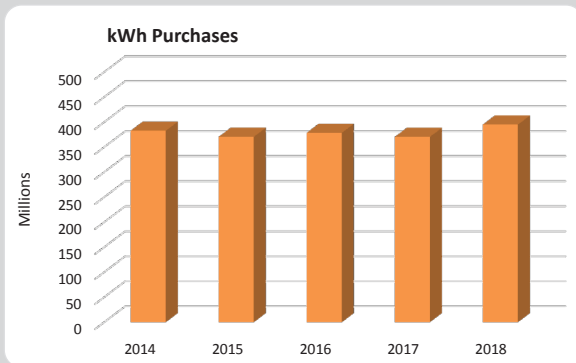


Net Margins



# WE WATCH WHAT WE SPEND

Consolidated Electric paid wholesale power costs of \$28.6 million in 2018. The cost of power amounts to 62% of the total cost of providing electric service to members.



# KEY FINANCIALS AND COMPARATIVES

## Financial Comparatives\*

(Thousands of dollars unless otherwise stated)

	2014	2015	2016	2017	2018
Revenue	\$42,755	\$42,160	\$42,830	\$42,956	\$45,928
Net Margin	\$1,549	\$2,016	\$1,078	\$79	\$2,306
Patronage Capital Retired	\$878	\$1,024	\$1,091	\$1,114	\$683
Total Assets	\$97,062	\$104,645	\$108,391	\$112,638	\$124,983
Total Margins and Equity	\$36,184	\$37,424	\$37,600	\$36,564	\$38,321
Long-Term Debt	\$47,869	\$49,815	\$52,789	\$57,495	\$58,047
Equity Level (percent of assets)	37%	36%	35%	32%	31%

## Operating Comparatives

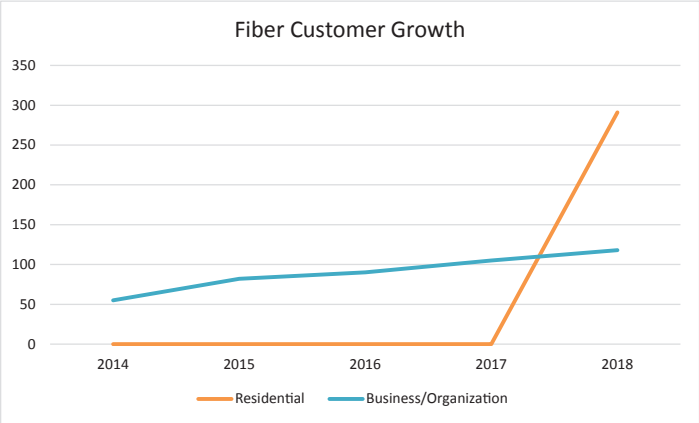
	2014	2015	2016	2017	2018
Total Number of Electric Meters	16,649	16,788	17,086	17,347	17,648
Total Electric Purchases (MWh)	382,868	370,769	378,814	370,635	395,176
Cost of kWh Purchases (Thousands of Dollars)	\$27,163	\$25,946	\$25,910	\$26,785	\$28,653
Number of Electric Employees	59	60	62	66	81
Average Number of Meters per Employee	282	280	276	263	218
Total Miles of Line Energized	1,872	1,870	1,878	1,888	1,890
Total Electric Sales (MWh)	364,470	353,799	357,383	350,799	376,747
Average Electric Meters per Mile	8.89	8.98	9.10	9.19	9.34

\*The financial comparatives are for informational purposes only. Complete audited statements will be available upon request.

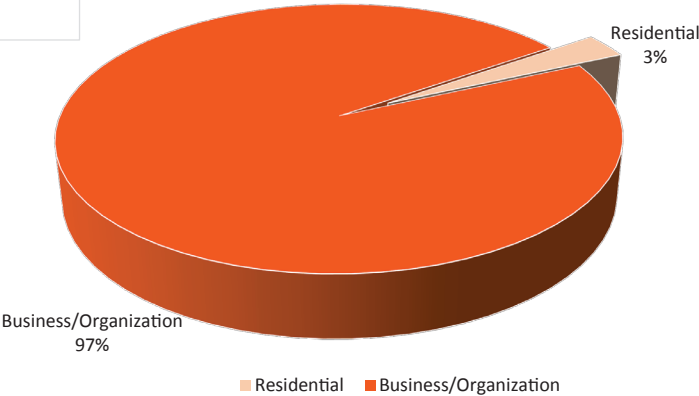


# CONSOLIDATED FIBER

Consolidated has been serving a growing number of business customers, including schools, hospitals, and internet providers, for several years. In June of 2018, Consolidated Fiber connected its first residential customers.



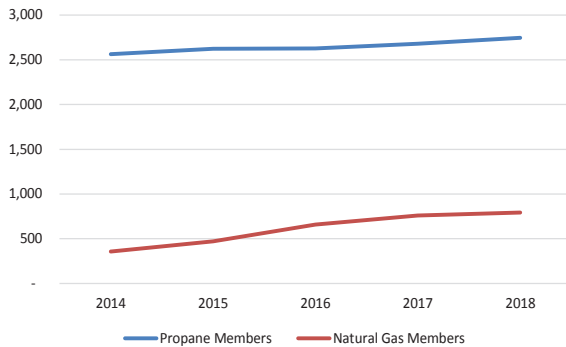
2018 Revenue by Customer Class



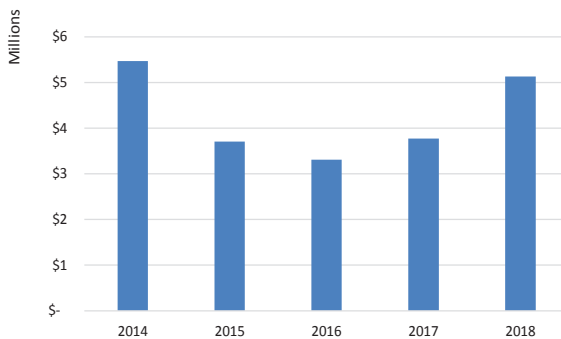
# CONSOLIDATED GAS

The number of members continues to grow, for both gas service lines, as homes are being built in the area and residents look for high quality and competitive prices from their gas provider.

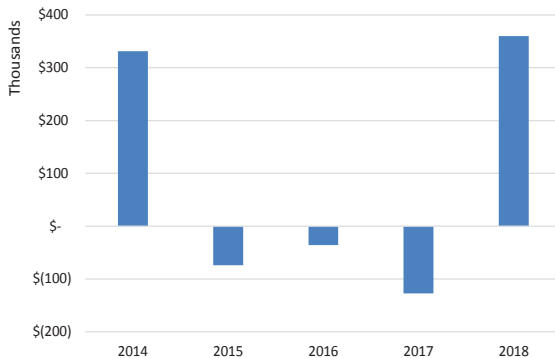
Gas Member Growth



Propane and Natural Gas Combined Revenue



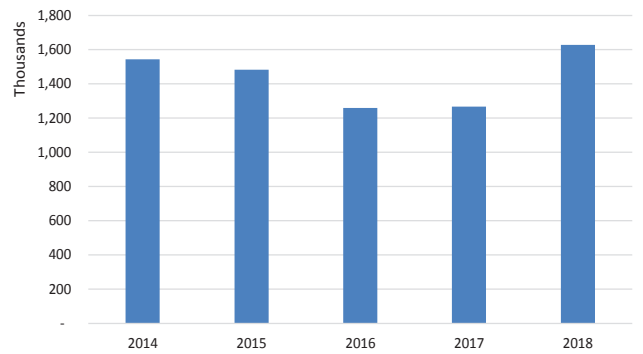
Propane and Natural Gas Net Margin



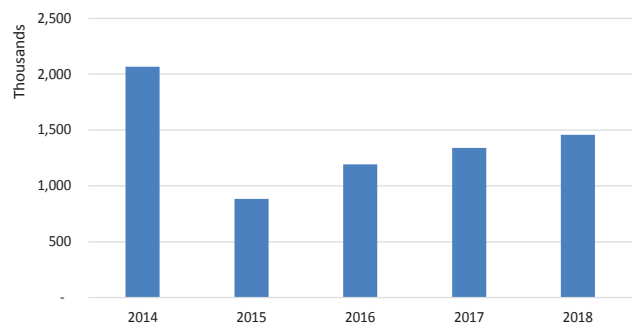
## GAS SALES

Weather has a big impact in the amount of propane and natural gas needed to heat homes and run businesses. 2018 was considered a “normal” year for winter weather, which increased sales over milder winters in previous years.

Propane Gallons Sold



Natural Gas CCF's Sold



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# Board of Trustees

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



**KENT KRAMER**

Treasurer - District 1



**DON MCCRAKEN**

Vice-Chairman - District 2



**RICHARD MILLER**

Secretary - District 3



**DON BREECE**

Member - District 4



**LARRY ROOF**

Chairman - District 5



**MICHAEL STRUCK**

Assistant Secretary - District 6



**MIKE SHUSTER**

Member - District 7



**MICHAEL HUSTON**

Member - District 8



**MARY FULLER**

Member - District 9

## INDEPENDENT AUDITORS REPORT

Consolidated Cooperative's annual audit of the financial statements is in process. The 2018 independent auditor's report prepared by BHM CPA Group, Inc. will be published as soon as it is available.



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