

UNMATCHED VALUE



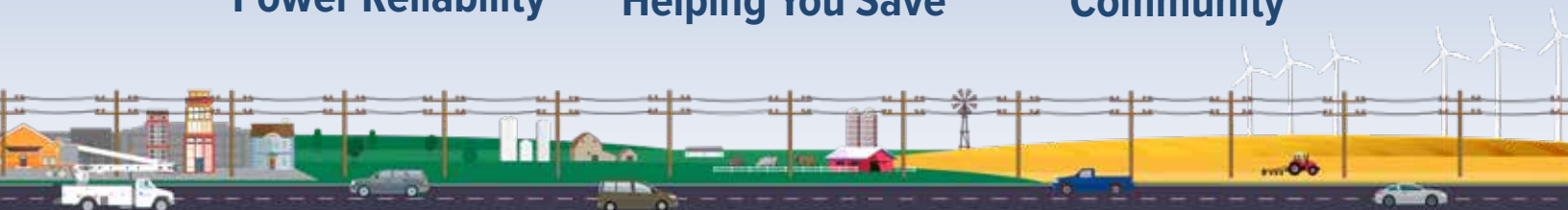
**99.99%
Power Reliability**



**At-Cost Service,
Helping You Save**



**Committed to
Community**



That's R.E.A.L. Value

Reliable. Environmentally Responsible. At Cost. Local.



paulding putnam
ELECTRIC COOPERATIVE, INC

Your Touchstone Energy® Cooperative 

2023 ANNUAL REPORT

UNMATCHED VALUE

2023 Annual Report to the Members

Our 2023 theme, “Unmatched Value,” gets straight to the point: Your co-op membership provides an unbeatable return for the investment.

At the heart of our mission is the relentless pursuit of value for our members. Your ownership in this not-for-profit co-op is different from being a customer of an investor-owned utility. Your membership represents not just access to electricity, but a partnership in progress, reliability, and community.

Keeping your lights on

We are proud to deliver unmatched power reliability, ensuring that you can always count on us — rain or shine — to keep the lights on. In 2023, power was available 99.99% of the time because we invest \$3-4 million each year in upgrades to our system.



2023 Year-in-Review Projects:

- 202 new services built and nearly 100 upgrades, mainly due to the growth in New Haven, Indiana
- Rebuilt 15 miles of old line and replaced over 300 rejected or broken poles due to vehicle accidents or weather
- Performed nearly 570 miles of right-of-way trimming through contractor Mint City Utilities. This reduces the number of outages due to trees and branches.
- Substation maintenance and upgrades at Hessen, Ft. Brown, Baseline, Roselm, Herb Monroe, Convoy, and Antwerp substations.

- Installed 2,000+ advanced RF meters, aiming to complete the change-out by fall 2024. These meters will provide members with more accurate energy use data they can track in SmartHub.
- Added 51 radio-controlled switches to our system for a total of 4,850+, which are activated during high-demand peak alerts to help members save and keep co-op rates stable.

Your co-op also advocates on your behalf to elected leaders at the state and national level through America’s Electric Cooperatives PAC (formerly ACRE Co-op Owners for Political Action). Last fall, we gave local elected officials a tour of our Mone “peaking” gas plant in Van Wert County, Ohio, educating them on how reliable electricity could be at risk due to dwindling baseload generation and increasing demand on the grid. Other entities have expressed concerns, including the North American Reliability Corporation, stating in their 2023 report that the entire eastern half of the U.S. “is at risk of insufficient operating reserves under extreme conditions,” like a cold winter storm when natural gas production plummets and intermittent renewable sources like solar can’t cover the gap. If our PJM region’s electric grid experiences more demand than supply, rolling outages may be required to prevent widespread blackouts. Changing government energy policy to prevent the premature closing of reliable fossil fuel power plants is key, so PPEC educates legislators to prioritize reliable, affordable energy supporting an “all of the above” energy policy using the full spectrum of available resources, both renewable and non-renewable.

Helping you save

As a not-for-profit cooperative, we have diligently worked to maintain our at-cost electric service. We understand the importance of affordability in your daily lives, which is why



Randy Price
PRESIDENT AND CEO



Steven McMichael
BOARD CHAIRMAN

PPEC provides members with peak load management programs, free home energy audits, efficiency rebates, energy-saving calculators, and usage analytics through SmartHub to help you save. Coming this spring, an innovative new feature in SmartHub — Home Energy Analytics — will give members appliance usage breakdowns and estimated bill projections to better help you control your electric bills.

PPEC takes it another step further and returned \$2.5 million to members last year in patronage capital credits — one of the most visible perks of co-op membership, usually a credit on your December electric bill. We know most families need that extra help before the holidays.

Community commitment

But our commitment to value also extends beyond the realm of electricity. As a cooperative deeply rooted in our community, we take immense pride in giving back. Throughout the year, we conducted safety demonstrations for thousands of local police, fire, and emergency personnel, as well as students of all ages. We partnered with area economic development agencies and participated in parades, service projects, junior fair livestock auctions, and other events to uplift the next generation, foster pride in the places we call home, and teach the public life-saving electrical safety.

In 2023, Operation Round Up donated \$52,000 to local charities and initiatives that otherwise may have slipped through the cracks. We awarded \$5,400 to seven area students in scholarships; sent 7th grader Allison Kuhlman of Ottawa to Camp Kilowatt, and sent two local students to Washington,



D.C., on an all-expenses-paid Youth Tour leadership trip (Braden Knippen of Fort Jennings High School and Henry Ballard of Hicksville High School).

We surveyed you and the response was overwhelming: our members love our annual Member Appreciation Day! In 2023, over 1,700 members and family attended our family carnival event at the Paulding County Fairgrounds, including free activities like Touchstone Energy Hot Air Balloon rides, a zip line, bounce houses, and much more. This year, our event will be held at the Fort Wayne Children's Zoo on Aug. 3, 2024.

Many of you stay updated by following the co-op on social media. Last year, we gained nearly 800 new followers across all platforms — and nearly 200 members signed up for our Co-op Connections discount program at both local and national retailers. We revamped this program, added new deals from area businesses, and taught members how to use the free mobile app. This is another way your cooperative brings value to the community, encouraging the public to shop small and helping members save on everyday expenses.

Staff and rates

Our highly skilled staff are dedicated to serving you. We are restructuring departments to ensure maximum efficiency and service excellence. We said goodbye to retiring CEO and President George Carter in April, thanking him for his 35 years in the electric co-op industry, 18 of which with PPEC. In his position, we welcomed Randy Price, coming to PPEC with 35 years of experience in the co-op industry, including as CEO of Caroll White REMC in Monticello, Indiana.



Past CEOs George Carter and Floyd Furrow with Randy Price during George's retirement party.

Safety Manager Dee Renollet retired July 2023 (26 years of service) and Lineman Jay Denny retired in Jan. 2024 (24 years). We also welcomed new faces, including Apprentice Lineman Cody Vandemark; Engineering Manager Nick Eltzroth; HR and Administration Manager Stacy Morrison; Member Service Rep. Jamie Mericle; Safety Manager Mark Steele, CSP; and Network Technician Jason Geyer (a former intern).

In 2023, we conducted a Cost-of-Service Study through Power System Engineering to ensure our current rates will protect the long-term financial health of the cooperative. We were advised an adjustment was needed to cover our increased fixed costs, ensure our rates are fair across all member classes, and cover the true costs of providing power to 13,600+ members. Since 2020, average equipment costs are up 40-60%, and inflation, supply chain issues, and long material wait times make it harder to



provide reliable power 24/7/365. As such, our Board of Trustees approved a rate increase effective on the bills members will receive in May 2024.

The average residential member using 1,200 kWh a month will see a monthly increase of \$26.45. According to the U.S. Energy Information Administration's 2022 figures, the average residential customer in Ohio pays 13.9 cents per kWh, while the average Indiana customer pays 14.6 cents per kWh. After PPEC's rate adjustment, the average residential PPEC member will pay 12.9 cents per kWh — still lower than the average in both Ohio and Indiana.

In fact, the average PPEC member's bill is less than \$7 a day — less than a medium pizza. Think of all the ways electricity powers your life.... talk about value!

In closing, we want to express our gratitude for your continued support. We remain steadfast in our commitment to serving you with integrity, reliability, and excellence. Thank you for being a valued member of our cooperative.

Randy Price
RANDY PRICE, PRESIDENT & CEO
Steven McMichael
STEVEN MCMICHAEL, CHAIRMAN OF THE BOARD

2023 TREASURER'S REPORT

A financial overview of your cooperative



TIM DERCK
BOARD SECRETARY-TREASURER

Your cooperative continued to perform well in 2023. Although we saw kilowatt-hour purchases and sales decline by over 5% each — mostly due to moderate weather — financial goals were still achieved. Total margins exceeded \$4.3 million and were above budget by \$809,000, or 23%. This was achieved due to lower operating expenses (under budget by 6%) and fixed expenses (on budget) and a larger-than-planned capital credits allocation from Buckeye Power. Management and employees did an outstanding job holding down expenses during the year.

The most significant expense, wholesale purchased power from Buckeye Power, averaged nearly 8 cents per kilowatt-hour (kWh). Purchased power costs were lower than budget due to lower kWh sales. That said, increasing transmission rates again upped our wholesale power costs. The increased power cost impacts the Wholesale Power Cost Adjustment (WPCA) on all member bills. This adjustment averaged .012 per kWh sold last year.

To give perspective, transmission prices have increased significantly in recent years. After electricity is generated at our plants, mainly Cardinal Power Plant in Brilliant, Ohio, that electricity is then carried over the transmission grid to our local substations. In the past, transmission costs were roughly 10% of the Buckeye Power bill; Now, those costs represent 24% and are expected to continue to increase year over year.

The cooperative continues to grow, rebuild, and replace old lines and electric facilities. PPEC continues to see a home-building boom in and around the New Haven, Indiana, territory.

Maintaining our entire electric plant — poles, wires, transformers, and other equipment needed to supply reliable electricity your homes and businesses — has been challenging due to long material lead times and continued cost hikes. Since 2020, material prices are up between 40% and 60% for everyday equipment. A 50 KVA padmount transformer alone saw a 72%

price jump in the four years since our last work plan. These surging costs and long wait times challenged our employees to work diligently and keep supplies in stock to meet our members' needs.

PPEC invested over \$5 million in plant last year to keep power safe and reliable, but after analyzing the co-op's Cost-of-Service Study, it's clear a rate adjustment in 2024 is necessary to cover PPEC's increased costs of doing business. The cooperative's last distribution rate increase was in 2018, meaning PPEC has delayed an increase for six years to minimize impact on members.

Please remember PPEC is not-for-profit. Any profit made in the year is returned to members as capital credits. In 2023, PPEC returned \$2.5 million in capital credits to over 23,000 current and former members.

I am incredibly pleased to report on the financial strength of the cooperative. PPEC remains financially strong and able to meet the future needs of cooperative members. The accounting firm of Bashore, Reineck, Stoller, and Waterman, CPA's (BRSW) has audited the financial records of the cooperative as of December 31, 2023. The audited financial statements may be reviewed at the office during regular business hours.

Tim Derck

SECRETARY - TREASURER



STATEMENT OF OPERATIONS

UNAUDITED

For the year ending Dec. 31, 2023

Revenue:	
Sales of Electricity	\$ 44,904,038
Interest Income	\$ 285,927
Other Income	\$ 64,291
Capital Credits	\$ 1,838,642
Total Revenue	\$47,092,898
Expenses:	
Cost of Purchased Electric	\$ 29,347,421
Cost of Maintenance on Lines, Poles, Rights-of-Ways, etc.	\$ 2,969,745
Cost of Billing and Consumer Records...	\$ 627,671
Cost of Member Services	\$ 594,985
Cost of Administration and Office Operations	\$ 2,436,370
Depreciation Expense	\$ 3,811,508
Business Taxes	\$ 1,192,697
Interest on Long-Term Debt	\$ 1,566,989
Interest on Current Debt	\$ 191,304
Total Expenses	\$42,738,690
Net Patronage Capital or Margins	\$ 4,354,208

BALANCE SHEET

UNAUDITED

For the year ending Dec. 31, 2023

Assets	
Plant Property and Investments:	
Total Plant	\$ 121,341,161
Construction work in progress	\$ 2,024,625
Accumulated Depreciation	\$ (27,771,010)
Net Plant	\$ 95,594,776
Investments:	
Invest. in Assoc. Org. - Patronage Capital	\$ 19,689,698
Associated Organization	\$ 3,035,963
Total Plant and Investments	\$118,320,437
Current Assets and Debits:	
Cash	\$ 831,810
Temporary Investments/Special Deposits	\$ 1,752,328
Receivables	\$ 2,431,368
Merchandise Inventory	\$ 786,951
Other Current Assets	\$ 363,027
Total Current Assets and Debits	\$ 6,165,484
Deferred Debits	\$ 1,981
Total Assets and Debits	\$124,487,902
Liabilities and Equity	
Current Liabilities and Credits:	
Accounts Payable	\$ 4,218,700
Short-term Notes Payable	\$ 2,870,000
Consumer Deposits	\$ 160,375
Other and Accrued	\$ 2,005,340
Total Current Liabilities and Credits \$	9,254,415
Noncurrent Liabilities and Credits:	
Long-term Debt	\$ 38,142,295
Deferred Liabilities and Credits	\$ 364,383
Total Liabilities and Credits	\$ 47,761,093
Equity:	
Operating Margins Prior/Other	\$ 6,559,277
Memberships	\$ 61,783
Patronage Capital	\$ 70,105,749
Total Equity	\$76,726,809
Total Liability and Equity	\$124,487,902



One of our Seven Cooperative Principles

Economic Participation

As a co-op, PPEC is upfront and transparent with its member-owners about finances. Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital remains the common property of the co-op.

Members allocate surpluses for any or all of the following purposes: developing the cooperative; setting up reserves; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

Capital credits are retired each year based on each member's patronage. This decision is made by the PPEC Board of Trustees, again, elected democratically by the membership.

Please note these financials are pre-audit, due to printing time constraints. A complete copy of the audit report as presented by the firm of Bashore Reineck Stoller & Waterman, Inc., certified public accountants of Paulding, Ohio, is available for examination at the cooperative's office during normal business hours.



PAULDING PUTNAM ELECTRIC CO-OP

2023 Official Annual Meeting Minutes — March 18, 2023

The Annual Meeting was held at Paulding Putnam Electric Cooperative, Inc., headquarters building, Paulding, Ohio. Mr. Steve McMichael, Board Chairman, called the meeting to order at 10 a.m. The meeting was held as a virtual/video conference. The meeting was being broadcast on the internet via Facebook Live and YouTube. Chairman McMichael began the meeting by reciting the Pledge of Allegiance.

Chairman McMichael noted the meeting notice had been mailed to all members in the February issues of *Cooperative Living* (Ohio) and *Indiana Connection* (Indiana) and this notice contained the meeting agenda. He stated he was dispensing with the reading of the notice as it had been certified as mailed to all members. He stated the agenda would be approved as mailed.

Mr. Black gave the treasurer's report. He stated his written report appeared in the cooperative's annual report and members could obtain a copy at the office or review the audit report upon request. He further stated the audited financial report was completed by the local firm of Bashore, Reineck, Stoller & Waterman. The CPA firm had issued an unqualified or clean audit opinion.

Chairman McMichael introduced a video message given by Patrick O'Loughlin, President and CEO of Buckeye Power and Ohio's Electric Cooperatives. Chairman McMichael discussed the Seven Cooperative Principles and related how the cooperative and the cooperative's employees were defying the norm while fulfilling those principles. He discussed several areas of operations and thanked the employees and board members for their diligent efforts during a challenging year. Chairman McMichael informed the audience of the upcoming Member Appreciation event to be held on July 22, 2023 and to look for additional details regarding the event in the near future.

Mr. Carter gave the President's report. He started by introducing a video by 2022 Youth Tour student Joey Schnipke. Mr. Carter reviewed several areas of operations including the successful 2022 member appreciation day; operations activity, including upgrades to multiple substations; and national Spotlight on Excellence Awards. He gave a detailed review of increased power cost and the impacts to member

ills. Mr. Carter reviewed the successful community service project spearheaded by Amy Waters. He stated the project greatly assisted the Clothes for Joes organization. Mr. Carter thanked the board and employees for their hard work during the year to achieve and meet cooperative goals.

Mr. Carter announced the winners of the cooperative's scholarship program:

- Laura Stoller, Wayne Trace High School
\$1,000 Ohio Line Supervisors Assoc.
- Kayla Nartker, Kalida High School, \$1,000
- Marissa Beckett, Ottawa Glandorf High School, \$1,000
- Ellie Keehn, Columbus Grove High School, \$800
- Hayden Mullen, Paulding High School, \$800
- Kayla Gerding, Ottawa Glandorf High School, \$600
- Brooke Erhart, Kalida High School, \$600
- Jayla Utrup, Ottawa Glandorf High School, \$600 At-Large

Mr. Carter was called upon to present the election results. He stated there were no changes to the Code of Regulations for this year.

Three Districts (1, 6, and 9) were up for election: Trustees Joseph Kohnen (District 1), Dr. John Saxton (District 6), and Dr. Ronald Black (District 9) all submitted petitions for re-election; no other petitions were received. Thus, all trustees were re-elected by affirmation.

Chairman McMichael stated there was no Old Business.

Chairman McMichael said there was one item under New Business. He stated the board had completed the executive search for a new President and CEO. He said Mr. Randy Price was selected as the new President and CEO, effective April 3, 2023. Mr. McMichael introduced Mr. Price.

There being no further business to come before the meeting, Chairman McMichael declared the meeting adjourned.

CO-OP NEWS

Thank you to our PPEC retirees!



George Carter
CEO,
35 years of service
(April 2023)



Duane (Dee) Renollet
Safety Manager,
26 years of service
(July 2023)



Jay Denny
Lineman,
24 years of service
(January 2024)

New faces at the co-op



Randy Price
CEO



Cody Vandemark
Apprentice Lineman



Nick Eltzroth
Engineering Manager



Stacy Morrison
HR & Administration
Manager



Jamie Mericle
Member Service Rep.



Mark Steele, CSP
Safety Manager



Jason Geyer
Network Technician



CO-OP CONNECTIONS

- Nearly 200 members signed up for our Co-op Connections discount program at local and national retailers. We revamped this program, added more than a dozen new deals from area businesses, and taught members how to use the free mobile app to save on everyday expenses.



MONE PLANT TOUR

Last fall, we gave local elected officials a tour of our Mone “peaking” gas plant in Van Wert County, Ohio, educating them on how reliable, affordable electricity could be at risk due to dwindling baseload generation and increasing demand on the grid. PPEC supports an “all of the above” energy policy (using the full spectrum of available resources, both non-renewable and renewable).



MEMBER APPRECIATION DAY

In 2023, over 1,700 members and family attended our family carnival event at the Paulding County Fairgrounds, including free activities like Touchstone Energy Hot Air Balloon rides, a zip line, bounce houses, and more. This year, our event will be held at the Fort Wayne Children’s Zoo on Aug. 3, 2024



OPERATION ROUND UP

In 2023, Operation Round Up donated \$52,000 to local charities and initiatives in our territory. A separate board, composed of PPEC members, allocates the funds to charitable groups that apply quarterly.

**Note: Effective in 2024, members can now donate their annual capital credits from the co-op to Operation Round Up or America’s Electric Cooperative PAC. PPEC wanted to give members more ways to make an impact! Learn more online at www.ppec.coop/capital-credits.*



2024 ANNUAL MEETING BROADCAST AGENDA

Saturday, March 23, at 10 a.m. via Facebook and YouTube

1. Call to order. *Board Chairman Steven McMichael*
2. Approve minutes from last year. *Board Chairman Steven McMichael*
3. Treasurer's report. *Board Secretary-Treasurer Tim Derck*
4. Chairman's report. *Board Chairman Steven McMichael*
5. President's report. *CEO Randy Price*
6. Trustee election results. *CEO Randy Price*
7. New/old business
8. Adjourn

