



Annual meeting recap

Due to the COVID-19 pandemic and the restriction of large public meetings, the Holmes-Wayne Electric Board of Trustees canceled the 2020 public annual meeting. Enclosed is the information that would have been presented at the annual meeting. The election of candidates remained the same, with members receiving mailing ballots on June 1 with the ability to vote June 1 through June 19 via mail or online. The election results, which historically have been announced at the annual meeting, are published below. We look forward to seeing HWEC members at the 2021 annual meeting.

2020 trustee election results

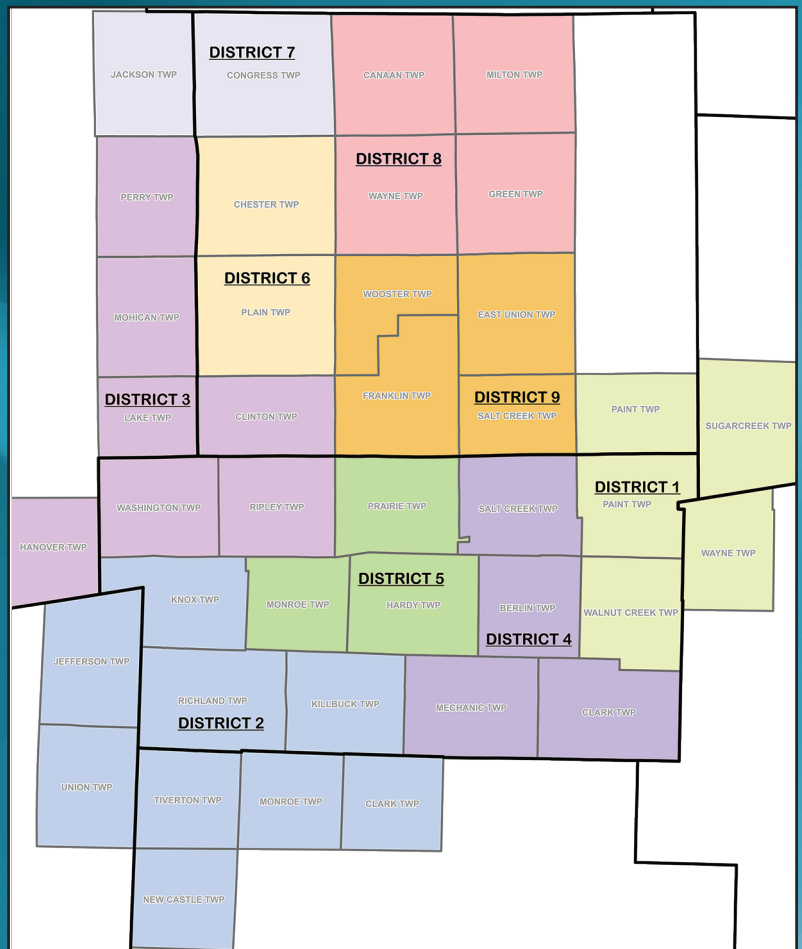
Three seats on Holmes-Wayne Electric Cooperative's board of trustees were up for election this year. Re-elected to the board were Ronnie Schlegel and Jonathan Berger of districts 5 and 6, respectively. Joining the board is Chris Young, representing District 4. Young replaces retiring trustee Ken Conrad. The cooperative would like to express our sincere appreciation to Ken Conrad for his 30 years of service.



Ronnie Schlegel Jonathan Berger



Chris Young





HOLMES-WAYNE ELECTRIC COOPERATIVE LOCAL PAGES



RANDY SPRANG
BOARD OF TRUSTEES

Eighty-five years ago, members of our community came together with a powerful vision: A goal to bring electricity to the rural areas. In 1930, only 140 residences/farms in Holmes County had electricity. So, when President Franklin D. Roosevelt established the Rural Electrification Administration in May 1935, it did not take long for members of Holmes County to organize. Articles for Incorporation of Holmes Rural Electric Cooperative, Inc. were established October 31, 1935. A few months later, members of the Wayne County community reached out in interest. In 1958, the name changed to Holmes-Wayne Electric Cooperative, Inc. A rich history of committed citizens coming together to make our community better is still who we are today.

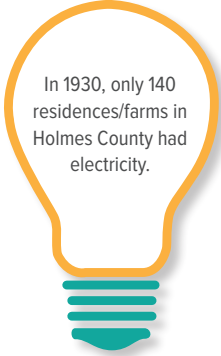
In January 1937, the first annual meeting of the members was held in the basement of the courthouse in Millersburg. Records show that during WWII, annual meetings were low in attendance and ration stamps were used to provide hot dogs and cheese for the meeting. As we skip forward to today, we can appreciate the sacrifice and dedication of our founding fathers and employees.

2020 will mark the first time in the cooperative's history that an annual meeting will not be held. Although as a country and world we face uncertain times, there is a reassurance that the cooperative spirit is alive and well. Just like in 1935, we are all coming together as a community to serve each other. We continue our commitment to serve you and "power on" through this season.

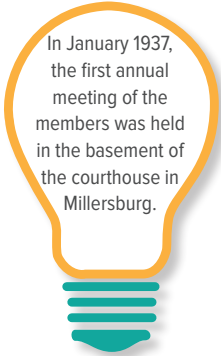
In the midst of COVID-19, your electric cooperative has responded with its emergency management strategy. Annually, HWEC reviews different emergency scenarios like ice storms and pandemic scenarios to prepare the organization for such emergency situations. This annual practice has proven to be critical in the successful transition of remotely working and protecting HWEC staff. Processes are in place to eliminate as much contact with staff and yet still provide safe and reliable service to you, the members. As your board, we also are meeting remotely and using technology to stay apprised of the situation and continuing to manage the organization.

Your cooperative continues to be a financially healthy organization. Every month you pay your electric bill, you are not only paying for the service provided but investing in the future. The margin after sales is used by your cooperative as working capital. This is used to maintain the electric distribution system as well as to build and upgrade lines and substations. This allows for you to have the most reliable and safest service possible. Also, that investment is returned to you as capital credits. Just this month, \$786,723.03 of capital patronage credits was returned to HWEC members. This is a retirement for members living on Holmes-Wayne Electric lines in 1999 and 2000.

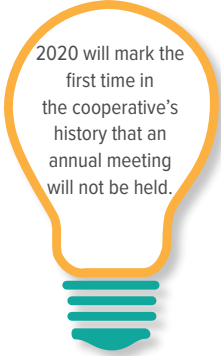
While we are all experiencing a time of uncertainty, we should be proud of the entrepreneurial spirit that remains in our community. As our commercial load continues to grow, we have been tasked with adding a new substation in the next year near Winesburg. We look forward to meeting these new electrical demands and are thrilled with the growth that continues to make Holmes-Wayne Electric Cooperative



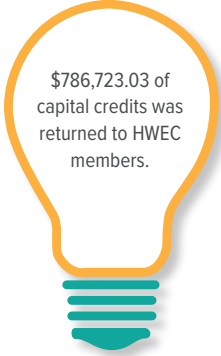
In 1930, only 140 residences/farms in Holmes County had electricity.



In January 1937, the first annual meeting of the members was held in the basement of the courthouse in Millersburg.



2020 will mark the first time in the cooperative's history that an annual meeting will not be held.



\$786,723.03 of capital credits was returned to HWEC members.

HWEC 2020 SUBSTATION UPGRADES

• Moreland substation
\$791,612

• Buckhorn substation
\$102,882

• Trail substation
\$650,000

• Hefferline substation
\$504,269

thrive. In addition to these new substations, we look forward to key upgrades at the Moreland, Buckhorn, Hefferline, and Trail stations in the next year. These upgrades will allow us to continue with our promise of providing you safe and reliable electric service for the years to come.

In closing, I would like to take a moment to recognize the great losses we have experienced in 2019. Gail Patterson, HWEC retired CEO and 41-year employee, and Don Buren, 25-year board member, passed away. Both these men served the cooperative with highest integrity and fullest commitment to the organization, members, community, and staff. They were both integral parts of what the cooperative is today. We again thank them and their family for their service.

On behalf of the nine-member board of trustees and the entire Holmes-Wayne staff, we look forward to seeing you at the 2021 annual meeting and wish you blessings and safety.



GLENN MILLER – PRESIDENT/CEO

In 1935, eight survivors of the global flu pandemic of 1918 worked together to create the Holmes-Wayne Electric Cooperative. While the original board likely never envisioned a second worldwide pandemic, I think they would be gratified to know how our current board has effectively guided us to meet our members' needs during this challenging period in our history.

Out of concern for the health and safety of our members and employees, the Holmes-Wayne Board of Trustees, along with HWEC management, determined that it would not be wise or in anyone's best interests to have an in-person meeting as we have in the past. We would very much like to see all of you, but your safety comes first!

Although we are unable to meet face to face, Holmes-Wayne Electric wants to be sure its members are still

able to stay informed of their cooperative's operations, financial health, and plans for the future.

2019 was another busy year. We rebuilt 15.8 miles of line, replaced 699 poles, trimmed trees for 398 miles, and sprayed vegetation control for 385 miles, all while adding 248 new services!

We continue to invest in your system to provide increased reliability. These investments include line rebuilding, substation testing, pole replacements, and other equipment replacements and upgrades.

We have completed building tie lines between our 18 substations. In most cases, if our transmission supplier is unable to provide electric service to our substations, we can switch direction of power delivery through these tie lines.



HOLMES-WAYNE ELECTRIC COOPERATIVE LOCAL PAGES

Continued from page 22A

We have built 203 miles of tie lines throughout our system. This has improved our overall reliability and has proved to be a good investment. Last year, members had power 99.88% of the time.

Our tie lines will greatly reduce your transmission supplier outage time, generally from 8 to 12 hours to two to three hours. It also gives us control of restoring your power. We are installing many devices to automate this switching process in the future, when conditions warrant, to reduce that time even more.

We are midway through our four-year work plan that totals \$23.1 million of investment. This work plan features 126 miles of line rebuilding. Transformer capacity increases will be completed at Trail substation. Moreland and Buckhorn substations will be improved. A new substation will be constructed near Winesburg to meet member needs.

There are many ways HWEC provides you with safe, reliable electric service. One of the most common and crucial ways we do this is through right-of-way clearing, or vegetation management. HWEC trimming and vegetation management is on a four-year rotation. A third-party contractor completes this work, and HWEC bids out the contract every year, to provide the best value to our members.

With more than 2,200 miles of line exposed to a variety of weather throughout the year, it is critical for your cooperative to administer our strategic tree trimming and vegetation control program to provide the best service to our members.

This year, in our four-year-cycle program, Davey Tree Service will trim 474 miles in the West Millersburg, Reedsburg, and Ripley substation areas.

A few years ago, we added an ash tree removal program. This program takes down trees that have been affected by the emerald ash borer in areas that are not in the current year tree trimming program cycle.

Though these efforts reduce outages tremendously, they do not eliminate them. We will always battle a variety of factors, such as weather, wildlife, and car accidents.

Your cooperative is fortunate to have a very good mix of commercial and residential members. Our revenues are about 52% residential and 48% commercial. This growth and load mix enables us to keep our rates low.

In today's busy world, we realize how difficult it can be to keep up with everything. We offer several convenient

2019 Projects

699
poles
replaced



248
new services

15.8 miles
of line rebuilt



398 miles
of trimmed
trees

**All to continue providing reliable
and safe service to our members!**

ways to help you stay connected with us, allowing you to choose which way works best for you.

We have several electronic options, including SmartHub, email notifications, and Facebook. If you prefer printed notifications, we've got you as well.

Members can receive the latest co-op news in the local pages of *Ohio Cooperative Living* magazine and through messages on their bill.

Please contact us if you would like to learn more or start using these convenient resources.

From a community standpoint, your cooperative continues to prosper in the area of community service. Our biggest project for the last four years has been the Holmes-Wayne Community Honor Trip, which we proudly coordinate with the Shreve American Legion and Rolling Thunder Chapter 2.

Unfortunately, we had to make the difficult decision to cancel the 2020 Honor Trip scheduled for August. We will continue to assess the current health situation and proceed with our next trip when it has been deemed safe to do so. Honor trips are often a once-in-a-lifetime opportunity for our veterans, but their health and welfare comes first!

Additionally, your cooperative staff is very generous with their time. They volunteer as coaches for the local youth programs, work at school concession stands, and enjoy participating in local parades, Touch-a-Truck youth safety programs, and Reality Days at local schools. They do all they can do to make sure that our communities remain strong.

We continue to be active in promoting energy efficiency and safety by visiting local schools and safety fairs and talking with youth in 4-H and Scout troops. We consider safety education not just an internal organizational commitment of our staff but a commitment to our local community.

We have, I feel, the best staff you will find anywhere in our industry. They are hard-working, dedicated, and loyal in providing your electric service and being good members of our community. We all have a common goal, and that is to provide safe and reliable electric service to you!

Your cooperative is a vital part of our local tax base. In 2019, we paid \$1,486,000 in kilowatt-hour tax to the state of Ohio. Additionally, we paid \$1,197,000 in property taxes that benefit 12 local school districts as well as local governments.

Overall, Holmes-Wayne continues to have one of the lowest electric service rates in the state of Ohio, out of the 25 cooperatives.

I believe this fact, along with our level of service and increased reliability, gives you the balanced value you deserve as member-owners of the cooperative. We can

only accomplish this because of the quality of our staff and the fact that we continue to focus on technological advances that create many efficiencies and cost savings. This helps give our personnel up-to-date information and streamlines our work processes greatly and in return, reduces costs to you.

Also, you the members are key to the success of the co-op. We appreciate your valuable feedback to not only improve services but information on outages and vegetation management to reduce outages.

In closing, COVID-19 may have brought many changes to our communities, affecting the way we live, work, and interact. But throughout these changes, one thing has remained constant — our commitment to serve you and your energy needs in a safe manner.

We are constantly looking for ways to make your cooperative better. I want to ensure you that this is an ongoing process. Your board, management, and staff are dedicated to providing you exemplary service each and every day. It is important to us, and it is one of the ways we set ourselves apart from other utilities.

Stay safe and take care of each other. We look forward to seeing you in 2021.





HOLMES-WAYNE ELECTRIC COOPERATIVE LOCAL PAGES



DAN MATHIE



Holmes-Wayne Electric Foundation, Inc. was formed in 2006. The mission of the foundation is:

“To support the poor and those in need during times of emergency, in support of charitable activities for the betterment of the communities served by Holmes-Wayne Electric Cooperative, Inc. and other communities and other charitable purposes.”

The foundation fulfills its mission from generous donations made by the members of Holmes-Wayne Electric Cooperative, Inc. through a program known

as Operation Round Up, which gives members of the cooperative the option of rounding their monthly electric bill up to the next even dollar. Cooperative members participating in Operation Round Up contribute an average of \$6 per year to the foundation for each electric service account.

In 2019, the foundation distributed more than \$62,000 in the communities served by the cooperative. Of that amount, over \$20,000 was distributed directly to individuals to assist with medical treatment, to purchase



Together we're a force for good!
Over \$700,000 returned to our community!

beds for children, to replace basic necessities because of a home fire, and for home modifications to assist individuals with special needs. The remaining \$42,000 was distributed to other charitable organizations with missions and values that align with those of the foundation. These other charitable organizations include the American Red Cross, the Salvation Army, OneEighty, Viola Startzman Health Clinic, Farmers & Hunters Feeding the Hungry, and numerous local food pantries. A complete list of 2019 distributions can be found in the June 2020 issue of *Ohio Cooperative Living*.

An example of putting the funds of Operation Round Up to work in our communities is evidenced by the following, contained in a thank you note received from a local food pantry:

“It’s our honor to know there are still a lot of compassionate people out there! Hats off to all. In March 2020, due to coronavirus, we had a drive up pantry, and wow ... we were busy. We doubled in size of clients and kids to feed.”

Special thanks to Shay Lynch and Robyn Tate, who initially review applications for assistance, screen applicants, and provide the foundation board with the information necessary to confirm that those applying

for assistance are truly in need and their situation is consistent with the mission of the foundation.

Also thanks to fellow board members Jonathan Berger, Lisa Grassbaugh, Matt Johnson, and Glenn Miller for their wisdom and leadership, their compassion for those in need in their communities, and the time and effort they put into screening applicants for assistance by the foundation.

Operation Round Up has been extremely successful since its inception in 2006. More than \$700,000 in assistance has been distributed to individuals and other charitable organizations assisting individuals in need in the communities served by the cooperative. To the more than 7,200 cooperative members participating in Operation Round Up, thank you so much for your generosity. Your contributions truly make a difference to those in our communities who have fallen on hard times and might otherwise fall through the cracks if it were not for Operation Round Up. For those who are not currently participating in Operation Round Up, please consider becoming a part of this amazing program that helps so many in need in our communities.

Dan Mathie
President
Holmes-Wayne Electric Foundation, Inc.



AJ KNAPP – AUDITOR’S REPORT

Rea & Associates, Inc. is pleased to present the results of the 2019 financial audit for Holmes-Wayne Electric Cooperative, Inc. 2019 was another great year financially for the cooperative. Since the cooperative has financing through Rural Utilities Service and Cooperative Finance Corporation, an audit is required to test work orders in detail. The auditor’s report summarizes the audit process and results. We will also discuss some financial highlights from the year showing the positive results of the cooperative.

The Independent Auditor’s Report is issued upon the completion and issuance of our audit. It notes that the

cooperative’s management is ultimately responsible for the financial statements, and our responsibility is to express an opinion to determine if the financial statements are fairly stated in accordance with accounting principles generally accepted in the United States of America. We obtain audit evidence regarding the amounts and disclosures in the financial statements. We evaluate internal controls and examine support on a test basis. We have issued an unqualified opinion, which is the best opinion result the cooperative can receive.

The Balance Sheets report the cooperative’s assets, liabilities, and equity as of December 31, 2019 and 2018.

Continued on page 24



HOLMES-WAYNE ELECTRIC COOPERATIVE LOCAL PAGES

Continued from page 23

Net Utility Plant increased approximately \$2.5 million from the prior year. This is a result of the cooperative continually adding new lines and upgrading existing lines. Cash and cash equivalents decreased about \$700,000 from the prior year, which was mostly a result of decreased net margins in 2019 related to 2018. There was an increase in mortgage notes payable as the cooperative drew down additional funding in 2019. Equity increased in 2019 due to positive net margins. All other accounts on the balance sheet were very comparable to the prior year.

The Statements of Revenue and Expenses report the cooperative's revenues and expenses for the 2019 and 2018 years. Noted that revenues decreased approximately \$1.3 million from 2018, which was a result of a decrease in Buckeye Power rates passed on to consumers. Noted that the usage compared to 2018 was very comparable. The cost of purchased power also decreased along with

revenues. Maintenance expense in 2019 increased approximately \$550,000, which was related to a focused effort by the cooperative on tree trimming around power lines. All other expenses were comparable to the prior year.

Buckeye Power was able to allocate patronage capital credits of about \$1.2 million, which was \$1 million less than the prior year. Overall, and the line item in the entire financial statements I would tell everyone to focus on, is that net operating margins were \$1.8 million in 2019, which indicates that the cooperative is operating very strong financially.

We appreciate being able to serve the cooperative in this capacity. If there are any specific inquiries related to the financial statements they can be directed to AJ Knapp, manager, or Chris Roush, Principal, at Rea & Associates, Inc.



**Holmes-Wayne
Electric Cooperative, Inc.**

A Touchstone Energy® Cooperative 

CONTACT

866-674-1055 (toll-free)

www.hwecoop.com

OFFICE

6060 St. Rte. 83

P.O. Box 112

Millersburg, OH 44654-0112

BOARD OF TRUSTEES

Randy Sprang
Chairman

Dave Mann
Vice Chairman

Barry Jolliff
Secretary/Treasurer

Jonathan Berger
Bill Grassbaugh
Jackie McKee

Ronnie Schlegel
David Tegtmeier
Chris Young
Trustees

Glenn W. Miller
President/CEO

SMARTHUB

Report an outage, submit a meter reading, and pay your bill all through our mobile SmartHub application.

Available for both Android and Apple devices



CALL US 24/7

Report outages, submit meter readings, and make payments

[Facebook.com/holmeswayneelectriccoop](https://www.facebook.com/holmeswayneelectriccoop)