



# ANNUAL REPORT 2020

*The Cooperative Commitment*

*What's inside:*



## LETTERS FROM THE LEADERS

Read letters from the CEO and President.



## PEOPLE BEHIND THE POWER

Meet the leadership, staff, and board.



## YOUR CO-OP BY THE NUMBERS

Review 2020 financials and co-op stats.



# YOUR COOPERATIVE AT A GLANCE

To safely and efficiently provide reliable electric services for our community.

Founded in 1935, Johnson County Rural Electric Membership Corporation is a member-owned electric power cooperative in Franklin, Indiana. JCREMC supplies electricity to 28,396 accounts in Johnson County and portions of Morgan, Shelby, and Brown counties. JCREMC electric consumers are the cooperative's consumer-members and are entitled to the benefits the cooperative offers, including concern for community and local governance by a board of directors who are also JCREMC members.

**519,244,204**  
SALES TO MEMBERS (kWh)

**28,396**  
ACCOUNTS SERVED

**\$60,398,168**  
OPERATING REVENUES

**1,767**  
MILES OF ELECTRIC LINE

**\$96,350,332**  
NET PLANT IN SERVICE

**64**  
EMPLOYEES

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# JOINT LETTER FROM THE BOARD PRESIDENT & CHIEF EXECUTIVE OFFICER



This past year was unbelievably demanding, both in the COVID-19 challenges faced by your electric cooperative and the record growth we achieved. As the pandemic became evident, JCREMC had to move quickly to find new ways to serve our consumer-members while keeping our members and employees safe, and we got the job done.

In the end, 2020 was a remarkably successful year despite the pandemic. JCREMC was able to reduce electric rates, maintain reliability, add a record number of commercial accounts, reach a 10-year high in residential growth, introduce new consumer-member tools, connect more homes and businesses to our JCFiber network, and support our community.

JCREMC's theme for 2021 is the Cooperative Commitment. This focuses us on service to our members and our community, and last year JCREMC demonstrated that commitment every day. We responded to the COVID-19 challenge with a member-focused approach to delinquent accounts that included a temporary moratorium on disconnections. Members now have expanded communication tools including the new myJCREMC app, a redesigned website, and text and email notifications for outages, due dates, and payment reminders.

Your cooperative also adheres to the 7 Cooperative Principles. The seventh of these principles is Concern for Community, meaning that cooperatives work for the sustainable development of their communities. JCREMC exemplified this principle throughout 2020 as more than 80% of our members participated in Operation Round-Up® by rounding up their bill to the

next whole dollar amount. The extra change is placed in the JCREMC Operation Round-Up® Community Fund to provide financial support for charitable causes and non-profit organizations within JCREMC's service territory. In 2020, the fund distributed more than \$135,000, with over \$50,000 dedicated directly to COVID-19 relief. In addition, we supported the Johnson County Fair and Good Cheer program and awarded scholarships to two graduating seniors from member families.

We also support our community by safely providing reliable and affordable electric service, which helps make our community a desirable place to live and operate a business. Our residential consumers will be pleased to learn that our rates at the beginning of 2021 were reduced to an annualized residential cost for 1,000 kWh to \$125.20 from \$129 a year earlier, making our residential rate the sixth lowest among 38 Indiana co-ops, a trend we expect to continue.

Our commercial and industrial members also enjoy rates that are 10-15% below rates in surrounding areas, and continued improvement is expected here as well.

We are achieving this while maintaining a safe work environment, and our system reliability is among the top 5% nationwide for all electric cooperatives.

The attractive rate structure and system reliability offered by JCREMC supports our community's economic growth, meaning that we are helping attract new businesses and grow existing ones. We are remaining alert to new development and proactively building the necessary distribution infrastructure to meet the reliability requirements and energy demands this growth creates.

JCREMC is also leading the way into the future, which includes facilitating a new concept called "beneficial electrification." This refers to using electricity to power devices that would otherwise burn gasoline, diesel, fuel oil, or propane fuels, thereby reducing overall carbon emissions. Just one example of this is our electric vehicle initiative. Members who purchase EVs can realize substantial savings by shifting to one of our new rate structures that reduce costs during off-peak

## 2020 – 2024 Strategic Goals (and ✓ 2020 Accomplishments)

### Goal 1: Embrace and proactively prepare for changes in how electricity is produced and consumed.

- ✓ Began beneficial electrification initiatives including support for electric vehicles with incentives, free 24-hour test drives, and EV chargers.
- ✓ Introduced new SPS1 and SPTOU rate structures featuring low off-peak energy charges and more ability to save money.

### Goal 2: Provide a superior consumer experience through communications, consumer tools, and cost-effective programs.

- ✓ Debuted myJCREMC app and newly redesigned JCREMC and JCFiber websites.
- ✓ Implemented voluntary member communication tools including automated outage notification messaging.

### Goal 3: Create community value through feasible expansion of fiber assets and JCFiber retail offerings.

- ✓ Provided high-speed, fiber-optic internet service to an additional 600 residential consumers.
- ✓ Began initiative to reach 5,000 more homes in underserved areas.

### Goal 4: Actively engage in value-added business, community, and economic development initiatives

- ✓ Distributed more than \$135,000 through the JREMC Operation RoundUp® Community Fund, with over \$50,000 dedicated directly to COVID-19 relief.
- ✓ Maintained commercial and industrial rates 10-15% below surrounding utilities.

### Goal 5: Safely and reliably deliver electricity at the lowest possible cost through operational excellence.

- ✓ Delivered declining residential rates throughout 2020 with the cost for 1,000 kWh in quarter 1 of 2021 declining to \$125.20 from \$129 a year earlier.
- ✓ Safely provided 99.99% system reliability.

### Goal 6: Deliver exceptional leadership, staffing, and fiscal responsibility.

- ✓ Achieved record growth in service to both business and residential consumer members despite the global pandemic.
- ✓ Maintained an outstanding financial position and lowered rates while investing an additional \$7 million in electric and fiber-optic infrastructure.

hours. They may also be eligible for rebates and a free EV charger. If you would like to explore the benefits of EV ownership, you can begin by signing up for a free 24-hour test drive of our Chevrolet Bolt. To learn more, please check out the EV information under the savings tab at [jcremc.com](http://jcremc.com).

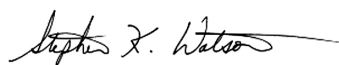
Our subsidiary JCFiber is currently pursuing one of the most important initiatives for the future of our service territory, which is providing the best internet service available to its underserved areas. When JCREMC was founded 85 years ago, our goal was to deliver electric power to rural areas that the major utilities didn't see profit in serving. Today, a similar challenge is apparent in internet access, which is crucial to our members' educational, business, and social opportunities. In 2020, we provided high-speed, fiber-optic service to an additional 600 residential consumers and several more businesses. Over the next four years, we plan to expand our network to reach an additional 5,000 homes in underserved rural areas.

Speaking of the internet, JCREMC's 2021 Annual Meeting will be virtual, hosted at [jcremc.com/2021annualmeeting](http://jcremc.com/2021annualmeeting). Although we will miss seeing you all in person, we are hoping that even more members will be able to attend as we are bringing the meeting to your homes.

From our founding in 1935 until today, our mission has remained the same. In all areas of our operations, JCREMC is committed to safely and efficiently providing affordable, reliable electric service to our community.



John Sturm  
CEO, JCREMC  
President, JCFiber



Stephen Watson,  
President, JCREMC Board of Directors

# BOARD OF DIRECTORS

The business affairs of JCREMC are managed by a board of directors, one representing each of the seven districts in the service area of the cooperative. The general boundaries and the board member representing each district for 2020 are illustrated on the District Map.



GLENN MCALPIN  
director

**DISTRICT 1**



SETH BROWN  
director

**DISTRICT 2**



STEVE SHAUL  
director

**DISTRICT 3**



JAMES MEREDITH  
secretary/treasurer

**DISTRICT 4**



LEE ANN WILBUR  
vice president

**DISTRICT 5**



STEPHEN WATSON  
president

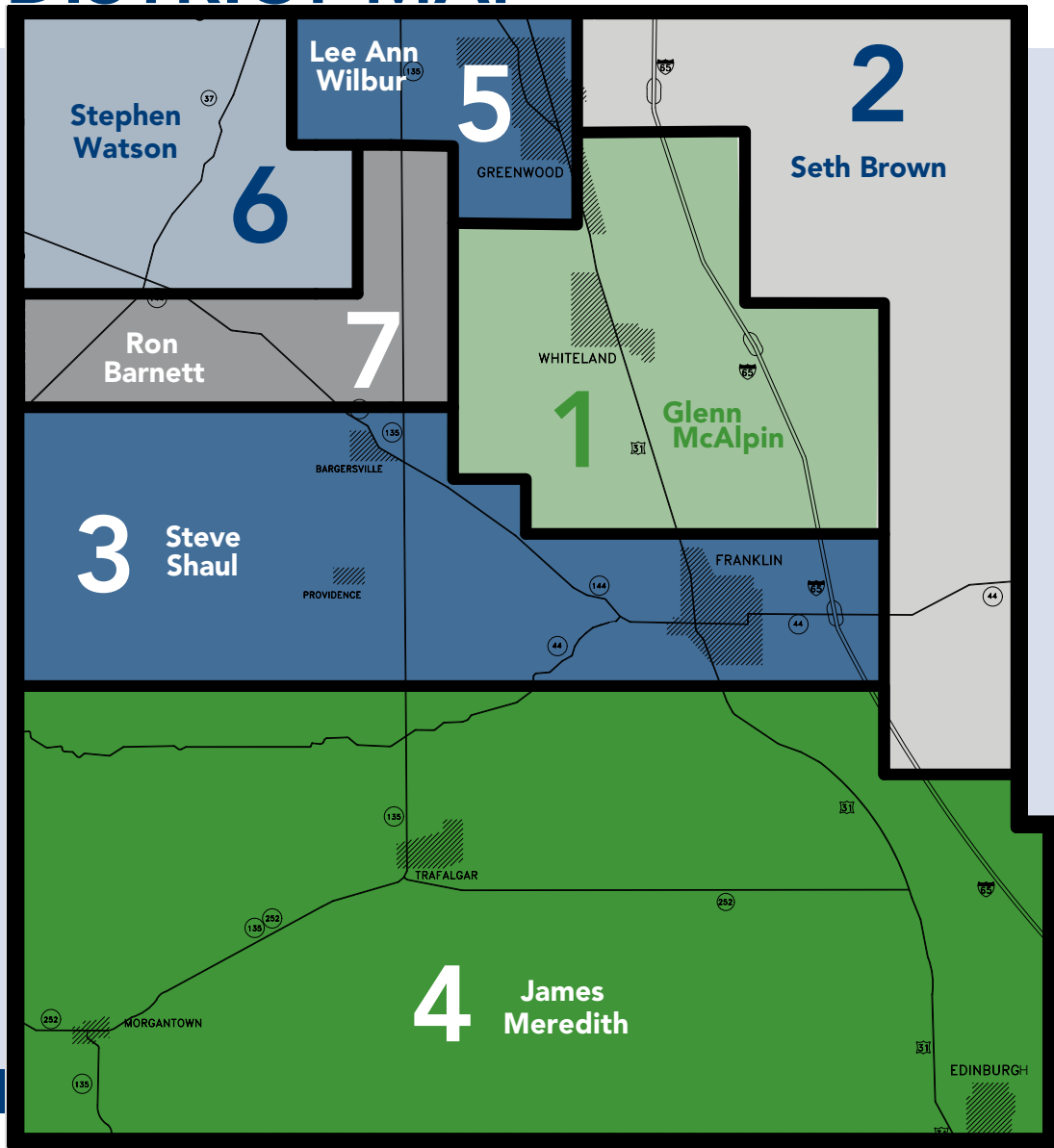
**DISTRICT 6**



RON BARNETT  
director

**DISTRICT 7**

# DISTRICT MAP



## NOMINATION AND CREDENTIALS COMMITTEE

It is the responsibility of the Nomination and Credentials Committee to offer a slate of candidates for election to the Board of Directors of the cooperative for open board seats.

The 2020 committee members, who selected the 2021 candidates, were:

District 1 – Zach Dougherty  
District 2 – Clay Fulkerson  
District 3 – Jeff Dannemiller  
District 4 – Ken Bradley

District 5 – Lynn Gray  
District 6 – Conrad Wong  
District 7 – Linda Haggard



# THE PEOPLE BEHIND THE POWER

Here at your electric cooperative, the people behind the power are local and invested in the community we serve. After all, it's our community too. The people who assist you on the phone or in the office, the line workers who leave their families in the middle of the night to restore power, the men and women dispatching crews and identifying outages, the JCFiber team, and the board directors are your family, friends, and neighbors. We'd have it no other way. That local focus, commitment, and philosophy is part of the cooperative strength of JCREMC.



A JCREMC company



# YOUR ELECTRIC COOPERATIVE BY THE NUMBERS

## REVENUE AND EXPENSE STATEMENTS

### OPERATING REVENUES

	2020 (unaudited)	2019
Residential and Farm Sales	\$43,269,632	\$44,358,178
Commercial and Large Power Sales	\$16,361,657	\$16,020,508
Other Electric Revenue	\$766,879	\$660,970
TOTAL OPERATING REVENUES	\$60,398,168	\$61,039,656

### OPERATING EXPENSES

	2020 (unaudited)	2019
Wholesale Power Costs	\$40,847,898	\$41,284,633
Operation and Maintenance of Lines	\$5,586,022	\$6,733,336
Consumer Accounting and Service	\$1,178,909	\$1,281,687
Sales and Economic Development	\$122,664	\$155,608
Administrative and General	\$3,951,332	\$4,303,763
Depreciation	\$4,264,315	\$4,149,597
Taxes	\$829,924	\$886,404
Interest on Long-Term Debt	\$1,531,173	\$1,574,576
TOTAL OPERATING EXPENSES	\$58,312,237	\$60,369,604

### MARGINS

	2020 (unaudited)	2019
Operating Margins	\$2,085,931	\$670,052
Non-Operating Margins	\$750,081	\$1,118,969
Capital Credits Allocated from Associated Organizations	\$894,654	\$1,374,768
TOTAL MARGINS	\$3,730,666	\$3,163,789

# BALANCE SHEETS

## ASSETS

	2020 (unaudited)	2019
UTILITY PLANT IN SERVICE - NET	\$96,350,332	\$91,492,307
OTHER PROPERTY AND INVESTMENTS		
Investments in Subsidiary Companies	\$3,141,045	\$3,141,045
Investments in Associated Organizations - Patronage Capital	\$23,996,312	\$23,969,878
Investments in Associated Organizations - Non-General Funds	\$618,357	\$642,643
Investments in Economic Development Projects	\$0	\$0
Special Funds	\$498,781	\$549,093
TOTAL OTHER PROPERTY AND INVESTMENTS	\$28,254,495	\$28,302,659
LONG-TERM NOTE RECEIVABLE - NET	\$3,560,932	\$1,469,347
CURRENT AND ACCRUED ASSETS		
Cash and Cash Invested	\$1,047,428	\$2,916,648
Special Deposits	\$11,880	\$14,679
Electric Bills Receivable - Net	\$5,898,072	\$5,108,262
Accounts Receivable - Net (Other)	\$1,752,165	\$1,316,619
Inventory of Materials	\$4,988,985	\$4,363,024
Prepayment and Other Assets	\$1,971,677	\$2,674,055
TOTAL CURRENT ASSETS	\$15,670,207	\$16,393,287
TOTAL ASSETS	\$143,835,966	\$137,657,600

## EQUITIES AND LIABILITIES

	2020 (unaudited)	2019
PATRONAGE CAPITAL	\$89,799,989	\$84,211,206
LONG-TERM DEBT (Less Current Portion)	\$40,330,886	\$37,001,195
NONCURRENT LIABILITIES		
Retirement Benefits Other than Pensions	\$4,987,725	\$7,623,139
Obligations Under Capital Leases	\$0	\$0
TOTAL NONCURRENT LIABILITIES	\$4,987,725	\$7,623,139
CONSTRUCTION ADVANCES	\$1,233,600	\$888,613
CURRENT AND ACCRUED LIABILITIES		
Accounts Payable	\$4,014,058	\$3,571,723
Accrued Taxes and Other Liabilities	\$1,496,156	\$1,304,987
Customer Advances and Deposits	\$262,183	\$364,789
Current Portion of Long-Term Debt	\$1,711,369	\$2,691,948
Current Portion of Capital Lease Obligations	\$0	\$0
TOTAL CURRENT LIABILITIES	\$7,483,766	\$7,933,447
TOTAL EQUITIES AND LIABILITIES	\$143,835,966	\$137,657,600

# STATEMENTS OF CASH FLOW

## CASH FLOWS FROM OPERATING ACTIVITIES

	2020 (unaudited)	2019
Cash Received from Consumers	\$59,166,813	\$59,161,831
Cash Paid to Suppliers, Vendors, Employees	(\$52,710,888)	(\$55,241,278)
Taxes Paid	(\$829,924)	(\$886,404)
Interest and Dividends Received	\$391,500	\$574,447
Interest Paid	(\$1,542,916)	(\$1,582,290)
Other Revenue (Expense) - Net	\$314,379	\$743,298
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$4,788,964	\$2,769,604

## CASH FLOWS FROM INVESTING ACTIVITIES

	2020 (unaudited)	2019
Acquisition of Utility Plant Service, Net of Retirements	(\$9,203,138)	(\$6,403,786)
Capital Credits Received	\$892,507	\$435,945
Proceeds from Sales of Investments	\$0	\$0
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(\$8,310,631)	(\$5,967,841)

## CASH FLOWS FROM FINANCING ACTIVITIES

	2020 (unaudited)	2019
Borrowed from the RUS, FFB, and NRUCFC	\$3,500,000	\$4,000,000
Repayments on Borrowings	(\$1,744,912)	(\$947,431)
Customer Patronage Requirement	(\$432,122)	(\$404,511)
Repayment of Notes Receivable	\$84,304	\$65,482
Customer Deposits and Construction Advances	\$242,380	(\$10,098)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	\$1,649,650	\$2,703,442
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(\$1,872,017)	(\$494,795)

CASH AND EQUIVALENTS, BEGINNING OF YEAR	\$2,931,327	\$3,426,122
CASH AND EQUIVALENTS, END OF YEAR	\$1,059,310	\$2,931,327

The books and records of Johnson County Rural Electric Membership Corporation for the year ended in December 31, 2020, were being audited by London Wltte Group, LLC, Certified Public Accountants as this Annual Report was printed. Any member who would like an audited copy of these summarized financial statements is invited to contact the JCREMC office, 750 International Dr., Franklin, IN 46131 at (317) 736-6174.





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