Little by little saving communities big.

2014 Annual Report
Chairman’s Letter

Many successes for 2014

Every day, our communities are being overrun by national energy companies who are going door-to-door with offers of gift cards, sports team jerseys and more. With their deep pockets, they are making our job more and more difficult. But we are responding by developing products and services that differentiate NOPEC and bring value to our communities and the members we serve.

In 2014, we launched myNOPEC and the Home Sweet Energy Savings Home tip house. We gave NOPEC a friendly face and developed an ambassador web portal for members only. In addition, we launched our first-ever brand campaign which is helping to build awareness of NOPEC in print, radio and television.

The efforts, I am happy to report, are paying off. Thanks to our new sales program, we added seven new communities and saw the successful passage of 28 other ballot issues. By February of 2015, we will have added three new counties to the NOPEC family and footprint.

Let me take this opportunity to thank our Board of Directors who serve without compensation and help NOPEC to continue to fulfill our mission. This year, the NOPEC leadership hand was passed as I was elected as NOPEC’s Board Chairman while South Euclid Mayor Georgine Welo was elected as the Vice Chairman. Also, 2014 marked the first new Summit County Board member since our founding 14 years ago. Long standing Board Chairman Joe Migliorini moved over to head the Board of Director of NOPEC Inc. and was replaced on the NOPEC Board by Macedonia Councilwoman Jan Tulley.

Our General Assembly has approved the development and deployment of several new and exciting initiatives to further enhance the NOPEC brand and bring even greater value to our communities and customers. And so we both celebrate a very successfully 2014 and look forward to another exciting year of delivering best in class programming and services. As we approach our 15th Anniversary, NOPEC remains committed to creating and sustaining customer savings as well as to developing products and services that will help our customers achieve savings in truly meaningful ways. And that is a truly a reason to celebrate.

Ron McVoy, Chairman
NOPEC Board of Directors
The Board of Directors of NOPEC is made up of one representative from each of the eleven counties in the NOPEC service area.

Ron McVoy, Chairman
Councilman, Village of North Kingsville (Ashtabula County)

Georgine Welo, Vice Chairman
Mayor, City of South Euclid (Cuyahoga County)

Rob Duncan
Mayor, City of Norwalk (Huron County)

James Flaiz
Prosecutor, Geauga County (Geauga County)

David Gillock
Mayor, City of North Ridgeville (Lorain County)

Jack Haney
City Manager, Newton Falls (Trumbull County)

Mickey Marozzi
Portage County Engineer (Portage County)

Pat McNamara
Director of Public Service, City of Brunswick (Medina County)

Aaron Montz
Mayor, City of Tiffin (Seneca County)

Daniel Troy
Lake County Commissioner (Lake County)

Jan Tulley
Councilwoman, City of Macedonia (Summit County)

Chuck Keiper
Executive Director, NOPEC
Growth

In 2014, we continued to grow our footprint adding new natural gas and electric communities.

These include:

- **Village of Richfield**
  - Natural Gas (now a natural gas and electric community)

- **City of Avon Lake**
  - Natural Gas (now a natural gas and electric community)

- **Amherst Township**
  - Natural Gas (now a natural gas and electric community)

- **Perry Village**
  - Natural Gas (now a natural gas and electric community)

- **The Village of Lakeline**
  - Natural Gas (now a natural gas and electric community)

- **The Village of Sugar Bush Knolls**
  - Electric (now a natural gas and electric community)

- **City of Woodmere**
  - Natural Gas and electric
Growth in New Counties and Communities

This year NOPEC assisted our communities in successfully placing 31 issues on the ballot. We identified communities that had opportunities to add governmental aggregation to their communities. We educated their leadership, guided their process by providing all the necessary legal documentation, provided education to their communities through outreach to senior groups, business groups and other community events. We worked with the community to provide the language to the Board of Elections and helped manage the filing process. Then, we provided outreach to the constituents through education videos, community meetings and other grassroots efforts to insure the issue was successfully passed.

After the ballot passed we worked with the communities to complete the existing paperwork, held two community meetings and filed all the necessary paperwork on the communities’ behalf for the PUCO. The results enabled these new communities to start receiving natural gas and/or electric in the first quarter of 2015!

Cuyahoga County:
- **City of Richmond Heights**
  - Natural Gas

Seneca County:
- **City of Tiffin**
  - Natural Gas and Electric (2015)

Columbiana County:
- **Butler Township**
  - Natural Gas
- **West Township**
  - Natural Gas
- **Unity Township**
  - Natural Gas
- **Hanover Township**
  - Natural Gas
- **Village of Hanoverton**
  - Natural Gas

Mahoning County:
- **Springfield Township**
  - Natural Gas

Expanded memberships:
- **The City of Beachwood**
  - Natural Gas (now a natural gas and electric community)

Madison Township
- Natural Gas (now a natural gas and electric community)

Madison Village
- Natural Gas (now a natural gas and electric community)

Elyria Township
- Natural Gas (now a natural gas and electric community)

Columbia Township
- Natural Gas (now a natural gas and electric community)

City of Norwalk
- Natural Gas (now a natural gas and electric community)

Huntsburg Township
- Natural Gas (now a natural gas and electric community)
MyNOPEC

The myNOPEC™ program positions NOPEC as the “Energy Expert” by helping customers control their energy usage.

Here’s how it works. Through a series of online challenges, myNOPEC users are guided through the site and are rewarded with points and badges that they can brag about on social media. These challenges are designed to give members tools that will help them lower their energy usage and costs. In addition, myNOPEC provides product advice and gives users the opportunity to shop for energy efficiency products.
Customers now have a number of ways to stay engaged:

- Add a property and fill out their house profile for personalized ways to conserve.
- Link natural gas and electric accounts to track monthly usage, gauge progress and see how their usage levels stack up to other NOPEC residents.
- Earn points and prizes by decreasing usage and saving more than their neighbors.
- Link their myNOPEC profile to their social media to spread the word and share the news about their savings.
- Unlock badges for various energy saving and social challenges.
- Save 10% at the online energy efficiency store and earn additional savings with NOPEC's monthly featured products.
- Become eligible to win the latest technology that will enable users to turn off their appliances when they are away from home, or turn them on when the dog wants to see his favorite show!
- Visit the NOPEC blog and glossary where they can get tips and learn more about the energy market.

The myNOPEC program is free to our communities and members and is another added value to being a NOPEC member. Our goal is to make myNOPEC the premier home energy efficiency and management tool in our region.

**Home Sweet Energy Home**

This year, we launched a virtual home where consumers can find an array of seasonal energy saving tips. To see our new home, visit us online at nopecinfo.org and click on the Home Sweet “Energy Savings” Home on the home page under Consumers Tip House. Once there, pick a season and click on the “Start” inside the home to learn about energy savings tips to help you control your energy cost and usage.

---

**Engaging Consumers Online and In Person**

Governmental Opt Out aggregation is a complex, multi-faceted program that offers consumers many choices. To help customers better understand this subject, we created a three-minute video that explains it all in a fun and entertaining way. We also developed a new kiosk that is available for use to help educate your community and residents.
**NOPEC in the Community and Around the Country**

**Meet and Greets**
Every year throughout our communities, new public officials take office. So, this year, we wanted to reach out to them through a series of Community Leader meetings. It was our way of introducing or reintroducing NOPEC to new and existing officials.

**General Assembly 2014**
NOPEC is a council of governments made up of one voting member who is either elected by the community or appointed by leaders from each NOPEC community. Annually, these leaders meet at the General Assembly in November. During this meeting, we update attendees about new initiatives and successes. We also approve budgets and provide education on the state of electric and natural gas markets.

**Ohio Township Association Show**
This year, NOPEC participated in the Ohio Township Association Trade Show in conjunction with its Annual Winter Conference in Columbus. Here, we had the opportunity to meet trustees in our many of our communities and counties. These relationships resulted in new growth in Columbiana and Mahoning Counties as well as expanded membership with some of our existing members.

**Ohio Birthday Party**
Since its inception, NOPEC has participated in the Ohio Birthday Party in Washington DC. It is our opportunity to celebrate the birth of our State and meet with our congressional leaders and their staffs. During the meeting, members of NOPEC’s Board of Directors, along with our executive director and senior associate, review the past year’s successes, present new programs that will help constituents, and review ways we can work together to help our communities.

---

**Executive Director**
Chuck Keiper, former NOPEC Board member, Congressman David Joyce, and NOPEC Executive Senior Associate Leigh Herington.
Building Brand Loyalty

For the first time in its history, NOPEC launched a multi-media advertising campaign aimed at increasing awareness of our organization among consumers and community leaders. “Our research showed that NOPEC had very little name recognition in the marketplace,” said NOPEC Executive Director, Chuck Keiper. “We needed to help people understand the value that we bring to them.”

With competitors continuing to use aggressive door-to-door and other sales tactics, the timing of the advertising campaign was ideal. The media mix includes television, radio and print advertising.

Unaided awareness of NOPEC by NOPEC customers increased by 50 percent!
What is the value in NOPEC for me?
The theory behind public aggregation is simple: by using bulk purchasing power, greater savings can be passed on to individual consumers. By joining together, consumers in NOPEC communities gain the ability to utilize a team of experienced professionals to negotiate for better prices and protections. NOPEC ensures that communities have a voice in determining that future market changes benefit consumers. Large groups of communities such as NOPEC enjoy substantial leverage in making these determinations. Without an organization like NOPEC, consumers would be left to decide on their own which supplier to choose; would be at the mercy of the supplier; and would have no voice in regulatory or legislative initiatives coming from Columbus and Washington, D.C., that might impact the cost of their utilities.

Who is in charge of this group?
Ultimately, the consumers themselves, through the views they express to their local elected officials. NOPEC is governed by a General Assembly, made up of one representative from each community. In 2014 we added three new counties so in 2015 there will be a 13 member Board of Directors, one from each of the 13 counties. In addition, the General Assembly elects a Chairman and Vice Chairman.

What does all this cost?
NOPEC receives no public funds, and its member communities are not charged any dues or fees. The Chairman and the Board of Directors serve without compensation. NOPEC’s administrative expenses, such as the cost of the opt-out mailings, staffing and expenses are paid by fees from energy suppliers. The budget is approved once a year by the General Assembly.

How do I join the buying group?
If you live in a NOPEC community, you are automatically included, unless you choose not to be. Ohio has what is called an “opt-out” procedure. This means that all eligible customers of an aggregated community become part of the buying group unless they take specific action to opt out of the aggregation. Opt-out notices are sent to all eligible natural gas consumers every two years. Under Ohio Law (SB221) all eligible electric customers receive an opt-out notice every three years.
What is the difference between NOPEC and other energy suppliers?

Unlike the many private, for-profit concerns now marketing in Ohio, NOPEC is a public not-for-profit aggregation of local governments, with no goal other than delivering both savings and stability to the consumers it represents, with consumer-friendly contract terms. To that end, we are concerned with a long-term approach to the energy market as well as short-term savings. NOPEC recognizes that long-term savings for consumers will result from regulatory changes and new laws that must be passed, and is dedicated to representing the interests of its consumers in seeking those changes.

Private, for-profit energy suppliers are focused on short-term offers. Their position on regulatory changes and laws likely will be aimed at their own bottom lines rather than the interests of consumers.
Here’s What Happened…

Natural Gas and Electric Updates

Natural Gas Update
This past March, NOPEC started a new gas program with Next Era Energy that is designed to maximize the use of locally-produced Ohio natural gas and ultimately cut costs. This new program uses a proprietary gas hedging system that insures prices are competitive in the market place. NOPEC does not guarantee that its prices will be the lowest at any one point in time, but our program assures that we will be extremely competitive with the market.

Electric Update
Polar Vortex
As we all remember, 2014 was the Year of the Polar Vortex. For consumers and small businesses who buy their power from FirstEnergy Solutions, this meant increased gas and electric usage. As a result, utility companies were forced to purchase additional energy to meet demand. Because this energy was priced so much higher, some of the costs were passed along to customers via a “Polar Vortex Surcharge.”

Thanks to NOPEC and the contract we negotiated with First Energy Solutions, our members were spared this added charge. Which means they were able to enjoy reliable rates – and warm homes – throughout the season. “We were able to get a number of contract provisions that smaller groups would not have been able to obtain,” said Chuck Keiper, NOPEC’s executive director. Because of the membership with NOPEC our customers saved as much as $7.5 million dollars and were not responsible for any Polar Vortex charges.

Since 2000 our communities have saved more than $216 million

**NATURAL GAS PRICING**

**2014 Pricing Comparison – Columbia Gas of Ohio**

- NOPEC avg. fixed price: $0.569 ccf (lowest 13% of market)
- Standard Choice avg. price: $0.578 ccf
- Market avg. price: $0.747 ccf
- Total Cost per Year/Acct. based on Usage/Month: $564

**2014 Pricing Comparison – Dominion East Ohio**

- NOPEC avg. fixed price: $4.775 mcf (lowest 14% of market)
- Standard Choice avg. price: $4.914 mcf
- Market avg. price: $6.347 mcf
- Total Cost per Year/Acct. based on Usage/Month: $595

- NOPEC avg. fixed price: $5.95 mcf (lowest 14% of market)
- Standard Choice avg. price: $6.28 mcf
- Market avg. price: $7.83 mcf

*Past performance is not a guarantee of future results.*
Legislation Update
Since our last General Assembly meeting, the Ohio Legislature passed SB 310, which freezes the levels of energy efficiency and renewable energy benchmarks established in 2008 in SB 221 at current percentage levels. It also establishes a committee to determine what should be done in the future. Ohio became the first state in the country to freeze or abolish its energy efficiency and renewable energy benchmark programs. First Energy (FE) heavily lobbied for this bill and has already announced its intention to terminate future energy efficiency programs for its customers.
In August, FE filed an application with the PUCO for a fourth “Electric Security Plan” called ESP IV. Under Ohio law, a utility can propose an electric security rate plan or go to market under a market rate option plan. In order to approve an electric security plan, the utility must show and the PUCO must find that the plan is more favorable in the aggregate than a market rate option plan.
NOPEC also has an appeal from the PUCO’s order in the First Energy ESP III case currently pending at the Ohio Supreme Court in which we are asserting that the “more favorable in the aggregate” test to approve an electric utility’s electric security plan must be based on quantitative, not qualitative, factors. NOPEC has intervened in the ESP IV case along with scores of other parties. NOPEC intends to actively participate in the case. We are opposed to the ESP IV application as currently proposed.

ELECTRIC PRICING*  

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$0.077 /KwH</td>
<td>$0.08816 /KwH</td>
<td>$0.088 /KwH</td>
<td>$1.011 /KwH</td>
</tr>
<tr>
<td>$919 7% more</td>
<td>$988 10% more</td>
<td>$1011 10% more</td>
<td>$1088 10% more</td>
</tr>
</tbody>
</table>

Total Cost per Year/Acct. based on Usage/Month

NOPEC Variable Pricing
6% Discount residential + additional 1%
4% Discount commercial + additional 1%

NOPEC Fixed Pricing
$.077/KwH through Jan. 2017
Lower than 60 of 62 PUCO Apples to Apples rates
Lower rates are special intro rates. PUCO range: $.065 to $1.494

*Past performance is not a guarantee of future results.
NOPEC Communities

Natural Gas and Electric Communities

**Ashtabula County**
- Ashtabula
- Ashtabula Township
- Conneaut
- Geneva
- Geneva on the Lake
- Harpersfield Township
- Jefferson Village
- Kingsville Township
- North Kingsville Village
- Saybrook Township

**Cuyahoga County**
- Beachwood
- Bedford
- Bedford Heights
- Bentleyville
- Berea
- Bratenahl
- Brecksville
- Brooklyn
- Brooklyn Heights
- Brook Park
- Chagrin Falls
- Fairview Park
- Garfield Heights
- Glenwillow
- Highland Heights
- Hunting Valley
- Independence
- Lakewood
- Lyndhurst
- Maple Heights
- Mayfield Village
- Middleburg Heights
- Moreland Hills
- Newburgh Heights
- North Olmsted
- North Randall
- North Royalton
- Oakwood
- Olmsted Falls
- Olmsted Township
- Orange Village
- Parma Heights
- Pepper Pike
- Rocky River
- Solon
- South Euclid
- Strongsville
- University Heights
- Valley View
- Walton Hills
- Warrensville Heights
- Woodmere

**Geauga County**
- Auburn Township
- Bainbridge Township
- Burton Township
- Burton Village
- Chardon
- Chester Township
- Claridon Township
- Hambden Township
- Huntsburg Township
- Middlefield Village
- Munson Township
- Newbury Township
- Parkman Township
- Russell Township
- South Russell Village

**Lake County**
- Concord Township
- Eastlake
- Fairport Harbor
- Grand River
- Kirtland
- Kirtland Hills
- Lakeline
- Leroy Township
- Madison Township
- Madison Village
- Mentor
- Mentor-on-the-Lake
- Painesville Township
- Perry Township
- Perry Village
- Timberlake
- Waite Hill
- Wickliffe
- Willoughby
- Willoughby Hills
- Willowick

**Lorain County**
- Amherst Township
- Avon
- Avon Lake
- Columbia Township
- Elyria
- Elyria Township
- Lorain
- North Ridgeville
- Sheffield Lake
- Sheffield Village
- South Amherst

**Medina County**
- Brunswick

**Portage County**
- Atwater Township
- Brimfield Township
- Charlestown Township
- Deerfield Township
- Franklin Township
- Edinburg Township
- Freedom Township
- Garrettsville
- Hiram Township
- Hiram
- Kent
- Mantua Township
- Nelson Township
- Palmyra Township
- Paris Township
- Randolph Township
- Ravenna Township
- Rootstown Township
- Shalersville Township
- Suffield Township
- Sugar Bush Knolls
- Windham Township

**Seneca County**
- Tiffin

**Summit County**
- Clinton Village
- Macedonia
- Northfield Village
- Reminderville
- Richfield

**Trumbull County**
- Liberty Township
- Warren
### Natural Gas Communities

**Columbiana County**
- Butler Township
- Hanover Township
- Hanoverton Village
- Unity Township
- West Township

**Cuyahoga County**
- Cleveland
- Parma
- Richmond Heights

**Geauga County**
- Troy Township

**Lake County**
- North Perry Village

**Mahoning County**
- Springfield Township

**Portage County**
- Brady Lakes

**Summit County**
- Sagamore Hills Township

**Trumbull County**
- Newton Falls

### Electric Communities

**Ashtabula County**
- Andover
- Austinburg Township
- Cherry Valley Township
- Colebrook Township
- Denmark Township
- Dorset Township
- Geneva Township
- Hartsgrove Township
- Jefferson Township
- Monroe Township
- Lenox Township
- Morgan Township
- New Lyme Township

**Cuyahoga County**
- Orwell Township
- Orwell Village
- Pierpont Township
- Plymouth Township
- Richmond Township
- Roaming Shores
- Rock Creek
- Rome Township
- Sheffield Township
- Trumbull Township
- Wayne Township
- Williamsfield Township
- Windsor Township

**Lorain County**
- Sheffield Township

**Summit County**
- Lakemore Village
- Peninsula Village
- Twinsburg

**Trumbull County**
- McDonald Village
## Financials

Northeast Ohio Public Energy Council Revenues and Expenses January through December 2014

### REVENUES

<table>
<thead>
<tr>
<th>Description</th>
<th>(unaudited) Jan-Dec ‘14</th>
<th>Jan-Dec ‘13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Income</td>
<td>120,419</td>
<td>29,656</td>
</tr>
<tr>
<td>Management Fees – Natural Gas</td>
<td>4,817,766</td>
<td>1,420,233</td>
</tr>
<tr>
<td>Management Fees – Electric</td>
<td>5,043,667</td>
<td>5,026,814</td>
</tr>
<tr>
<td>Other Fees</td>
<td>2,026</td>
<td>617</td>
</tr>
<tr>
<td><strong>TOTAL INCOME</strong></td>
<td><strong>9,983,878</strong></td>
<td><strong>6,477,320</strong></td>
</tr>
</tbody>
</table>

### EXPENSES

<table>
<thead>
<tr>
<th>Description</th>
<th>(unaudited) Jan-Dec ‘14</th>
<th>Jan-Dec ‘13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication Services</td>
<td>76,136</td>
<td>76,869</td>
</tr>
<tr>
<td>Computer Support</td>
<td>38,605</td>
<td>5,606</td>
</tr>
<tr>
<td>Consulting, Gas &amp; Electric</td>
<td>0</td>
<td>33,000</td>
</tr>
<tr>
<td>Contract Labor</td>
<td>15,096</td>
<td>0</td>
</tr>
<tr>
<td>Customer Database Management – Gas</td>
<td>6,820</td>
<td>30,470</td>
</tr>
<tr>
<td>Depreciation Expense</td>
<td>26,846</td>
<td>23,272</td>
</tr>
<tr>
<td>Insurance</td>
<td>11,162</td>
<td>9,881</td>
</tr>
<tr>
<td>Legal Fees – Electric/Gas Aggregation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal – Litigation</td>
<td>381,891</td>
<td>246,819</td>
</tr>
<tr>
<td>Legal Retainer – Electric/Gas Aggregation</td>
<td>292,476</td>
<td>253,129</td>
</tr>
<tr>
<td>Total Legal Fees – Electric/Gas Aggregation</td>
<td>674,367</td>
<td>499,948</td>
</tr>
<tr>
<td>Marketing</td>
<td>293,869</td>
<td>253,343</td>
</tr>
<tr>
<td>Membership, Association, Training &amp; Sponsorships</td>
<td>19,325</td>
<td>13,928</td>
</tr>
<tr>
<td>Meetings</td>
<td>54,357</td>
<td>18,832</td>
</tr>
<tr>
<td>Office Equipment</td>
<td>0</td>
<td>4,839</td>
</tr>
<tr>
<td>Total Office Supplies</td>
<td>37,647</td>
<td>51,321</td>
</tr>
<tr>
<td>Postage and Delivery</td>
<td>8,940</td>
<td>4,503</td>
</tr>
<tr>
<td>Total Professional Fees</td>
<td>107,832</td>
<td>79,964</td>
</tr>
<tr>
<td>Other</td>
<td>0</td>
<td>834</td>
</tr>
<tr>
<td>Payroll Tax/Staff Fringe Benefits</td>
<td>116,374</td>
<td>137,878</td>
</tr>
<tr>
<td>Staff Salaries</td>
<td>631,433</td>
<td>502,354</td>
</tr>
<tr>
<td>Support for CRES</td>
<td>3,041</td>
<td>37,713</td>
</tr>
<tr>
<td>Telephone</td>
<td>14,423</td>
<td>13,268</td>
</tr>
<tr>
<td>Travel</td>
<td>31,968</td>
<td>25,293</td>
</tr>
<tr>
<td>Utilities</td>
<td>12,981</td>
<td>11,225</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td><strong>2,181,222</strong></td>
<td><strong>1,834,341</strong></td>
</tr>
</tbody>
</table>

### NET INCOME

<table>
<thead>
<tr>
<th>Description</th>
<th>(unaudited) Jan-Dec ‘14</th>
<th>Jan-Dec ‘13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rental Office – Net</td>
<td>12,910</td>
<td>9,784</td>
</tr>
<tr>
<td>Total Other Income</td>
<td>12,910</td>
<td>9,784</td>
</tr>
<tr>
<td>Other Expense</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electric Program Discount</td>
<td>3,144,000</td>
<td>3,317,000</td>
</tr>
<tr>
<td>Total Other Expense</td>
<td>3,144,000</td>
<td>3,317,000</td>
</tr>
<tr>
<td><strong>NET REVENUES AFTER EXPENSES</strong></td>
<td><strong>4,671,566</strong></td>
<td><strong>1,428,811</strong></td>
</tr>
</tbody>
</table>
The Northeast Ohio Public Energy Council (NOPEC) is the largest governmental retail energy aggregator in the United States. Our members are communities (residential and small businesses) throughout Northeast Ohio. We have members serving nearly 200 communities in 13 counties. For more than 14 years we have saved our communities and members more than $218 million dollars and have provided more than $16 million in NOPEC community energy efficiency grants.