

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

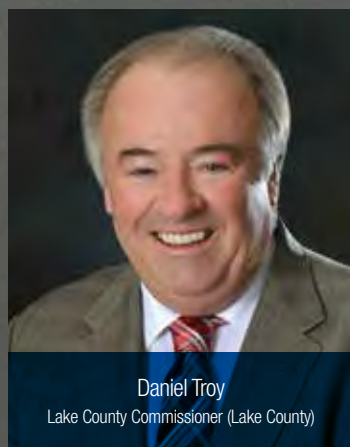
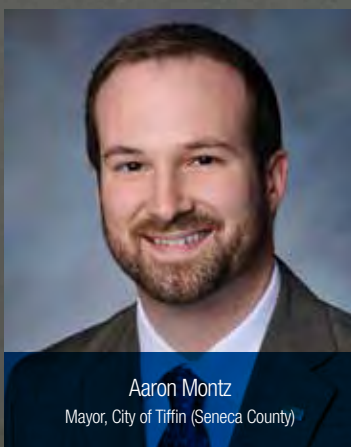
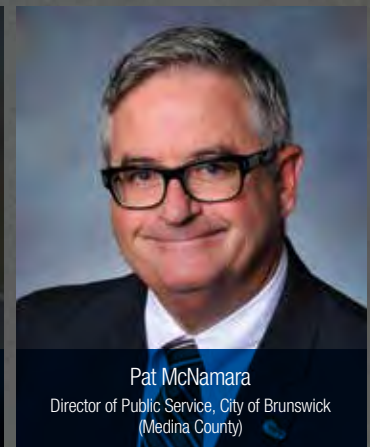
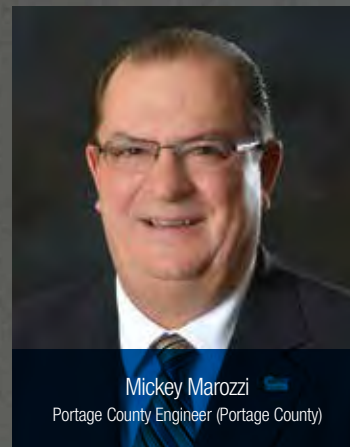
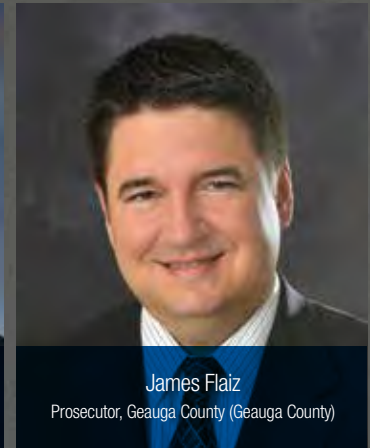
NOPEC to continue to fulfill our mission. This year, the NOPEC leadership hand was passed as I was elected as NOPEC's Board Chairman while South Euclid Mayor Georgine Welo was elected as the Vice Chairman. Also, 2014 marked the first new Summit County Board member since our founding 14 years ago. Long 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

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.





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.

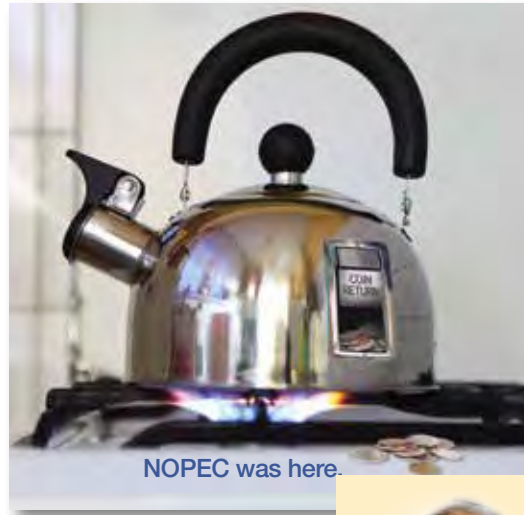


Building Brand Loyalty

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.

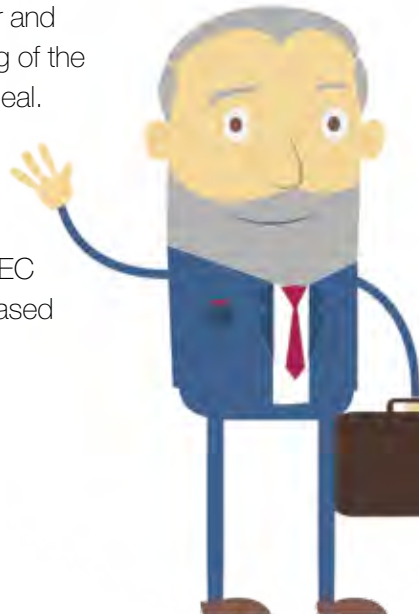
Unaided awareness of NOPEC by NOPEC customers increased by 50 percent!



Giving you the chance to save. Every day.

Little by little, we're helping you save big. We're the Northeast Ohio Public Energy Council, a non-profit group of 174 municipalities who use our immense buying power to help you keep your utility bills as low as possible. In fact, every time you turn on an appliance, you have the opportunity to save a little extra cash.

But, at NOPEC, we don't just work for you, we work with you to help you manage your utility bills and save on energy-efficient products. Plus, we engage in community projects that benefit everyone. You see, at NOPEC, we're here to make a difference. To learn more go to nopecinfo.org.



my
NOPEC
NORTHEAST OHIO PUBLIC ENERGY COUNCIL
SUMMER 2014

Opportunities to Save Money Every Day Buy Ohio - Why? We're Here to Answer Your Questions Home Sweet Energy Savings

DON'T FORGET TO "LIKE" US ON FACEBOOK
for energy saving tips, links to resources and opportunities to share your own tips and learn about featured products and more.

GIVING YOU THE OPPORTUNITY TO SAVE MONEY EVERY DAY

The Northeast Ohio Public Energy Council (NOPEC) is a not-for-profit group of communities whose mission is to keep your gas and electric bills low. We are the largest public retail energy aggregation in the nation, with more than 130 members serving over 170 communities in 10 counties across Northeast Ohio. And, we use our immense buying power to negotiate the best rates and terms for residents and small businesses like you.

Since our inception in 2000, we have saved our members more than \$195 million.

NOPEC is different from other energy suppliers in that our customers are members. We work with legislators and regulators to ensure that you have a choice and we offer our member communities benefits that others cannot.

Working with First Energy Solutions, we have been able to fund hundreds of energy saving improvement projects through the Powering Our Communities (POC) Grant Program to the tune of \$16 million!

We recently entered into an agreement with Nextera Energy Services, Ohio LLC to buy gas locally in Ohio, supporting economic growth and saving our members as much as an estimated 50 to 60 cents per thousand cubic feet (Mcf).



Answering Your Questions

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."

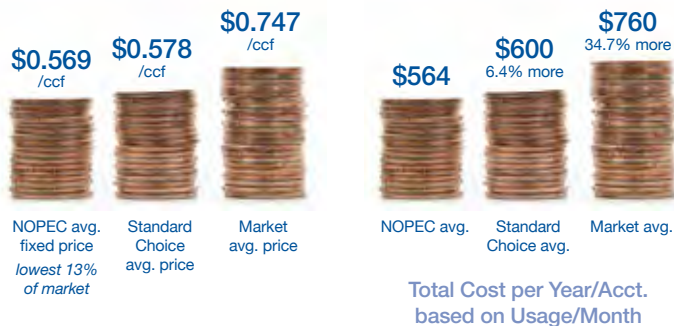
Thanks to NOPEC and the contract we negotiated with First Energy Solutions, our members were spared this added charge. Which means they were able to enjoy reliable rates – and warm homes – throughout the season.

"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.

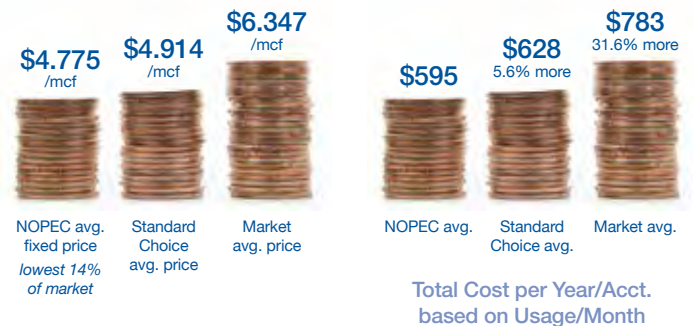
Since 2000 our communities have saved more than \$216 million

NATURAL GAS PRICING*

2014 Pricing Comparison –
Columbia Gas of Ohio



2014 Pricing Comparison –
Dominion East Ohio



*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

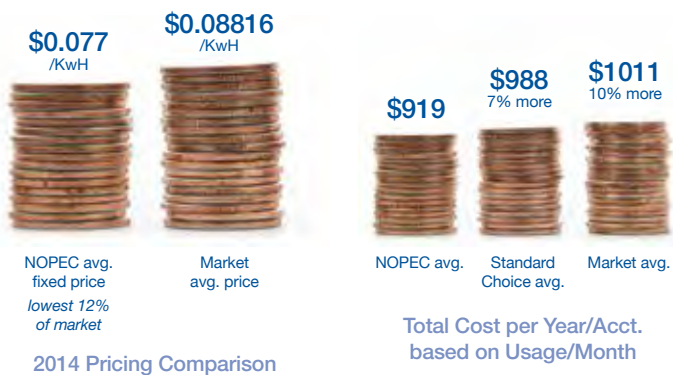
benchmark programs. First Energy (FE) heavily lobbied for this bill and has already announced its intention to terminate future energy efficiency programs for its customers.

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*



NOPEC Variable Pricing

6% Discount residential + additional 1%
4% Discount commercial + additional 1%



NOPEC Fixed Pricing

\$0.077/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

Huron County

Norwalk

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

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

Cuyahoga County

Broadview Heights
East Cleveland
Seven Hills
Shaker Heights
Linndale

Geauga County

Chardon Township
Middlefield Township
Montville Township
Thompson 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

	(unaudited) Jan-Dec '14	Jan-Dec '13
REVENUES		
Interest Income	120,419	29,656
Management Fees – Natural Gas	4,817,766	1,420,233
Management Fees – Electric	5,043,667	5,026,814
Other Fees	2,026	617
TOTAL INCOME	9,983,878	6,477,320
EXPENSES		
Communication Services	76,136	76,869
Computer Support	38,605	5,606
Consulting, Gas & Electric	0	33,000
Contract Labor	15,096	0
Customer Database Management – Gas	6,820	30,470
Depreciation Expense	26,846	23,272
Insurance	11,162	9,881
Legal Fees – Electric/Gas Aggregation		
<i>Legal – Litigation</i>	381,891	246,819
<i>Legal Retainer – Electric/Gas Aggregation</i>	292,476	253,129
Total Legal Fees – Electric/Gas Aggregation	674,367	499,948
Marketing	293,869	253,343
Membership, Association, Training & Sponsorships	19,325	13,928
Meetings	54,357	18,832
Office Equipment	0	4,839
Total Office Supplies	37,647	51,321
Postage and Delivery	8,940	4,503
Total Professional Fees	107,832	79,964
Other	0	834
Payroll Tax/Staff Fringe Benefits	116,374	137,878
Staff Salaries	631,433	502,354
Support for CRES	3,041	37,713
Telephone	14,423	13,268
Travel	31,968	25,293
Utilities	12,981	11,225
TOTAL EXPENSES	2,181,222	1,834,341
NET INCOME	7,802,656	4,736,027
Other Income		
<i>Rental Office – Net</i>	12,910	9,784
Total Other Income	12,910	9,784
Other Expense		
<i>Electric Program Discount</i>	3,144,000	3,317,000
Total Other Expense	3,144,000	3,317,000
NET REVENUES AFTER EXPENSES	4,671,566	1,428,811



2014 General Assembly Meeting



nopecinfo.org



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.