



Vernon Electric Cooperative

"Information for our member-owners."

Report From The Board Chair

By Bernadine Hornby, Board Chair

As your board chair, I am pleased to report Vernon Electric Cooperative (VEC) had another successful year with excellent safety and reliability metrics. As we reflect on the past year, it is with great pride that we highlight achievements, share challenges, and the overall progress of our cooperative. The dedication of our members, employees, and board has contributed to the continued accomplishments and growth of VEC.

Despite ongoing inflation pressures, VEC maintained a strong financial position in 2023. The electric cooperative industry faced challenges with rising equipment costs and delays, particularly in transformers, which surged by up to 60% from 2020, with lead times extending to one year. Through strategic planning, we successfully navigated these challenges. Due to the increased price pressures, we had to implement small rate adjustments, raising the residential facility charge by \$1, the three-phase rate by \$2, and the peak-alert rate by \$5 starting in 2024, to offset increased equipment costs.

One of the seven cooperative principles is Member's Economic Participation, and this month, we will be refunding **\$576,012** in capital credits to current and former members. Over the years, Vernon Electric has returned nearly \$23 million to our members. Members will see their refund as a credit on the bill received this month.

Safety continues to be a top priority of VEC, and I am happy to report that we experienced no lost time accidents in 2023. Monthly safety meetings, covering topics from pole-top rescue to blood-borne pathogens, played a vital role in creating awareness among employees. We also extended our safety efforts to Vernon County National Night Out, where a

demonstration on handling vehicle accidents involving power lines or poles was well received. Thank you to the event organizers and the first responders who assisted during our demonstration.

Our commitment to providing safe, reliable, and affordable electricity is reflected in VEC's 99.99% reliability rating for 2023. This underscores our extensive investment in infrastructure upgrades and right-of-way maintenance, like vegetation management.

Innovative is a word that best describes 2023 for VEC. Recognizing the growing interest in electric vehicles (EVs), we initiated a pilot program, offering members a level-two charger with three rate options. During peak hours, members may charge their EV for 25 cents per kWh, off-peak for 8 cents, or super off-peak for 5.7 cents. The three-part rate allows members the freedom to charge when they wish but encourages charging during the overnight hours when the electricity demand is low. Members participating in the pilot program have found the program beneficial and enjoyed the opportunity to work with VEC to shift energy use away from peak times.

Perhaps the year's most significant achievement is the completion of the Bluff Prairie Community Solar Array. With over two years in the making, we are excited about its completion and its impact on VEC and its members. Participation in community solar has been impressive, as over 1,350 panels have been subscribed to at this time. Collaborating with Couleecap Inc. to extend solar opportunities to low-to-moderate-income individuals exemplifies the cooperative principle, Concern for Community.



BALANCE SHEET

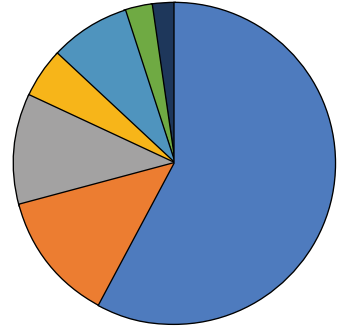
WHAT WE HAVE	2023	2022
UTILITY PLANT, at cost		
Intangible plant	\$808	\$808
Distribution plant	65,256,200	61,988,466
General plant	10,851,760	10,316,098
Electric plant in service	76,108,768	72,305,372
Construction work in progress	239,391	467,053
TOTAL UTILITY PLANT	\$76,348,159	\$72,772,425
Less accumulated provision for depreciation	(21,825,951)	(20,189,783)
NET UTILITY PLANT	\$54,522,208	\$52,582,642
OTHER PROPERTY AND INVESTMENT		
Non-utility property	\$194,522	\$194,522
Investments in associated organizations	11,259,504	10,896,680
Other investments	150,083	146,564
Special funds	2,579,933	2,468,345
TOTAL OTHER PROPERTY AND INVESTMENTS	\$14,184,042	\$13,706,111
CURRENT ASSETS		
Cash, general	\$235,849	\$351,595
Short-term investments	149,072	3,001,693
Accounts receivable	2,129,988	2,246,720
Material and supplies inventory	1,668,211	1,137,496
Other current and accrued assets	119,986	112,050
TOTAL CURRENT ASSETS	\$4,303,106	\$6,849,554
DEFERRED DEBITS	\$55,205	\$29,756
TOTAL ASSETS	\$73,064,561	\$73,168,063

WHAT WE OWE	2023	2022
LONG-TERM DEBT, less current maturities		
RUS mortgage note	\$29,321,661	\$30,214,330
National Rural Utility Cooperative Finance	775,385	827,965
Co Bank	248,156	316,959
Economic Revolving Loan Grant	546,500	546,500
TOTAL LONG TERM DEBT	\$30,891,702	\$31,905,754
CURRENT LIABILITIES		
Current maturities of long-term debt	\$1,001,064	\$1,085,215
Accounts payable	1,347,574	1,443,491
Other current accrued liabilities	1,411,872	1,530,380
TOTAL CURRENT LIABILITIES	\$3,760,510	\$4,059,086
REGULATORY LIABILITIES	\$1,639,536	\$1,693,649
DEFERRED CREDITS	0	6,739
ACCUMULATIVE OPERATING PROVISIONS	293,399	244,264
TOTAL LIABILITIES	\$36,585,147	\$37,909,492
WHAT WE OWN		
EQUITIES AND MARGINS		
Patronage capital	\$25,926,795	\$25,137,354
Other equities	10,552,619	10,121,217
TOTAL EQUITIES AND MARGINS	\$36,479,414	\$35,258,571
TOTAL EQUITIES, MARGINS, AND LIABILITIES	\$73,064,561	\$73,168,063

STATEMENT OF REVENUE AND EXPENSES

OPERATING REVENUES	2023	2022
Electric Energy Revenue	\$22,302,307	\$22,205,770
Other Electric Revenue	58,118	453,176
TOTAL OPERATING REVENUES	\$22,360,425	\$22,658,946
OPERATING EXPENSES		
Cost of purchased power	\$12,317,564	\$12,632,804
Distribution expense – operations	1,653,143	1,708,545
Distribution expense – maintenance	1,204,368	1,216,905
Consumer account expense	379,859	336,806
Customer Service	230,553	142,826
Sales expense	161,716	133,283
Administration and general expense	1,769,257	1,680,008
Depreciation expense	2,485,839	2,367,964
Taxes	322,200	322,082
Interest on long-term debt	1,007,912	1,035,841
TOTAL OPERATING EXPENSE	\$21,532,411	\$21,577,064
OPERATING MARGINS	\$828,014	\$1,081,882
NON-OPERATING MARGINS		
Interest income	\$189,645	\$113,423
Other non-operating income	179,909	212,464
Dairyland Power Co-op capital credits	600,526	478,685
Other capital credits	103,663	105,556
TOTAL MARGINS	\$1,901,757	\$1,992,010

2023 Costs



Purchased Power	57.20%
Operations & Maintenance	13.27%
Depreciation	11.54%
Interest	4.68%
Administration	8.22%
Member Services	3.59%
Taxes	1.5%

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To us, Concern for Community extends beyond just donating money or sponsoring events. It involves active participation among our members, contributing to electricity education and supporting local events like the Vernon County Fair or Vernon and Monroe County Dairy Breakfasts in our service territory. Because we live in the communities we serve, we aim to provide opportunities for future generations, offering scholarships and sending students to the Youth Leadership Conference. In a notable achievement, one of our students was elected to the Wisconsin Youth Leadership Conference board of directors and she will represent Wisconsin in Washington D.C. this summer.

As we look to the future, the Board is committed to fostering sustainable growth, embracing innovative ideas, and ensuring the well-being of our members and community. We will continue to search for additional ways to diversify our energy portfolio, enhance grid resilience, and engage with our members. 2023 was a testament to the strength and resilience of Vernon Electric Cooperative, and we continue to evolve. Members of VEC can be assured the directors and employees will strive to enrich the lives of our members. We extend our gratitude to our members for their continued support and trust. Together, we will navigate the challenges and opportunities that lie ahead ensuring a sustainable and prosperous future for our cooperative and the community we proudly serve.



2023 Youth Leadership Conference participants.

**Watt's
New**

The information in this newsletter has been prepared for you by Trevor B. Clark, Manager of Communications & Member Relations. Comments or questions regarding information contained here should be directed to:
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