

Watt's New

Annual Meeting

Saturday
March 25, 2017

March 2017

Vernon Electric Cooperative

"Information for our member-owners."

Official Notice of the Annual Meeting of Vernon Electric Cooperative

Date: Saturday, March 25, 2017

Place: Vernon Electric Cooperative Headquarters, 110 Saugstad Rd., Westby, WI

Time: Registration 8:00 a.m.
Pancake Breakfast 8:00 – 9:45 a.m.
Call to Order 10:00 a.m.

- Invocation
- Establishment of Quorum
- Notice of Meeting and Proof of Mailing
- General Manager's Report
- Review Committee Report
- Election Committee Report
- Old and New Business
- Scholarships
- Drawing for Attendance Prizes
- Adjournment

Following are items of business that may be acted upon at the business meeting:

- Action upon Policy Resolutions submitted by members. All such Policy Resolutions must be filed at the office of the Cooperative on or before 12:00 noon, March 15, 2017.
- Such other business as may come before this meeting or any adjournment thereof.

We sincerely hope that you are able to attend.

Dated February 22, 2017

David D Dregne
David Dregne, Secretary



President's Report

By Bernadine Hornby, Board President

As your board president, I am pleased to, once again, report Vernon Electric Cooperative had another safe and successful year.



A few of our 2016 highlights were:

- Investing \$3 million in distribution system upgrades (i.e. poles, transformers, and lines)
- Spending \$2.7 million to maintain our existing system and improve reliability
- Ranking very high nationally for controlling expenses
- Providing \$16,000 in scholarships and starting a new Line Worker's scholarship
- Refunding our members \$103,000 in energy efficiency and conservation rebates
- Completing several technology enhancements to improve service and efficiency
- Having two, large Dairyland Power Co-op solar projects constructed locally
- Using unclaimed capital credits to make \$15,200 in local charitable contributions
- Working 140,000 hours without a lost-time accident
- Earning safety accreditation from the National Rural Electric Co-op Association

Because your Cooperative's financial condition remains very healthy, we are refunding \$545,000 in capital credits to our members. This is \$100,000 more than last year. Over the years, Vernon Electric has returned more than \$17.8 million to our members. **Members will see their refund as a bill credit on this month's electric bill.**

My fellow directors and I are very proud of our employees and their commitment to safety and dedication to our members. Flooding was a challenge this past year and the commitment and dedication was clearly demonstrated with long hours and extreme working conditions, not quitting until everyone that could be, was back in power.

We are committed to working for the best interests of our members and are keeping abreast of the many changes in our industry. An important governance responsibility of your board of directors is strategic planning. Our strategic plan was recently reviewed and updated. It includes providing superior customer service, keeping rates fair and stable, completing a comprehensive rate study, and continuing investments in the distribution system, technology, and maintenance. Safety will continue to be our highest priority.

I hope to see you at our 81st Annual Meeting on Saturday, March 25. The meeting starts at 10 a.m., but please come early for a pancake breakfast starting at 8 a.m.



Registration Card – Cut this card out and bring it with you to the Annual Meeting. It will also be used to award attendance prizes.

Vernon Electric Cooperative's 81st Annual Meeting, March 25, 2017. Vernon Electric Cooperative Headquarters

Name _____

Account No. _____

Address _____

Spouse Registration

Name _____

Account No. _____

Address _____

BALANCE SHEET

WHAT WE HAVE	2016	2015
UTILITY PLANT, at cost		
Intangible plant	\$808	\$808
Distribution plant	48,208,537	46,007,785
General plant	9,695,366	9,581,894
Electric plant in service	57,904,711	55,590,487
Construction work in progress	327,240	585,550
TOTAL UTILITY PLANT	\$58,231,951	\$56,176,037
Less accumulated provision for depreciation	(15,376,811)	(14,697,659)
NET UTILITY PLANT	\$42,855,140	\$41,478,378
OTHER PROPERTY AND INVESTMENT		
Non-Utility Property	\$194,522	\$194,522
Investments in Associated Organizations	9,000,441	\$8,712,381
Other Investments	132,869	136,770
Special Funds	1,092,694	991,995
TOTAL OTHER PROPERTY AND INVESTMENTS	\$10,420,526	\$10,035,668
CURRENT ASSETS		
Cash, general	\$174,396	\$258,134
Short-term investments	3,461	3,532
Accounts receivable	2,170,734	1,970,310
Material and supplies inventory	426,604	379,578
Other current and accrued assets	132,488	126,603
TOTAL CURRENT ASSETS	\$2,907,683	\$2,738,157
DEFERRED DEBITS	\$791,306	\$896,420
TOTAL ASSETS	\$56,974,655	\$55,148,623

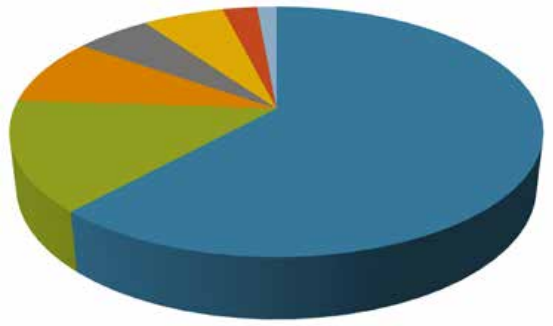
BALANCE SHEET

WHAT WE OWE	2016	2015
LONG-TERM DEBT, less current maturities		
RUS mortgage note	\$19,004,063	\$19,581,434
National Rural Utility Cooperative Finance	3,436,580	2,840,707
Co Bank	1,783,627	1,411,731
RUS Cushion of Credit	(1,242,040)	(1,862,500)
TOTAL LONG TERM DEBT	\$22,982,230	\$21,971,372
CURRENT LIABILITIES		
Current maturities of long-term debt	\$1,159,747	\$1,150,550
Accounts payable	1,784,432	1,437,473
Notes payable	0	500,000
Other current accrued liabilities	916,726	863,142
TOTAL CURRENT LIABILITIES	\$3,860,905	\$3,951,165
REGULATORY LIABILITIES	\$419,600	\$366,050
DEFERRED CREDITS	48,629	55,352
ACCUMULATIVE OPERATING PROVISIONS	156,717	146,722
TOTAL LIABILITIES	\$27,468,081	\$26,490,661
WHAT WE OWN		
EQUITIES AND MARGINS		
Patronage Capital	\$23,679,259	\$23,156,757
Other equities	5,827,315	5,501,205
TOTAL EQUITIES AND MARGINS	\$29,506,574	\$28,657,962
TOTAL EQUITIES, MARGINS AND LIABILITIES	\$56,974,655	\$55,148,623

STATEMENT OF REVENUE AND EXPENSES

OPERATING REVENUES	2016	2015
Electric Energy Revenue	\$20,120,575	\$19,660,091
Other Electric Revenue	101,354	105,255
TOTAL OPERATING REVENUES	\$20,221,929	\$19,765,346
OPERATING EXPENSES		
Cost of purchased power	\$12,021,344	\$11,778,916
Distribution expense – operations	1,374,109	1,236,117
Distribution expense – maintenance	1,415,012	1,355,531
Consumer account expense	321,705	315,430
Customer Service	77,065	110,885
Sales expense	101,734	108,283
Administration and general expense	1,153,628	1,102,327
Depreciation expense	1,674,964	1,636,586
Taxes	263,261	256,496
Other deductions	(3,240)	394
Interest on long-term debt	1,066,016	1,109,244
TOTAL OPERATING EXPENSE	\$19,465,598	\$19,010,209
OPERATING MARGINS	\$756,331	\$755,137
NON-OPERATING MARGINS		
Interest income	\$127,642	\$195,917
Other non-operating income	20,322	17,342
Dairyland Power Co-op capital credits	471,925	555,399
Other capital credits	86,780	91,030
TOTAL MARGINS	\$1,463,000	\$1,614,825

2016 Expense Dollar



Purchased Power	61.8%
Operations & Maintenance	14.3%
Depreciation	8.6%
Interest	5.5%
Administration	5.9%
Customer Related	2.5%
Taxes	1.4%

We hope to see you
at our 81st Annual
Meeting!

Saturday,
March 25, 2017

Vernon Electric Co-op Headquarters
Registration & Breakfast • 8 a.m.
Meeting • 10 a.m.



2016 Employee Milestones

Congratulations...

to our 2016 Milestone Recipients!



Ken Karwoski
Journeyman
Line Worker
15 years



Nicole Simonson
Administrative
Assistant/HR
15 years



Jason Berklund
Journeyman
Line Worker
20 years



Trevor Olson
Staking Engineer
20 years



David Maxwell
Dir., Marketing &
Communications
25 years

**Watt's
New**

The information in this newsletter has been prepared for you by David Maxwell, Marketing and Communications. Comments or questions regarding information contained here should be directed to:

VERNON ELECTRIC COOPERATIVE
110 Saugstad Rd; Westby, WI 54667
Call (608) 634-3121 or 1-800-447-5051.

www.vernonelectric.org • E-mail: info@vernonelectric.org
This institution is an equal opportunity provider and employer.

**VERNON
Electric**
COOPERATIVE - WESTBY, WISCONSIN
Your Touchstone Energy® Cooperative