



March 2019

## Vernon Electric Cooperative

"Information for our member-owners."

### Official Notice of the Annual Meeting of Vernon Electric Cooperative

- Date:** Saturday, March 23, 2019
- Place:** Vernon Electric Cooperative Headquarters, 110 Saugstad Rd., Westby, WI
- Time:** Registration..... 8:00 a.m.  
Pancake Breakfast..... 8:00 – 9:45 a.m.  
National Anthem ..... 10:00 a.m.  
Call to Order  
Invocation  
Establishment of Quorum  
Notice of Meeting and Proof of Mailing  
Scholarships  
General Manager's Report  
Review Committee Report  
Election Committee Report  
Old and New Business  
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 13, 2019.
- Such other business as may come before this meeting or any adjournment thereof.

We sincerely hope that you can attend.

Dated March 4, 2019

*David Dregne*  
David Dregne, Secretary



## President's Report

By Bernadine Hornby, Board President

As your board president, I am pleased to once again report that Vernon Electric Cooperative had another safe, successful year. Our employees and members certainly were challenged with floods and storms. My fellow directors are proud of the way our employees safely and quickly responded to power outages. With assistance from three other electric cooperatives over 50 poles and two miles of line were replaced in just two days after the big flood in August.



We constantly strive to improve service to our members. We completed our meter replacement project and now offer online usage data, remote disconnects, and have automatic outage notification. We will soon be offering an option for members to receive text notifications of outages and outage restoration. Already we have restored numerous outages where the members were away from home. This saved their refrigerated and frozen food and kept their sump pumps working. Technology is a great tool for our members and employees. This is the reason we continue to invest in software, outage management, meter data management, employee training, and secured data backups and recovery.

Because your Cooperative's financial condition remains very healthy, we are refunding \$372,000 in capital credits to our members. Over the years, Vernon Electric has returned more than \$19 million to our members. **Members will see their refund as a bill credit on this month's electric bill.**

#### A few of our 2018 highlights were:

- Investing \$4.4 million in distribution system upgrades (poles, transformers, meters, and lines)
- Spending \$3.3 million to maintain our existing system and improve reliability
- Ranking very high nationally for controlling expenses
- Providing \$18,000 in scholarships
- Refunding our members \$60,000 in energy efficiency rebates
- Using unclaimed capital credits to make \$20,000 in local charitable contributions
- Installing an electric vehicle charging station in our parking lot
- Completing a thorough rate study
- Receiving an outstanding audit report
- Working 272,100 hours without a loss time accident

Lastly, as many of you know, Joe McDonald retired as CEO and General Manager of Vernon Electric Cooperative in February. Among his many accomplishments, one that stands out is Joe's leadership that helped make Vernon Electric a leader in member-owned solar throughout the nation. We are proud to have had Joe on our team and in our Co-op family. We thank Joe for his years of commitment and service to Vernon Electric.

We also welcome Craig Buros as our new CEO and General Manager. Craig has worked for VEC for 23 years and has been our Director of Engineering and Operations for 18 years. The Board of Directors conducted an extensive CEO search, after which Craig was unanimously selected. We look forward to Craig's leadership and insight for both Vernon Electric and the members we serve. Welcome Craig!

I hope to see you at our 83rd Annual Meeting on Saturday, March 23. 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 83rd Annual Meeting, March 23, 2019. Vernon Electric Cooperative Headquarters

Name \_\_\_\_\_

Account No. \_\_\_\_\_

Address \_\_\_\_\_

#### Spouse Registration

Name \_\_\_\_\_

Account No. \_\_\_\_\_

Address \_\_\_\_\_



## Balance Sheet

WHAT WE HAVE	2018	2017
UTILITY PLANT, at cost		
Intangible plant	\$ 808	\$ 808
Distribution plant	53,542,530	51,120,941
General plant	10,169,791	10,045,200
Electric plant in service	63,713,129	61,166,949
Construction work in progress	219,536	606,275
TOTAL UTILITY PLANT	\$63,932,665	\$61,773,224
Less accumulated provision for depreciation	(15,898,044)	(15,982,880)
NET UTILITY PLANT	\$48,034,621	\$45,790,344
OTHER PROPERTY AND INVESTMENT		
Non-Utility Property	\$194,522	\$194,522
Investments in Associated Organizations	9,463,216	\$9,421,158
Other Investments	138,315	135,076
Special Funds	1,000,863	915,622
TOTAL OTHER PROPERTY AND INVESTMENTS	\$10,796,916	\$10,666,378
CURRENT ASSETS		
Cash, general	\$99,889	\$162,425
Short-term investments	672	555
Accounts receivable	2,127,173	2,211,103
Material and supplies inventory	528,299	535,025
Other current and accrued assets	74,996	91,873
TOTAL CURRENT ASSETS	\$2,831,029	\$3,000,981
DEFERRED DEBITS	\$553,026	\$696,435
<b>TOTAL ASSETS</b>	<b>\$62,215,592</b>	<b>\$60,154,138</b>

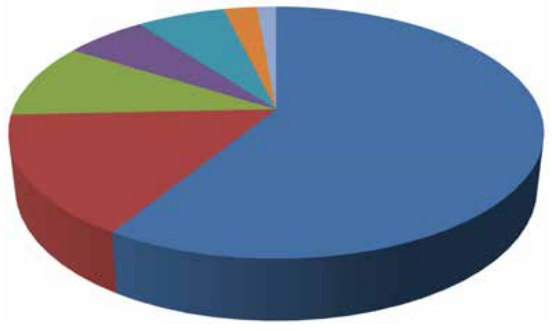
## Balance Sheet

WHAT WE OWE	2018	2017
LONG-TERM DEBT, less current maturities		
RUS mortgage note	\$29,812,181	\$18,403,278
National Rural Utility Cooperative Finance	1,845,373	4,034,863
Co Bank	708,233	4,784,188
RUS Cushion of Credit	(6,246,947)	(3,114,633)
TOTAL LONG TERM DEBT	\$26,118,840	\$24,107,696
CURRENT LIABILITIES		
Current maturities of long-term debt	\$1,233,542	\$1,156,941
Accounts payable	1,448,134	1,626,525
Other current accrued liabilities	1,110,122	1,193,832
TOTAL CURRENT LIABILITIES	\$3,791,798	\$3,977,298
REGULATORY LIABILITIES	\$1,395,018	\$1,552,400
DEFERRED CREDITS	116,831	164,137
ACCUMULATIVE OPERATING PROVISIONS	173,625	183,207
TOTAL LIABILITIES	\$31,596,112	\$29,984,738
WHAT WE OWN		
EQUITIES AND MARGINS		
Patronage Capital	\$24,202,572	\$24,100,706
Other equities	6,416,908	6,068,694
TOTAL EQUITIES AND MARGINS	\$30,619,480	\$30,169,400
<b>TOTAL EQUITIES, MARGINS AND LIABILITIES</b>	<b>\$62,215,592</b>	<b>\$60,154,138</b>

## STATEMENT OF REVENUE AND EXPENSES

OPERATING REVENUES	2018	2017
Electric Energy Revenue	\$21,210,495	\$20,034,062
Other Electric Revenue	97,752	98,141
TOTAL OPERATING REVENUES	\$21,308,247	\$20,132,203
OPERATING EXPENSES		
Cost of purchased power	\$12,322,120	\$12,028,942
Distribution expense – operations	1,527,115	1,374,012
Distribution expense – maintenance	1,723,620	1,487,627
Consumer account expense	328,066	321,303
Customer Service	77,806	75,353
Sales expense	100,483	110,325
Administration and general expense	1,337,157	1,191,215
Depreciation expense	2,005,607	1,804,613
Taxes	288,520	260,200
Other deductions	(3,301)	(11,365)
Interest on long-term debt	1,233,416	1,081,923
TOTAL OPERATING EXPENSE	\$20,940,609	\$19,724,148
OPERATING MARGINS	\$367,638	\$408,055
NON-OPERATING MARGINS		
Interest income	\$304,206	\$210,754
Other non-operating income	11,796	20,649
Dairyland Power Co-op capital credits	226,969	582,894
Other capital credits	107,218	91,118
TOTAL MARGINS	\$1,017,827	\$1,313,470

## 2018 Expense Dollar



Purchased Power	58.8%
Operations & Maintenance	15.5%
Depreciation	9.6%
Interest	5.9%
Administration	6.4%
Customer Related	2.4%
Taxes	1.4%

## 2018 Employee Milestones

*Congratulations...*

to our 2018 Milestone Recipients!



**Mary Ann Berg**  
Billing Clerk  
5 years



**Jerry Kramer**  
Director  
5 years



**Don Gander**  
Journeyman  
Line Worker  
15 years



**Matt Hirschfield**  
Journeyman  
Line Worker  
15 years



**David Olson**  
Director  
20 years



**David Dregne**  
Director  
25 years



**Karla Yanske**  
Director  
Office Services  
25 years



**Jim Goodman**  
Director  
35 years

*You're Invited!*

Please join us for our  
**Annual Meeting**  
**Saturday • March 23, 2019**  
**Vernon Electric Co-op Headquarters**  
**Registration & Breakfast 8 a.m.**  
**Meeting 10 a.m.**

**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.

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