

# ANNUAL MEETING HIGHLIGHTS

## Clark Electric Members Participate in 70 Years of Tradition



*Tim Stewart  
CEO / General Manager*

April is always a busy month at Clark Electric Cooperative, culminating with the annual meeting of the members. This year marked the 70<sup>th</sup> annual meeting of the cooperative. This year's meeting was once again held at the Loyal American Legion Hall, with more than 350

members and guests in attendance. The following is an excerpt from CEO/General Manager Tim Stewart's report to the members.

### Financial Report

Clark Electric Cooperative continues to report solid financial performance. Total electric sales increased 2.67 percent, with operating revenue increasing 11.34 percent over the 2005 level. This increase is primarily due to the wholesale power cost adjustment that is a component on the electric bill and is meant to recover increases in wholesale power cost as they occur. Cost of purchased power, which comprises 67 percent of our total cost in 2006, increased 16.9 percent over the 2005 level. While purchased power is a significant portion of total cost, it is important to recognize that Clark Electric Cooperative is experiencing upward cost pressures on our own internal costs as well. Clark Electric Cooperative has not adjusted base rates to cover our internal costs since 2003. We will be conducting a cost of service study in 2007. Cost containment programs helped offset increased operating costs and resulted in operating margins of \$636,672. Total non-operating margins were \$515,777, resulting in total year-end margins of \$1,152,449. While this is below last year's level, we exceeded our earnings expectations for 2006.

Total Utility Plant grew 2.87 percent over last year's level. The cooperative invested in excess of \$1,139,000 in

new distribution plant last year. This represents new construction and replacement of electric lines. Total Assets increased a net of \$437,934. Total Equity increased from 77.52 percent of total assets to 77.66 percent of total assets. Our equity position is one of the strongest in the state and one of the strongest in the nation. This increase in equity occurred even though the cooperative continues to retire capital credits and make substantial investments in distribution plant. Long Term Debt decreased \$223,401 compared to last year as we continued our amortization of debt service.

I then reviewed the results of benchmarking analysis, which we do annually, that compares Clark Electric Cooperative to state and national medians in the cooperative segment of the electric utility industry. I examined blended cost of capital, operating and maintenance expense per kwh sold, purchased power cost trends, how the average dollar collected was spent, total cost of providing electric service per kwh sold, and various revenue measurements such as revenue per kwh sold, and residential revenue per kwh sold as it relates to others in the industry. Overall, our costs are very comparable — lower in many cases — with other electric providers'.



*Board President Wilmer Griepentrog conducts the business meeting portion of the 70th Annual Meeting.*

## Manager's Report

Looking back we can say that 2006 was another successful year. I would like to review a few of the significant events that occurred last year, specifically, in terms of system reliability, implementation of our automated meter reading system, youth programs, statewide recognition, and the activities of the Adler – Clark Electric Community Commitment Foundation.

### Reliability

I am glad to report that in 2006, Clark Electric Cooperative experienced the lowest System Average Interruption Duration Index (SAIDI) score in the previous six years. Continuity of service and reliability is basically made up of three components: operations and maintenance programs, construction programs, and a little bit of luck. While we can't control the weather, we can be proactive in how we approach operations. The cooperative has a very extensive maintenance program that covers a host of operational aspects. The major programs include pole testing/replacing, breaker maintenance, tree and brush control, and line inspections. By taking a proactive approach to maintenance, we can continue to keep outages and momentary interruptions to a minimum.



*Chuck San Crainte, VP of generation for Dairyland Power Cooperative.*

### Automated Meter Reading – AMR

The cooperative has installed over 99 percent of the automated meter reading system that was discussed at last year's meeting. The system is operating very well and is meeting our expectations in terms of meter reading, outage detection, improving cash flow, time-of-use offerings, and billing efficiency. It is interesting to note that according to a recent FERC study, the state of Wisconsin ranks second in the nation in terms of advanced metering deployment and market penetration. Clark Electric Cooperative began deployment of the AMR system in 2005.



*Clark Electric employees check in members before the meeting.*

### Youth Programs

Clark Electric Cooperative is committed to our area youth. During 2006, we visited 27 schools throughout our service area, helping to educate over 3,000 students in electrical safety. The Board of Directors enhanced our scholarship program from \$750 per award to \$1,000 per award effective in 2007. We also continue to support local students to the Youth Leadership Congress that is held every summer.

### Statewide Recognition

In October 2006, Clark Electric Cooperative was selected to host the Statewide Kickoff to Cooperative Month. The event was held in conjunction with our annual Member Appreciation Day, with approximately 1,000 members and guests in attendance. Presenting the Cooperative Month Declaration was Secretary of Agriculture Rod Nilsestuen, who appeared on behalf of Governor Jim Doyle. This is the first time in many years that we were chosen to host the event.



*Dave Jenkins talks to members about cooperative concerns in the state.*

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## SCHOLARSHIP WINNERS



*Katelyn Peissig  
Abbotsford High School*



*Kayla Schultz  
Colby High School*



*Chelsea Coyle  
Granton High School*



*Nicole Karlen  
Greenwood High School*



*Laura Headrick  
Thorpe High School*

### Local Students Shine

This year 13 is a lucky number; that's because Clark Electric Cooperative gave away 13 scholarships in the amount of \$1,000 each to local graduating students. These students represent schools that are within our service area.

The scholarships are provided by unclaimed capital credits from former cooperative members. The unclaimed money is then held in the Federated Youth Scholarship Program. Over the years that Clark Electric has provided this important community program, \$88,000 has been awarded to students.

Giving back to the community is one of the cooperative principals, along with furthering the education of all. Clark Electric is proud to be able to help assist these fine young people in their educational goals.

The winners were acknowledged at a small dinner where they learned about the origins of the cooperative and the scholarship program. The students received a certificate and a small gift acknowledging them as the winners of a 2007–2008 Clark Electric scholarship. ■



*Beth Reis  
Loyal High School*



*Patty Seelow  
Stratford High School*



*Sadie Needham  
Marshfield High School*



*Eugene Haas  
Stanely-Boyd High School*



*Trista Gropp  
Spencer High School*



*Evan Hoffarth  
Pittsville High School*



*Kayla Hamm  
Owen-Withee High School*



*Crystal Trunkel  
Neillsville High School*

# LEARNING THE IMPORTANT THINGS!

## The Reality Store For Kids

What's important in life? The answer to that question can vary, depending on who you ask. Ask a kid and you will get many different answers, especially when it comes to the basics — food, housing, a car, and other expenses.

Area schools have come up with a great way to teach this lesson to our youth: The Reality Store. The Spencer School District started this project, and now Neillsville and the Thorp School Districts are also providing a Reality Store. The school districts that put on the event invite the surrounding schools so all local kids have a chance to learn what their parents have to think about each month.

The kids are given a job, with a monthly salary, and a family situation; they might be married and have kids. They then must budget their money for a month. They must pay rent, buy groceries, and of course, pay for their electricity. A car is a must! They must also put some money in the bank for savings.

The kids seem to enjoy the event, which teaches



*Amber Kelz explains what a new member might spend on electricity.*

them priorities. Students learn you can't always have everything you want. Clark Electric has participated in this event to help teach the students how the decisions they make now can affect them later. ■

## Directors Re-Elected



*Clarence Hoesly     Ron Schmidt*

Incumbent directors Clarence Hoesly and Ron Schmidt were re-elected to the Clark Electric Board of Directors at the annual meeting held April 18, 2007. Each was re-elected to another three-year term.

## Annual Meeting Highlights

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### Adler-Clark Electric Community Commitment Foundation

The Adler-Clark Electric Community Commitment Foundation was established in 2004 by Clark Electric Appliance and Satellite to strengthen local communities by helping not-for-profit and community organizations fund projects that will enhance the quality of life of local residents of this area. To date, \$ 66,000 has been awarded for community enrichment programs. Furthermore, I am proud to say that our Foundation has been nationally recognized in two national rural electrification

publications. Overall, we have helped fund 34 projects totaling \$66,000. The Foundation will continue to be a strong community resource for many years to come.

We look forward to seeing you at next year's annual meeting. ■

**Tim Stewart**  
*CEO/General Manager*



**Tim Stewart, CEO / Manager**  
John J. Knox, Editor  
124 N. Main Street  
P.O. Box 190  
Greenwood, WI 54437

Your Touchstone Energy® Partner 

e-mail us at [info@cecoop.com](mailto:info@cecoop.com) or at [jknox@cecoop.com](mailto:jknox@cecoop.com)  
[WWW.CELOOP.COM](http://WWW.CELOOP.COM)