



**Tim Stewart,
CEO/Manager**

New EPA Rules Driving Wholesale Rate Increase in 2012

The year 2011 certainly was a challenging one. We saw the economy and energy policy debates continue as significant issues that dominated discussion most of last year. From a more local perspective, we experienced rising generation and transmission cost increases, increased environmental controls and increased regulation at the G & T level. At Clark Electric Cooperative, providing reliable, safe, and competitively priced energy remains our top priority. At the same time, we must plan and implement goals for renewable energy and energy efficiency as well as new environmental requirements, while continuing to face the challenges of rising wholesale costs. As Dairyland Power Cooperative (DPC) comprises an estimated 71 percent of our overall costs. Any upward pressure has a dramatic effect on your energy bill.

Over the last several months, my column has focused on various EPA rulemakings and how the rulemakings would affect generation and cost of generation throughout the country, the Midwest in particular. I primarily focused on the Cross-State Air Pollution Rule (CSAPR) and the significant role it would play in increasing costs to Dairyland Power Cooperative and the price Clark Electric Cooperative pays for power. Unfortunately, it appears my concerns were warranted.

Clark Electric Cooperative and our wholesale power supplier, Dairyland Power Cooperative, strive to provide reliable, low-cost, and environmentally responsible

energy. Dairyland has made very significant investments in its existing electric generating facilities—which supply the energy to power your homes and businesses—in order to meet the standards of both the federal Clean Air Act and state regulations, while developing many renewable energy opportunities.

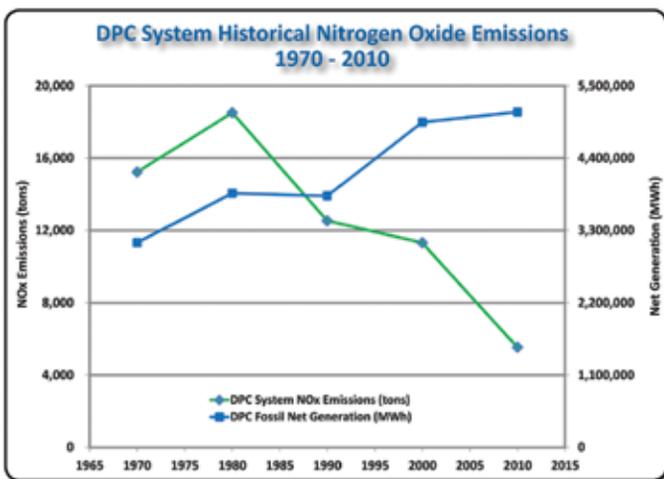
While supportive of environmental improvements, we continue to be dismayed with the rapid timeline of the U.S. Environmental Protection Agency's (EPA) most recent proposal, the Cross-State Air Pollution Rule (CSAPR), effective Jan. 1, 2012. Under the rule, power plants in 27 states, including Wisconsin, where Dairyland's facilities are located, are required to further limit sulfur dioxide and nitrogen oxides emissions that affect air quality in other states.

The CSAPR rule is estimated to cost member-consumers in the Dairyland system—which includes Clark Electric Cooperative—about \$10.2 million to reach compliance in 2012. There will be significant additional spending in future years to meet further requirements of the rule. Environmental regulations such as the CSAPR rule are a major cost impact in Dairyland's 2012 budget, which includes a wholesale rate increase of approximately 5 percent over the 2011 wholesale rate.

Clearly, we are supportive of protecting the environment; however, the precipitous implementation of the new EPA rule is compromising the financial stability of our cooperative membership, which has already faced difficult times during the recession. Clark Electric Cooperative is committed to protecting our members to the best of our ability, absorbing as much of the cost impacts as possible to keep the retail rate increase at an absolute minimum. As you may be aware, Clark Electric Cooperative has not adjusted base rates since 2007.

Costly, With No Time to Comply

One of the reasons the CSAPR rule is so expensive is its impractical compliance period. This rule was originally finalized in July and significantly revised in October 2011. Set to begin Jan. 1, 2012, just weeks after its release, CSAPR has established annual emissions limits for each state and each electric generating unit (called allowances). The number of allowances provided for Dairyland's power plants and most other affected utilities, is *significantly less*



than needed to meet typical generation requirements.

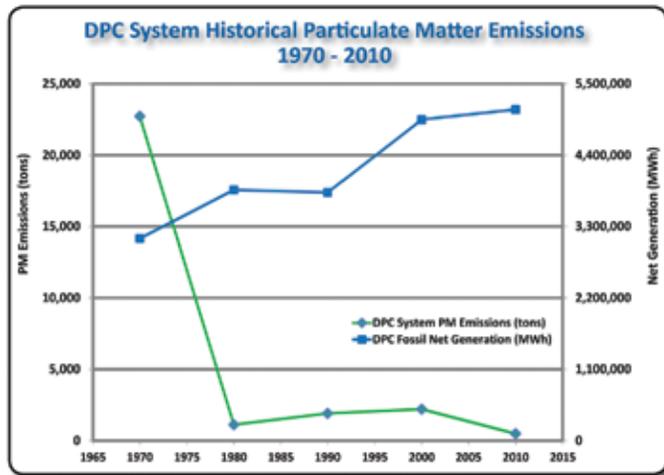
The hundreds of millions in dollars worth of air emission controls already installed at Dairyland's plants are not enough to meet these new allowance limits. Yet, the additional air emission controls planned by Dairyland (and many other electric utilities) cannot be installed before the CSAPR limits are in effect. While excess allowances may be traded under the rule, there is concern that there will not be enough allowances available to cover all of the emissions from utilities in the state.

Since it is obviously impossible for Dairyland to install additional planned emission controls by the 2012 start of CSAPR and allowance trading is questionable, Dairyland and other utilities may be required to reduce generation to comply with CSAPR. If they curtail production at their facilities, an undesirable strategy, it will likely require the purchase of power from a higher priced marketplace.

Dairyland has joined many other utilities nationwide in asking for a stay of the CSAPR rule in 2012. Several state attorneys general are also attempting to stop promulgation of the rule. The major reason cited involves the tight time frame, which is dramatically increasing costs for all affected coal-burning utilities. Unfortunately, efforts to get Congress to stop CSAPR have failed. The U.S. House of Representatives successfully passed legislation to delay the rule, but the U.S. Senate did not concur.

Commitment to the Environment

As part of its environmental commitment, Dairyland is in the midst of an ongoing \$400 million air emission



control plan at its coal-fired generating facilities in Alma and Genoa. When this plan is complete, Dairyland's sulfur dioxide emissions will be reduced by more than 90 percent. This will be *in addition to* the 80 percent reduction of sulfur dioxide emissions by Dairyland since the early 1970s (*see accompanying charts*). Nitrogen oxides emissions will be reduced by more than 50 percent across the Dairyland system.

Through this broad-reaching plan, Dairyland has already made major reductions in emissions of sulfur dioxide, nitrogen oxides and particulate matter by investing in new air emission control equipment. For example,

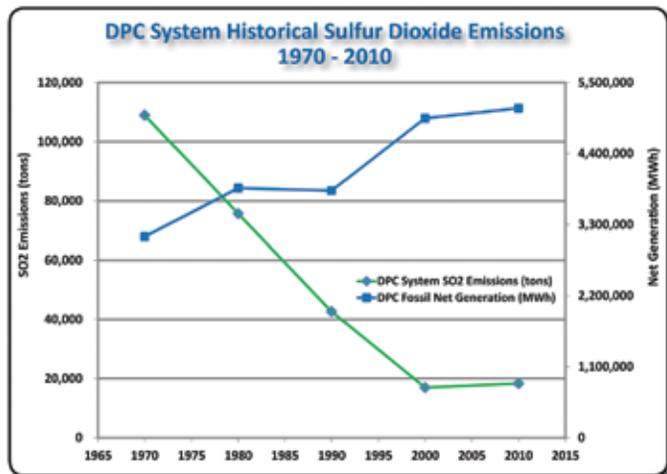
Dairyland has installed fabric filter "baghouses," designed to remove more than 99.5 percent of particulate matter from the exhaust gas stream, at both the Genoa facility and the John P. Madgett (JPM) facility in Alma.

Dairyland also installed a semi-dry flue gas desulfurization system, or "scrubber," to remove sulfur dioxide at its Genoa plant in early 2010, and sulfur dioxide controls are planned for the JPM plant in Alma. Equipment to reduce emissions of nitrogen oxides (NOx) at Genoa, JPM, and the Alma Station units 4 and 5 has also been implemented.

Despite all the complicated detail and jargon, the message I am trying to send you is simple: Protecting the environment is important. But so is protecting you, our member. At Clark Electric Cooperative our priorities will continue to be to provide you safe, reliable access to electric power; offer that service as affordable as possible; and do both of those things in a fiscally and environmentally responsible fashion. ■

Did You Know?

Dairyland announced that its Alma Station coal-fired generating units 1, 2, and 3 ceased operation Dec. 31, 2011. This move aligns with Dairyland's generation resource plans that include the continued addition of renewable resources. Renewable resources currently comprise 12 percent of Dairyland's generating portfolio.



Annual Meeting Set for April 12

Boy, it sure seemed that 2011 just zipped by, and here we are already in the new year with annual meeting scheduled for April 12, 2012, starting at 9:30 a.m. This year we will celebrate a significant milestone as this is our 75th annual meeting.

The annual meeting is an important event for the cooperative. Members will hear reports about the cooperative and the electric industry, review financials, and elect their representatives to serve on the Board of Directors.

The members will be asked to elect three directors, for three-year terms. Director terms expiring this year are Charles Bena from the Town

of Mead area, Anthony Jarocki from the Town of Hixon area, and Howard Schultz from the Town of Weston area. Directors Bena and Schultz are eligible for re-election. Director Jarocki has reached his term limits and is NOT eligible for re-election. Nominations are taken from the floor of the meeting. The cooperative's bylaws establish the minimum qualifications for being a director. A copy of the bylaws is available on the cooperative's web site at www.cecoop.com or by contacting the business office at 715-267-6188. If you have any additional questions about becoming a director, please contact our CEO/General Manager Tim Stewart at the business office.

Directors are expected to attend monthly board meetings; represent the cooperative in state, regional, and national affairs; and take advantage of NRECA educational opportunities such as classes, seminars, and workshops. Directors need to read, study, and analyze a lot of information throughout the month to keep informed on the electric industry as a whole. Directors will spend approximately 20 to 35 days a year in performance of their duties.

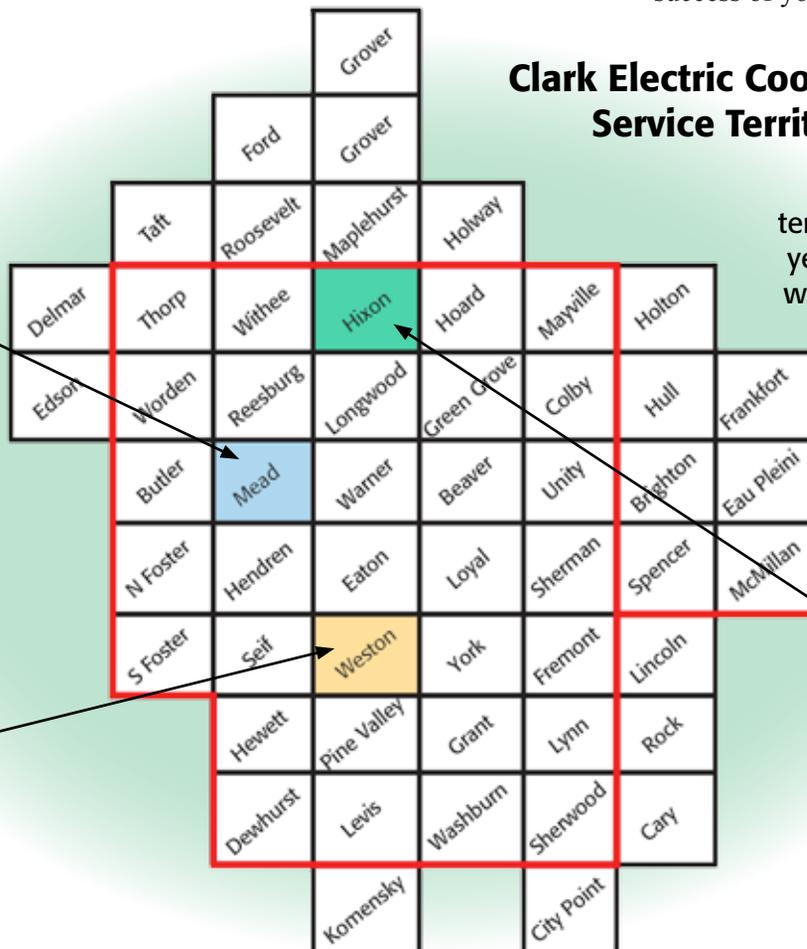
Plan to attend the annual meeting, enjoy a nice meal, register for door prizes, and help conduct the business of your electric utility. Member involvement is critically important to the success of your cooperative. ■



*Charles Bena
(eligible for re-election)*



*Howard Schultz
(eligible for re-election)*



Directors whose terms are expiring this year and the town in which they reside are shown here.



*Anthony Jarocki
(not eligible for re-election due to term limits)*

MOMENTS IN TIME

A History of Clark Electric Cooperative

The Beginning

The United Nations has designated 2012 as the International Year of Cooperatives, the theme of which is “Cooperative Enterprises Build a Better World.” Cooperatives are a model of self-reliance and an example of people working together to improve their quality of life.

It is indeed appropriate that the United Nations has designated 2012 as the year of cooperatives because at Clark Electric Cooperative, we too will be celebrating our 75th anniversary of providing electric service to our members this year. “Cooperative enterprises build a better world” is certainly true of rural electrification and Clark Electric Cooperative. We will be utilizing this monthly column, *Moments In Time*, to tell our story and to provide some history and insight into your organization, Clark Electric Cooperative.

Prior to the 1930s, American agriculture had long been struggling. Very few farms had access to electricity. Rural life was extremely difficult and very labor inten-

sive. Cows were milked and watered by hand. Milking was done by the dim light of kerosene lanterns. Water was pumped by hand, and food was cooked over wood stoves. Laundry was done outside with a large tub of water suspended over fire to heat it. Children studied by the small circle of light cast by kerosene lamps. Outside the small circles of light, the rooms of a farmhouse were dark.



1936–1937

January 10, 1936 – Meeting in Spencer to organize Big Four Cooperative Electrical Association is attended by 300 people.

March 19, 1936 – Willard Electric Cooperative organization meeting is held at Willard.

March 27, 1936 – Willard Articles of Incorporation filed with secretary of state. Signers are Martin Klarich, Frank Gosar, C.F. Baldwin, Frank Perovshek Jr., and Martin Matkovitch.

March 30, 1936 – Big Four Articles of Incorporation, signed by Otto Prechel, Spencer; Gustave Voight, Unity; Ed Klein, Spencer; Alfred Herrman, Colby; and Paul Daum, Marshfield, are filed with Wisconsin secretary of state.

March 24, 1937 – Clark Electric Cooperative organizational meeting held in the office of County Agent Wallace Landry in the courthouse in Neillsville. Articles of Incorporation are signed by Herman Blair, Spencer; Ed Luchterhand, Unity; Theodore Humke, Greenwood; Wallace Landry, Neillsville; and Milton Page, Neillsville.

April 1, 1937 – Clark Electric Cooperative Articles of Incorporation filed with the secretary of state.

April 12, 1937 – First annual meeting of Clark Electric Cooperative held in Loyal. Directors elected are Wallace Landry, L.T. Klein, C.F. Baldwin, Ed Klein, Rex Copper, Gustave Voight, Milton Page, Martin Klarich, and Vern Howard.

Board authorized to execute a loan contract of \$ 700,000 to build 674 miles of line to serve 2,078 members in Clark, Taylor and Marathon counties. During the first board meeting, Vern Howard is elected president; Martin Klarich, vice president; and Wallace Landry, secretary-treasurer.

“Brothers and Sisters, I want to tell you this. The greatest thing on earth is to have the love of God in your heart and the next greatest thing is to have electricity in your house.”

—Farmer giving witness in a rural Tennessee church in the early 1940s

Seventy-five years ago, Americans were struggling to recover from the effects of the Great Depression. The lack of electricity made life an even greater struggle for rural citizens. Many of the agricultural leaders of that era declared that widespread farm electrification would be a primary force in rural rehabilitation, both economically and socially. On May 11, 1935, by Executive Order 7037, President Roosevelt created the Rural Electrification Administration. The Administration was endowed with \$100,000,000 for rural electrification. It was expected that the electric industry—investor-owned utilities that electrified urban centers—would embrace the program and begin some sort of rural electrification program. Unfortunately, investor-owned utilities saw no profit in providing electricity to sparsely populated areas. So, when it

became evident that the power companies held little or no interest in building their lines into the rural community, farm folks began to talk in terms of organizing themselves into a cooperative corporation to do the job. This is where we our story begins.

In the mid 1930s, three electric cooperatives were being organized in Clark County: Willard Electric Cooperative, in the Willard area; Big Four Cooperative Electrical Association, in the Spencer vicinity; and Clark Electric Cooperative. Willard Electric Cooperative came first. The Articles of Incorporation were filed March 27, 1936, making it the second electric cooperative to be chartered by the state. The Big Four was third, just three days later on March 30, 1936. (The first electric cooperative in the state of Wisconsin was Richland Electric Cooperative, the only one of the three still existing today).

In terms of unofficial organizational meetings, Big Four preceded Willard with a session at Spencer on January 10, 1936. The meeting, attended by some 300 farmers, was arranged by the leadership of the Big Four Co-op Oil Company. Willard’s first unofficial organization meeting was held March 19, 1936, after a long period of person-to-person work by organizers. Cooperative organizers were handicapped by recent failures of a co-op elevator, a co-op packing company, and a farm machinery co-op.

Clark Electric Cooperative was organized independently and chartered on April 1, 1937. The first annual

1936–1937

May 28, 1937 – Thirty charter members of Clark Electric Cooperative meet at Greenwood opera house to authorize joining with other cooperatives in Wisconsin Power Cooperative, the generation and transmission cooperative, which would be their first source of power. (\$150,000 loan previously approved for Clark’s own generating plant goes instead to the new cooperative).

June 26, 1937 – At a meeting in Loyal village hall, members of Big Four and Willard Electric Cooperative vote to sell the assets of their cooperative(s) to Clark Electric Cooperative. Clark board votes to purchase.

July 15, 1937 – Director C.F. Baldwin hired to secure power line easements at the rate of 50 cents per hour plus 5 cents per mile.

October 1, 1937 – Board interviews 12 applicants for the job of manager. William A. Dallman is selected. Mr. Dallman becomes Clark Electric Cooperative’s first manager.

December 1937 – By the end of 1937, an office building in Greenwood is rented and Harland Bergemann is hired as the cooperative’s first bookkeeper.

Clark Electric Cooperative

The first picture of record of a board of directors of Clark Electric Cooperative was taken June 11, 1940, following the annual meeting held on that date. Standing, left to right, are Wallace J. Landry, secretary-treasurer; William A. Dallman, manager; L.T. Klein; Rex Copper; Vern G. Howard, president; and John Barth. Seated, left to right, are Ed Klein; Martin Klarich, vice president; J.H. Langfeldt; and Gustave Voight. All except Langfeldt and Barth were elected as original members of the board on April 12, 1937.



meeting of the newly formed cooperative was held April 12, 1937. Vern G. Howard was chosen as the first president of Clark Electric Cooperative. Martin Klarich was elected vice president, and Wallace J. Landry was elected secretary-treasurer. The remaining original directors were L.T. Klein, C.F. Baldwin, Ed Klein, Rex Cooper, Gustave H. Voight, and Milton F. Page.

Throughout this period of time, The Big Four and Willard Electric Cooperative retained their status and identity. However, it was becoming apparent to the leaders of the REA movements in the county that one large cooperative project would be more satisfactory than the numerous smaller cooperatives in each of several communities that had originally been visualized. On June 26, 1937, representatives of these two pioneering cooperatives, along with representatives of Clark Electric Cooperative, met at the village hall in Loyal. Representatives from the Big Four and Willard Boards of Directors quickly approved resolutions to sell their respective assets to Clark Electric Cooperative. The Clark board voted to purchase. Thus, it took only this brief session to consolidate the leadership of these three electric coopera-

tives into a more effective structure. The charters of the Big Four and Willard Electric Cooperatives, among the first three to be issued in Wisconsin, were forfeited to the secretary of state on January 1, 1938. ■



In 1927, office quarters were rented in the Hoehne Building in Greenwood to give first visible evidence that Clark Electric Cooperative was an established business. In August 1940, when this picture was taken, the office staff had grown to four. Left to right are Sylvia Kokley, Marie Kuncce, Manager William Dallman, and Bookkeeper Harland Bergemann.



Scholarship Applications Available

Clark Electric Cooperative is once again offering a scholarship opportunity to graduating students from participating high schools in our service area. One \$1,000 scholarship will be available for a student from each school or group of schools in our service area.

To be considered for the scholarship, the student's parent or legal guardian must be a member of Clark Electric Cooperative and currently receive electric service at their primary residence from Clark Electric Cooperative.

The Clark Electric Cooperative scholarship program began in 1995, and since its inception we have provided more than \$140,000 in scholarships to area students. An independent scholarship committee judges the applicants based upon merit.

Giving back to the community is one of the cooperative principals; furthering the education of our area youth is another. Clark Electric is proud to help these fine young people meet their educational goals.

Applications are available from your high school counselor, online at www.cecoop.com, and at our office located at 124 N Main St., Greenwood.

All applications must be returned to the cooperative office by 5 p.m. Friday, March 9, 2012.

Schools Eligible for Scholarship Consideration

- Abbotsford High School
- Colby High School
- Columbus High School
- Gilman High School
- Granton High School
- Greenwood High School
- Loyal High School
- Marshfield Senior High School
- Medford High School
- Neillsville High School
- Owen-Withee High School
- Pittsville High School
- Spencer High School
- Thorp High School
- Stanley High School
- Stratford High School
- Osseo-Fairchild High School
- Abbotsford Christian Academy
- Home School Student

If you have any questions, please contact Tracy Nelson, administrative assistant, at 715-267-6188 or 1-800-272-6188.

These scholarships are financed through the Federated Youth Foundation Scholarship Program, which is funded from unclaimed capital credits. Federated Youth Foundation (FYF) is a non-profit charitable foundation serving cooperatives across Wisconsin. ■





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Principle No. 7: Commitment to Community Foundation Provides Funds for 21 Community Projects

The Adler-Clark Electric Community Commitment Foundation recently awarded \$23,525 to 21 different community-based projects located throughout the Clark Electric Cooperative service area.

Tim Stewart, chief executive officer of Clark Electric Cooperative and one of the trustees of the Adler-Clark Electric Community Commitment Foundation, indicated that “The purpose of the ACE-Community Commitment Foundation is to support programs and events which enrich the lives of people of Clark County and the surrounding area communities. Our mission is to invest in the future of the Clark County area by helping create opportunity for philanthropy and community enrichment. We are pleased to be a part of these community enrichment programs.”

The ACE-Community Commitment Foundation was established in 2004 by Clark Electric Appliance and Satellite Inc. to strengthen local communities by aiding not-for-profit and community organizations in funding projects that will enhance the quality of life of area residents. To date, the foundation has awarded \$187,075 for community enrichment projects.

Clark Electric Cooperative is a not-for-profit electric utility that serves 7,900 members in Clark, Chippewa, Jackson, Marathon, Taylor, and Wood counties. ■

The Seven Cooperative Principles

All cooperative businesses adhere to these seven guiding principles:

1. Voluntary and Open Membership
2. Democratic Member Control
3. Members' Economic Participation
4. Autonomy and Independence
5. Education, Training, and Information
6. Cooperation Among Cooperatives
7. **Concern for Community**



Clark Electric Cooperative

Your Touchstone Energy® Partner



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