



### Annual Meeting Recap

**Tim Stewart, CEO/Manager**

For more than seven decades, Clark Electric Cooperative members have been gathering on an annual basis to participate in the governance of their electric cooperative. Members gathered once again on April 11, 2013, to attend the 76th annual meeting of the members. This year's meeting was held at the Loyal American Legion Hall, with more than 200 members and guests in attendance. The following is an excerpt from my report to the members.

#### Financial Report

The year ended December 2012 was a positive yet challenging year. Clark Electric Cooperative continues to report solid financial performance. Total electric sales decreased slightly, (by 0.80%) in 2012 while total revenue increased to over \$19.45 million. This increase in revenue is primarily due to escalating wholesale power prices and the wholesale power cost adjustment on your bill. The wholesale power rate increased 4.14% from 2011 level. This increase, coupled with a slight decrease in kWh requirements, increased Cost of Power 3.43% to \$13.49 million. Operations and maintenance expense actually decreased 5.49% from the 2011 level; however, fixed costs increased 3.13% for the year. This resulted in a positive operating margin of \$903,341. The cooperative ended the year with total margins for 2012 at \$1,615,266 as compared to the 2011 level of \$1,708,460.

Net Utility Plant grew 3.79% from the 2011 level. The cooperative invested in excess of \$1.6 million in new distribution plant during 2012. This represents new construction and replacement of electric lines and infrastructure, new service extensions, and member service upgrades. Total Assets increased 1.61% to \$39.53

*Congratulations to Christine Berger from Loyal, the grand prize winner of an electric grill.*



million. Total Equity increased slightly from 74.89% of total assets to 75.86% of total assets. Our equity position remains one of the strongest in the state of Wisconsin and one of the strongest in the country. This stability of equity occurred while we experienced asset growth, capital infusion, and continued capital credit retirements. Long Term Debt decreased \$290,873 as compared to 2011. This, combined with continued amortization of debt service, resulted in a year-end debt to total asset ratio of 16.98% as compared to 17.99% in 2011. The cooperative will continue to rely on internally generated funds and short-term/long-term financing to fund operations in a manner that helps keep the price of electricity as low as possible while meeting our capital needs.



*Left: Wilmer Griepentrog, board president, chairs the meeting. Right: Brian Rude, Dairyland Power Cooperative, updates the members on current projects at Dairyland Power Cooperative.*

I then reviewed the results of benchmarking analysis that we do annually, which 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.

#### Manager's Report

During the CEO/general manager's portion of the program I focused on five key areas: System Reliability, Capital Credit Retirements, Power Supply Costs, Rate Competitiveness, and Mitigation Strategies.

**Reliability**—I am very glad to report that in 2012, Clark Electric Cooperative once again experienced a System Average Interruption Duration Index (SAIDI) score that was below the RUS threshold score. Fortunately, we experienced less extreme storms relative to the last few



*Tim Stewart presents Ronald Schmidt with a plaque thanking him for his years of service on the board of directors.*

years and ended the year with a 99.97% reliability rating. While we can't control the weather, we can be proactive in how we approach operations. The cooperative has very extensive construction and maintenance programs that cover a host of operations 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 strive to keep outages and interruptions to a minimum.

**Capital Credit Retirements**—One of the most tangible evidence of true ownership in your electric utility is the retirement of capital credits. I am pleased to report that Clark Electric Cooperative retired in excess of \$865,000 in 2012, bringing the total dividends retired to date to over \$19,158,000. In addition, I am pleased to report that in January 2013, we retired \$702,377 back to the membership. Then in March 2013, we processed a special refund in the amount of \$832,000. We have returned over \$1.5 million to the members since January 2013. Not-for-profit operation, member-owned capital credit retirements, and a focus on our members make Clark Electric Cooperative a truly unique organization in the electric industry.



*Left: Doug Lewis, manager, safety distribution cooperatives, presents the 2013 Potthast Award to linemen Scott Bailen and Josh Burns. This award is given annually to honor Wisconsin electric co-op personnel who apply the values of Herman Potthast, who pioneered utility worker job training and safety education in Wisconsin and nationwide over three decades beginning in the 1940s. Right: Tim Clay, director of environmental programs at Cooperative Network, presents the Liefer Award for best overall local pages during 2012 to Tracy Nelson, administrative assistant.*

**Future Power Supply Costs**—Wholesale power cost represents approximately 73% of our total cost. Major investments in environmental controls, renewable energy, increases in prices for both the fuel and shipping costs, and new EPA regulations have all put significant upward pressure on wholesale rates. The 2012 wholesale rate increase was 4.14% over the 2011 level. The good news is we are expecting only a slight increase in 2013. (Brian Rude, vice president – external & member relations, provided insights into the operation of Dairyland Power Cooperative during his presentation at the meeting).

**Rate Competitiveness**—As members are aware, the cooperative adjusted base rates effective March 1, 2013. This is the first price adjustment to base rates in over five years. I reviewed a number of slides that illustrate the rate competitiveness of Clark Electric Cooperative as compared to the other electric utilities in the cooperative market segment of the electric utility industry. Even with the new price, overall Clark Electric Cooperative compares favorably to these other electric utilities.

**In Conclusion**

The question is, what can we do about cost? In addition to the legislative solutions, we continue to invest in our load management system. Our load management program enhances reliability for all members during extraordinary times. Load management helps reduce costs for all cooperative members with additional savings for participating members. DPC and its members achieved a total savings of over \$9 million last year through this pro-

*(Continued on page 29 ►)*

**Welcome to our New Directors**

Members were asked to elect two new directors to fill three-year terms at this year's annual meeting. The open seats were vacated by Ronald Schmidt from the town of Brighton area and the late Clarence Hoesly from the town of York area.



*Allen Jicinsky*

Allen Jicinsky was elected to fill the seat that was vacated by Ron Schmidt. Allen lives in the town of Spencer with his wife, Gail.



*Charles Lindner*

Charles Lindner was elected to fill the seat vacated by the late Clarence Hoesly. Charles lives in the town of Eaton with his wife, Denise.

# Restoring Electrical Service After a Storm

While not all power outages can be avoided—such as when Mother Nature decides to intervene—the impact can be diminished. As we all know, storms in Wisconsin can be severe and cause brief outages.

As a member of Clark Electric Cooperative, your power is extremely reliable. This is something we are very proud of because day in and day out, we work hard to maintain exceptional levels of reliability. There are no shortcuts to achieving reliable power. It's labor, time, and capital-intensive... and it's an area of our business in which we can't afford to cut corners or expect anything less than near perfection.

Restoring electric service is a logical process. The diagram below shows a simplified version of a large-area outage. Our linemen start from the substation out onto the main feeder lines. It would be useless to repair a pole if the main lines were not energized. Once there's power at the substation and the feeder lines have been repaired, the tap lines off the three-phase feeder lines are repaired. The last lines to be repaired are the single-service outages. In

general the lines that will get the most services energized in that particular area are repaired first.

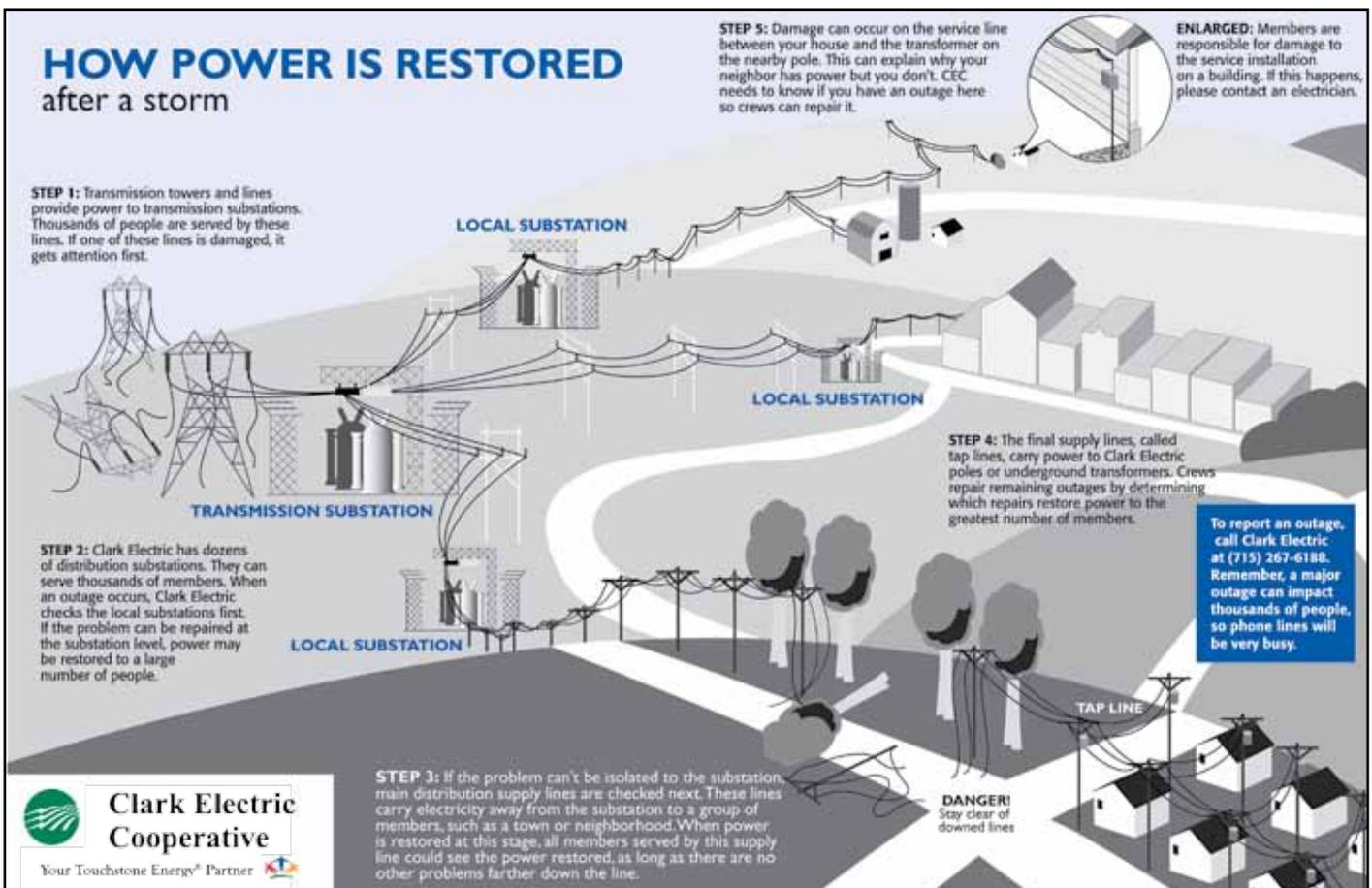
## How the Process Starts

Clark Electric Cooperative utilizes Cooperative Response Center (CRC) to answer our telephones after normal business hours and/or during very high-volume telephone traffic. CRC is best equipped to handle the large amount of calls that come during a large-scale outage. Members may be greeted by an automated attendant that will prompt you through the steps necessary to report your outage.

By allowing CRC to answer incoming calls, we are able to concentrate on getting service restored as quickly as possible.

## Extreme Outages

Clark Electric Cooperative has a mutual aid agreement with other electric cooperatives throughout the country. We've helped other cooperatives restore power after severe storms affected much of their service territory. ▶



So, while we can't prevent all power outages, we stand ready to respond as needed, when needed.

## CEC's Power Outage Viewer

Clark Electric Cooperative introduced our Online Outage Map a little over a year ago in April 2012. Since we are reviewing outages this month, we thought it would be a good idea to review this member information resource as well.

First of all, the power outage map can be found on our web site [www.ccecoop.com](http://www.ccecoop.com). Simply click on Online Outage Map to take you to the viewer, which will display a map with the outline of the Clark Electric Cooperative service territory. The map will not show any activity most of the time. That is a good thing as it means that there are no outages.

The outage map is updated every five minutes and is tied into our outage management system. Outages are color coded according to the number of members affected. In addition, as outages occur a table is built that tells you how many members are affected and the percentage of members off. You have the ability to sort the outage information by township, zip code, or county. If you are traveling away from home and want to know if you are affected by an outage, you can log in to your e-bill account to see if you are predicted to be out of service or not. We believe that this Online Outage Map will be especially helpful during times of severe weather that result in widespread power outages. It is a great way to share information with our membership. The map will show areas hardest hit, help chart progress on power restoration, and help provide feedback to our members at the click of a button. The Online Outage Map not only works with your computer but also with your mobile devices such as your smart phone, Ipad, or tablet.

In closing, I would like to remind members that even with this great technology, it is still vitally important to report power outages anytime they occur. ■

## We Need Your Number

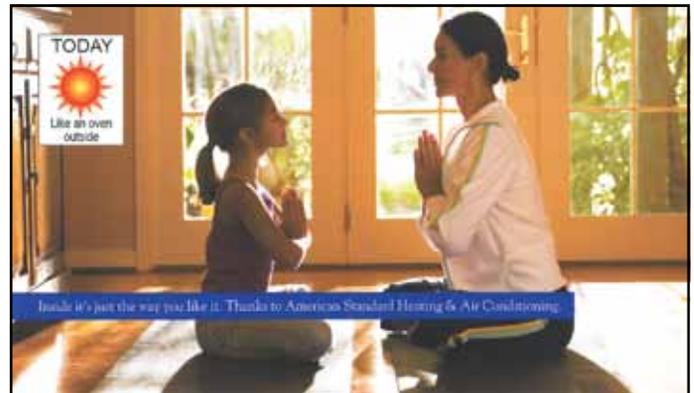
Please check to be sure we have your correct telephone number on your bill under the mailing address. We must have your correct numbers in case we need to contact you due to any outages or scheduled maintenance.

You may contact our office at 715-267-6188 or 1-800-272-6188 to make corrections or report your current telephone number or e-mail address. ■

## Annual Meeting *(Continued from page 4)*

gram. The cooperative also offers time-of-use rates that may save your money IF you are able to shift your usage away from peak times.

Finally, I would like to report on our partnership with Focus on Energy. Effective January 1, 2009, Clark Electric Cooperative members have had access to all the electric programs that Focus on Energy provides. In addition, the cooperative is still offering additional efficiency incentives mainly targeted to our loan management program. Our members truly have the best of both programs. I would also add that the Focus on Energy and Clark Electric Cooperative websites offer great information on energy efficiency and energy-saving tips. ■



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Contact Greg Shaw at:



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## Clark Electric Cooperative

Your Touchstone Energy® Partner



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