



March 2018

Vernon Electric Cooperative

Official Notice of the Annual Meeting of Vernon Electric Cooperative

- Date:** Saturday, March 24, 2018
- 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 14, 2018.
- Such other business as may come before this meeting or any adjournment thereof.

We sincerely hope that you are able to attend.

Dated March 5, 2018

David D Dregne
David Dregne, Secretary



“Information for our member-owners.”

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 for the second year in a row by floods and storms. My fellow directors are proud of the way our employees safely restored power outages. Earlier in the year we helped Adams-Columbia Electric Cooperative restore tornado-caused outages. They repaid the favor when we needed help. We also sent a crew to Florida to help Clay Electric Cooperative restore power after Hurricane Irma. We are very committed to the cooperative principle of Cooperation Among Cooperatives and pleased we could help other electric cooperatives and their members.



Because your Cooperative’s financial condition remains very healthy, we are refunding \$400,000 in capital credits to our members. Over the years, Vernon Electric has returned more than \$18.5 million to our members. **Members will see their refund as a bill credit on this month’s electric bill.**

A few of our 2017 highlights were:

- Investing \$4.5 million in distribution system upgrades (poles, transformers, meters, and lines)
- Spending \$2.8 million to maintain our existing system and improve reliability
- Ranking very high nationally for controlling expenses
- Providing \$18,000 in scholarships
- Refunding our members \$80,000 in energy efficiency incentives
- Completing several technology enhancements, including new Internet firewalls
- Purchasing 23% of the solar output from Dairyland Power’s Liberty Pole solar site
- Using unclaimed capital credits to make \$20,000 in local charitable contributions
- Working 204,500 hours without a loss time accident
- Adding 100 after-hours outage phone lines by switching call centers

Your directors 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 providing fair and stable rates. In 2017, we approved a rate stabilization plan. We also authorized a comprehensive rate study to ensure our rates are fair to all members. The study will be completed in April.

We listened to our members’ concerns about getting busy signals during large outages and recently switched after-hour outage calls to the Cooperative Response Center (CRC) in Austin, Minnesota. CRC can handle over 100 calls at a time and can handle overflow calls in their three southern call centers if needed.

I hope to see you at our 82nd Annual Meeting on Saturday, March 24. 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 82nd Annual Meeting, March 24, 2018. Vernon Electric Cooperative Headquarters

Name _____
 Account No. _____
 Address _____

Spouse Registration

Name _____
 Account No. _____
 Address _____

Balance Sheet

WHAT WE HAVE	2017	2016
UTILITY PLANT, at cost		
Intangible plant	\$808	\$808
Distribution plant	51,120,941	48,208,537
General plant	10,045,200	9,695,366
Electric plant in service	61,166,949	57,904,711
Construction work in progress	606,275	327,240
TOTAL UTILITY PLANT	\$61,773,224	\$58,231,951
Less accumulated provision for depreciation	(15,982,880)	(15,376,811)
NET UTILITY PLANT	\$45,790,344	\$42,855,140
OTHER PROPERTY AND INVESTMENT		
Non-Utility Property	\$194,522	\$194,522
Investments in Associated Organizations	9,421,158	\$9,000,441
Other Investments	135,076	132,869
Special Fund	915,622	1,092,694
TOTAL OTHER PROPERTY AND INVESTMENTS	\$10,666,378	\$10,420,526
CURRENT ASSETS		
Cash, general	\$162,425	\$174,396
Short-term investments	555	3,461
Accounts receivable	2,211,103	2,170,734
Material and supplies inventory	535,025	426,604
Other current and accrued assets	91,873	132,488
TOTAL CURRENT ASSETS	\$3,000,981	\$2,907,683
DEFERRED DEBITS	\$696,435	\$791,306
TOTAL ASSETS	\$60,154,138	\$56,974,655

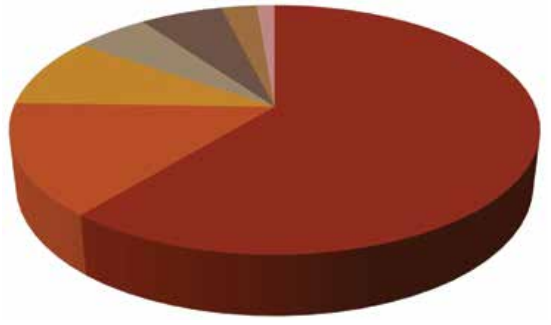
Balance Sheet

WHAT WE OWE	2017	2016
LONG-TERM DEBT, less current maturities		
RUS mortgage note	\$18,403,278	\$19,004,063
National Rural Utility Cooperative Finance	4,034,863	3,436,580
Co Bank	4,784,188	1,783,627
RUS Cushion of Credit	(3,114,633)	(1,242,040)
TOTAL LONG TERM DEBT	\$24,107,696	\$22,982,230
CURRENT LIABILITIES		
Current maturities of long-term debt	\$1,156,941	\$1,159,747
Accounts payable	1,626,525	1,784,432
Notes payable	0	0
Other current accrued liabilities	1,193,832	916,726
TOTAL CURRENT LIABILITIES	\$3,977,298	\$3,860,905
REGULATORY LIABILITIES	\$1,552,400	\$419,600
DEFERRED CREDITS	164,137	48,629
ACCUMULATIVE OPERATING PROVISIONS	183,207	156,717
TOTAL LIABILITIES	\$29,984,738	\$27,468,081
WHAT WE OWN		
EQUITIES AND MARGINS		
Patronage Capital	\$24,100,706	\$23,679,259
Other equities	6,068,694	5,827,315
TOTAL EQUITIES AND MARGINS	\$30,169,400	\$29,506,574
TOTAL EQUITIES, MARGINS AND LIABILITIES	\$60,154,138	\$56,974,655

STATEMENT OF REVENUE AND EXPENSES

OPERATING REVENUES	2017	2016
Electric Energy Revenue	\$20,034,062	\$20,120,575
Other Electric Revenue	98,141	101,354
TOTAL OPERATING REVENUES	\$20,132,203	\$20,221,929
OPERATING EXPENSES		
Cost of purchased power	\$12,028,942	\$12,021,344
Distribution expense – operations	1,374,012	1,374,109
Distribution expense – maintenance	1,487,627	1,415,012
Consumer account expense	321,303	321,705
Customer Service	75,353	77,065
Sales expense	110,325	101,734
Administration and general expense	1,191,215	1,153,628
Depreciation expense	1,804,613	1,674,964
Taxes	260,200	263,261
Other deductions	(11,365)	(3,240)
Interest on long-term debt	1,081,923	1,066,016
TOTAL OPERATING EXPENSE	\$19,724,148	\$19,465,598
OPERATING MARGINS	\$408,055	\$756,331
NON-OPERATING MARGINS		
Interest income	\$210,754	\$127,642
Other non-operating income	20,649	20,322
Dairyland Power Co-op capital credits	582,894	471,925
Other capital credits	91,118	86,780
TOTAL MARGINS	\$1,313,470	\$1,463,000

2017 Expense Dollar



	Purchased Power..... 61%
	Operations & Maintenance..... 14.5%
	Depreciation..... 9.1%
	Interest..... 5.5%
	Administration..... 6%
	Customer Related 2.6%
	Taxes..... 1.3%

2017 Employee Milestones

Congratulations...
to our 2017 Milestone Recipients!



Ole Yttri
Director
5 years



Orlan Bakkum
Director
25 years



Andy Hefel
Journeyman
Line Worker
10 years



Laurie Feller
Plant Accountant
& Dispatch
25 years



Dan Korn
Director
15 years



Mike Berger
Journeyman
Line Worker
40 years



Jason Johnson
Journeyman
Line Worker
20 years



Monte Tewalt
Journeyman
Line Worker
40 years
(now retired)

You're Invited!

Please join us for our
Annual Meeting
Saturday • March 24, 2018
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:

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

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