



Vernon Electric Cooperative

"Information for our member-owners."

Report From The Board Chair

By Bernadine Hornby, Board Chair

Last year, Vernon Electric Cooperative (VEC) continued to uphold and demonstrate the seven cooperative principles that form the foundation of our cooperative and cooperative organizations worldwide. Since our beginnings in 1937, these principles have guided the cooperative's operations and ensured that it remains dedicated to serving its members and the broader community. VEC has made significant strides in incorporating these principles into its practices, showcasing its commitment to cooperative values.

Principle 1. Voluntary and Open Membership

VEC has always maintained an open-door policy, welcoming all individuals willing to accept the responsibilities of membership without gender, social, racial, political, or religious discrimination. To ensure that more people can benefit from its services, VEC launched resources in multiple languages and accessibility options. With 11,602 membership accounts in total, VEC grew its membership accounts by 58 in 2024.

Principle 2. Democratic Member Control

At the heart of VEC's operations is the principle of democratic member control. Each member has an equal vote in the cooperative's decision-making process, ensuring that the cooperative remains responsive to the needs of its members. In 2024, VEC members in Divisions 2, 5, and 8 re-elected board members Michael Paulsrud, Dan Korn, and Richard Nemec, respectively. The Board of Directors also had the unfortunate duty of selecting a temporary replacement for Ole Yttri, who passed away after battling cancer. Ole represented Division 7 and was replaced by John Young after the Board interviewed several interested candidates. The Division 7 board seat will be up for election in 2026.

Your vote is important! I encourage you to take a few minutes to vote in our Cooperative elections. We have two annual elections: the first is for your District Committee Conference Delegates, and the second is for our Board of Directors. The District Committee Conference is where board candidates are selected and where the Board Review Committee and Ballot Committee are elected. Both these elections affect the governance of our Cooperative and, ultimately, the cost and reliability of our electricity.

Principle 3. Member Economic Participation

Members of VEC contribute equitably to and democratically control the capital of their cooperative. VEC updated its member energy-efficiency incentive program, and returned \$576,085 in Capital Credits, the cooperative's surplus revenue (margins), to its members. This initiative not only provides financial benefits to the members but also reinforces the cooperative's commitment to economic participation and fairness. Over the years, VEC has returned more than \$23 million in capital credits to our members. Additionally, VEC has

continued to offer competitive rates and transparent billing practices, ensuring that members receive the best value for their contributions. This year, VEC only had to make a slight increase to the Facility Charge, keeping rising rates well below the average cost of inflation. Keeping our co-op in good shape has paid off, with our reliability at 99.9%.



Principle 4. Autonomy and Independence

VEC operates with a high degree of autonomy and independence, making decisions that best serve its members without external interference. VEC successfully negotiated new, long-term contracts with a renewable energy provider at our Bluff Prairie Solar project by Red Mound and a new solar project scheduled to come online in 2025 in the Town of Greenfield. Renewable energy projects help ensure a stable and sustainable energy supply for the future and have provided groundbreaking community solar opportunities for all members, including those of moderate to low income. These agreements were made independently, reflecting VEC's commitment to maintaining control over its operations and prioritizing the interests of its members.

VEC recently created an electric vehicle (EV) charging program for off-peak charging. This program gives EV drivers the opportunity to schedule their home charging during hours when they receive a reduced kWh rate, making fueling their vehicle a fraction of the cost of gasoline. VEC has also installed public EV charging stations at Sleepy Hollow Ford in Viroqua, Kickapoo Creekside Restaurant in Readstown, and our headquarters' parking lot in Westby.

Principle 5. Education, Training, and Information

Recognizing the importance of education and training, VEC has invested heavily in programs that benefit both its members and employees. VEC provides online learning, offering information on energy efficiency, renewable energy options, and cooperative governance. The billing newsletter and the Wisconsin Energy Cooperative News magazine keep members updated on what's happening with our co-op, including stories about our members, safety, and energy efficiency. These resources empower members to make informed decisions about their energy use and participation in the cooperative. Additionally, VEC has provided ongoing training for its office employees, lineworkers, and directors, ensuring they are well-equipped to serve the members effectively and safely. Tour groups give us the opportunity to educate the public about how the distribution of electricity works, whether it comes from a substation or local renewable energy sources. We hosted several tours over the past year.

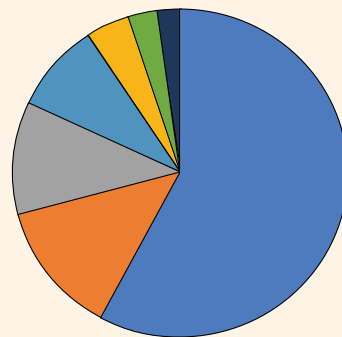
BALANCE SHEET

	2024	2023
WHAT WE HAVE		
UTILITY PLANT, at cost		
Intangible plant	\$808	\$808
Distribution plant	68,241,908	65,256,200
General plant	<u>10,661,769</u>	<u>10,851,760</u>
Electric plant in service	78,904,485	76,108,768
Construction work in progress	<u>236,288</u>	<u>239,391</u>
TOTAL UTILITY PLANT	\$79,140,773	\$76,348,159
Less accumulated provision for depreciation	<u>(23,488,229)</u>	<u>(21,825,951)</u>
NET UTILITY PLANT	\$55,652,544	\$54,522,208
OTHER PROPERTY AND INVESTMENT		
Non-Utility Property	\$194,522	\$194,522
Investments in Associated Organizations	11,715,495	\$11,259,504
Other Investments	153,511	150,083
Special Funds	<u>1,963,909</u>	<u>2,579,933</u>
TOTAL OTHER PROPERTY AND INVESTMENTS	\$14,027,437	\$14,184,042
CURRENT ASSETS		
Cash, general	\$286,734	\$235,849
Short-term investments	1,197	149,072
Accounts receivable	2,279,257	2,129,988
Material and supplies inventory	1,262,564	1,668,211
Other current and accrued assets	<u>123,274</u>	<u>119,986</u>
TOTAL CURRENT ASSETS	\$3,953,026	\$4,303,106
DEFERRED DEBITS		
	<u>\$77,887</u>	<u>\$55,205</u>
TOTAL ASSETS	<u>\$73,710,894</u>	<u>\$73,064,561</u>
WHAT WE OWE		
LONG-TERM DEBT, less current maturities		
RUS mortgage note	\$28,473,196	\$29,321,661
National Rural Utility Cooperative Finance	720,181	775,385
CoBank	176,805	248,156
Economic Revolving Loan Grant	<u>546,500</u>	<u>546,500</u>
TOTAL LONG TERM DEBT	\$29,916,682	\$30,891,702
CURRENT LIABILITIES		
Current maturities of long-term debt	\$957,602	\$1,001,064
Notes Payable	800,000	0
Accounts payable	1,440,786	1,347,574
Other current accrued liabilities	<u>1,519,123</u>	<u>1,411,872</u>
TOTAL CURRENT LIABILITIES	\$4,717,511	\$3,760,510
REGULATORY LIABILITIES		
	\$969,768	\$1,639,536
ACCUMULATIVE OPERATING PROVISIONS		
	<u>346,151</u>	<u>293,399</u>
TOTAL LIABILITIES	\$35,950,112	\$36,585,147
WHAT WE OWN		
EQUITIES AND MARGINS		
Patronage Capital	\$26,597,438	\$25,926,795
Other equities	<u>11,163,344</u>	<u>10,552,619</u>
TOTAL EQUITIES AND MARGINS	\$37,760,782	\$36,479,414
TOTAL EQUITIES, MARGINS AND LIABILITIES	<u>\$73,710,894</u>	<u>\$73,064,561</u>

STATEMENT OF REVENUE AND EXPENSES

	2024	2023
OPERATING REVENUES		
Electric Energy Revenue	\$22,410,342	\$22,302,307
Other Electric Revenue	<u>470,466</u>	<u>58,118</u>
TOTAL OPERATING REVENUES	\$22,880,808	\$22,360,425
OPERATING EXPENSES		
Cost of purchased power	\$12,664,514	\$12,317,564
Distribution expense – operations	1,613,134	1,653,143
Distribution expense – maintenance	1,225,950	1,204,368
Consumer account expense	461,911	379,859
Customer Service	233,328	230,553
Sales expense	184,737	161,716
Administration and general expense	1,769,355	1,769,257
Depreciation expense	2,641,078	2,485,839
Taxes	327,633	322,200
Interest on long-term debt	<u>989,999</u>	<u>1,007,912</u>
TOTAL OPERATING EXPENSE	\$22,111,639	\$21,532,411
OPERATING MARGINS	\$769,169	\$828,014
NON-OPERATING MARGINS		
Interest income	\$106,521	\$189,645
Other non-operating income	224,196	179,909
Dairyland Power Co-op capital credits	666,751	600,526
Other capital credits	188,587	103,663
TOTAL MARGINS	<u>\$1,955,224</u>	<u>\$1,901,757</u>

2024 EXPENSE DOLLAR



Purchased Power	57.30%
Operations & Maintenance	12.80%
Depreciation	11.90%
Administration	8.00%
Interest	4.50%
Member Services	4.00%
Taxes	1.5%

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Board Chair Report

Principle 6. Cooperation Among Cooperatives

Cooperation among cooperatives is a key principle that VEC has embraced wholeheartedly. VEC partnered with neighboring cooperatives to form a regional alliance to efficiently communicate with and educate our members, saving money and time. Electric co-ops also work together in times of crisis during widespread power outages due to such things as major storms. This collaboration has enabled the cooperatives to share resources, knowledge, and best practices, ultimately enhancing service delivery and operational efficiency. By working together, these cooperatives have strengthened their collective ability to meet the needs of their members and communities. Regional cooperatives will work together to take advantage of Inflation Reduction Act grants awarded to our wholesale power producer, Dairyland Power Cooperative. This was highlighted by an unprecedented visit from former President Joe Biden, who announced the grants at our office in Westby last September.

Principle 7. Concern for Community

VEC has a longstanding commitment to the well-being of the communities it serves. We have launched several community-focused initiatives, including a grant program called Operation Round Up, funded by members who volunteer to round up their monthly electric bill to the nearest dollar and give the extra change to local non-profits in their communities. Additionally, VEC has continued to support local schools through scholarships and sponsorships, fostering the next generation of leaders and innovators.

Vernon Electric Cooperative has demonstrated a steadfast commitment to the seven cooperative principles throughout the past year. By embracing these principles, VEC has not only strengthened its operations but also enhanced the wellbeing of its members and the broader community. As a model of cooperative excellence, VEC continues to inspire and lead by example, showcasing the enduring value and relevance of the cooperative movement.

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The information in this newsletter has been prepared for you by Trevor B. Clark, Manager of Communications & Member Relations. Comments or questions regarding information contained here should be directed to:
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