

Watt's New

March 2023



Annual Meeting

Saturday, March 25, 9:30 a.m.
Pancake Breakfast, 8-9:15 a.m.
Attendance Prizes

Vernon Electric Cooperative

"Information for our member-owners."

Official Notice of the Annual Meeting of Vernon Electric Cooperative

Date: Saturday, March 25, 2023

Place: Vernon Electric Cooperative Headquarters, 110 Saugstad Rd., Westby, WI 54667

Time: Registration: 8:00 a.m. – 9:30 p.m.

Items of business that may be acted upon at the business meeting include but are not limited to the following:

- Action upon amendments to the Articles of Incorporation and Bylaws as recommended by the District Committee Conference. The proposed amendments fall into four categories, intended to:
 - Make miscellaneous changes to restore language inadvertently deleted in prior printings, eliminate provisions superseded by prior amendments, simplify language for clarity and consistency, and correct punctuation and spelling;

- Update joint membership provisions;
- Update annual meeting processes; and
- Update director and officer provisions.

The full text of the amendments and an expanded explanation are available on SmartHub or by request to the Cooperative.

- Action upon any advisory resolutions submitted by members. All such advisory resolutions must be filed at the office of the Cooperative on or before 12:00 noon, Wednesday, March 15, 2023.

We sincerely hope that you are able to attend.

Dated March 1, 2023

David Dregne, Secretary

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 in 2022.

While most utilities have experienced double digit rate increases over the past couple of years, Vernon Electric Cooperative was able to keep rates flat for the past four years, through the pandemic and a couple years of extreme inflation. Unfortunately, we have reached a point where inflationary pressures have forced us to raise the 2023 revenue requirements by 3.7%.

These inflationary pressures include equipment costs and supply chain issues. Everything is more expensive including trucks, fuel, wire, poles, transformers, and almost everything else we need to build and maintain our distribution power system.

Similar inflationary pressures have also affected our wholesale power supplier, Dairyland Power Cooperative. As a result, our cost for purchasing wholesale power increased as well.

The good news is that Vernon Electric is doing its best to control expenses where we can and was able to absorb \$250,000 in wholesale power cost adjustments in 2022.

Keeping to our cooperative principles, this month we are refunding \$563,031 in capital credits to current and former

members. Over the years, Vernon Electric has returned nearly \$22 million to our members. **Members will see their refund as a bill credit on this month's electric bill.**

We are extremely proud of the fact that industry benchmarks show Vernon Electric Cooperative in the top quartile in controllable expenses. This benchmark is compared to over 800 electric cooperatives across the nation.

Vernon Electric's Board of Directors reviewed and revised the strategic plan to help your cooperative navigate through this rapid changing industry and focused on the following:

- Maintain Financial Strength and Prepare for the Future
- Be a Respected Resource
- Assure Proper Governance
- Safe, Motivated and Highly Trained Workforce
- Maintain System Reliability with an Eye to the Future

Due to ongoing concerns of gathering large groups of people, Vernon Electric held online meetings for the first part of 2022. This included our District Committee Conference and our Annual Meeting. Participation was good, and utilizing the online formats seemed to have little effect on attendance.

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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 87th Annual Meeting

March 25, 2023, at Vernon Electric Cooperative Headquarters, 110 Saugstad Road, Westby, WI

Name _____ Acct. # _____

Address _____

Spouse Registration

Name _____ Acct. # _____

Address _____

BALANCE SHEET

WHAT WE HAVE	2022	2021
UTILITY PLANT, at cost		
Intangible plant	\$808	\$808
Distribution plant	61,988,466	60,108,751
General plant	<u>10,316,098</u>	<u>10,121,900</u>
Electric plant in service	72,305,372	70,231,459
Construction work in progress	467,053	139,855
TOTAL UTILITY PLANT	\$72,772,425	\$70,371,314
Less accumulated provision for depreciation	<u>(20,189,783)</u>	<u>(18,877,097)</u>
NET UTILITY PLANT	\$52,582,642	\$51,494,217
OTHER PROPERTY AND INVESTMENT		
Non-Utility Property	\$194,522	\$194,522
Investments in Associated Organizations	10,896,680	\$10,292,222
Other Investments	146,564	148,256
Special Funds	<u>2,468,345</u>	<u>2,800,089</u>
TOTAL OTHER PROPERTY AND INVESTMENTS	\$13,706,111	\$13,435,089
CURRENT ASSETS		
Cash, general	\$351,595	\$43,101
Short-term investments	3,001,693	3,894,426
Accounts receivable	2,246,720	2,072,719
Material and supplies inventory	1,137,496	652,453
Other current and accrued assets	<u>112,050</u>	<u>102,742</u>
TOTAL CURRENT ASSETS	\$6,849,554	\$6,765,441
DEFERRED DEBITS	<u>\$29,756</u>	<u>\$148,778</u>
TOTAL ASSETS	<u>\$73,168,063</u>	<u>\$71,843,525</u>
WHAT WE OWE	2022	2021
LONG-TERM DEBT, less current maturities		
RUS mortgage note	\$30,214,330	\$30,256,494
National Rural Utility Cooperative Finance	827,965	878,045
Co Bank	316,959	383,363
Economic Revolving Loan Grant	<u>546,500</u>	<u>250,000</u>
TOTAL LONG TERM DEBT	\$31,905,754	\$31,767,902
CURRENT LIABILITIES		
Current maturities of long-term debt	\$1,085,215	\$1,318,907
Accounts payable	1,443,491	1,234,545
Other current accrued liabilities	1,530,380	1,493,185
TOTAL CURRENT LIABILITIES	<u>\$4,059,086</u>	<u>\$4,046,637</u>
REGULATORY LIABILITIES	\$1,693,649	\$1,739,289
DEFERRED CREDITS	6,739	6,739
ACCUMULATIVE OPERATING PROVISIONS	244,264	292,238
TOTAL LIABILITIES	<u>\$37,909,492</u>	<u>\$37,852,805</u>
WHAT WE OWN		
EQUITIES AND MARGINS		
Patronage Capital	\$25,137,354	\$26,125,079
Other equities	<u>10,121,217</u>	<u>7,865,641</u>
TOTAL EQUITIES AND MARGINS	\$35,258,571	\$33,990,720
TOTAL EQUITIES, MARGINS, AND LIABILITIES	<u>\$73,168,063</u>	<u>\$71,843,525</u>

STATEMENT OF REVENUE AND EXPENSES

	2022	2021
OPERATING REVENUES		
Electric Energy Revenue	\$22,205,770	\$21,597,753
Other Electric Revenue	453,176	(516,555)
TOTAL OPERATING REVENUES	<u>\$22,658,946</u>	<u>\$21,081,198</u>
OPERATING EXPENSES		
Cost of purchased power	\$12,632,804	\$11,686,833
Distribution expense – operations	1,708,545	1,526,828
Distribution expense – maintenance	1,216,905	1,201,891
Consumer account expense	336,806	305,099
Customer Service	142,826	136,510
Sales expense	133,283	91,040
Administration and general expense	1,680,008	1,578,140
Depreciation expense	2,367,964	2,275,624
Taxes	322,082	301,697
Other deductions	0	(66,772)
Interest on long-term debt	<u>1,035,841</u>	<u>1,033,843</u>
TOTAL OPERATING EXPENSES	\$21,577,064	\$20,070,733
OPERATING MARGINS	\$1,081,882	\$1,010,465
NON-OPERATING MARGINS		
Interest income	\$113,423	\$74,390
Other non-operating income	212,464	41,094
Dairyland Power Co-op capital credits	478,685	527,216
Other capital credits	105,556	107,464
TOTAL MARGINS	<u>\$1,992,010</u>	<u>\$1,760,629</u>

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President's Report

Your Board of Directors and staff worked diligently to propose amendments to our Bylaws that will help bring them up to date. Bylaw amendment recommendations were presented at this year's District Committee Conference in February. The amendments recommended by your District Delegates to move for consideration will be presented and voted on at the upcoming Annual Meeting.

SmartHub continues to grow with 45% of accounts currently utilizing the service. SmartHub is our online portal for members to access their accounts without any service fees or charges. SmartHub allows members to pay their bill, set up automatic payments, review energy use by month/day/hour, set up alerts including outage notification, update contact information, and more.

We were glad to meet in person for our Member Appreciation Picnic during Co-op Month. We hadn't been able to hold an in-person member gathering since the 2020 District Committee Conference. It was great to see everyone who was able to attend.

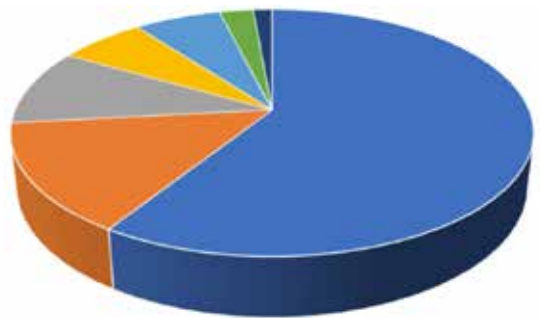


Vernon Electric works hard to provide high quality communications to its members about their community and topics that effect their electric

cooperative. Vernon Electric won its fifth N.F. Leifer Memorial Journalism Award, presented by the Wisconsin Electric Cooperative Association. This honor is presented to the co-op adjudged to have had the strongest overall local pages in the Wisconsin Energy Cooperative News during a one-year period. Dave Maxwell, director of member services, served as local editor of our pages during that time, and Craig Buros, CEO/General Manager, and Leah Call contributed cooperative updates and feature stories respectively.

I look forward to seeing you at our 87th Annual Meeting on Saturday, March 25, 2023.

2022 Costs



■ Purchased Power.....	58.5%
■ Operations & Maintenance.....	13.6%
■ Depreciation.....	11.0%
■ Interest.....	4.8%
■ Administration	7.8%
■ Customer Related	2.8%
■ Taxes	1.5%

**Watt's
New**

The information in this newsletter has been prepared for you by Courtney Moser, communications specialist. Comments or questions regarding information contained here should be directed to:

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110 Saugstad Rd; Westby, WI 54667
Call (608) 634-3121 or 1-800-447-5051.

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