

Wisconsin ENERGY COOPERATIVE

MONTHLY SINCE 1940

FEBRUARY 2012

News



Notice of the Annual Meeting of Members

Saturday, February 25, 2012

Cornell High School Auditorium
Corner of Hwy. 27/64 and S. 8th Street
Cornell, Wisconsin

Doors will open at 9:30 a.m. for registration, coffee, and doughnuts prior to the 75th Annual Meeting of members of the Chippewa Valley Electric Cooperative. The business meeting will begin at 10:30 a.m. Action will be taken on the following matters:

1. Reports of officers and managers
2. Election of two directors: One from District 1, one from District 6
3. Action on proposed bylaw amendment
4. Unfinished business
5. New business and other business to come before this meeting

In accordance with the bylaws, any member unable to attend the meeting may vote by mail. For members in a voting district, a ballot will be mailed to you with the February 1 billing. A return envelope will also be provided for your convenience. If mailing your ballot, please allow sufficient time to ensure your ballot reaches the CVEC office by the date of the annual meeting in order that your ballot may be counted.

WIN!



EARLY BIRD PRIZE LCD FLAT-SCREEN TV

IMPORTANT:
See February
Bill Insert
for Ballot & Details
on Voting



**Meeting Concludes
at Noon
and Lunch
Will be Served**

THIS IS YOUR PRIZE STUB!

Please detach this mailing label along the perforated line and bring it with you to the annual meeting. This is your ticket for registration and door prize drawings!

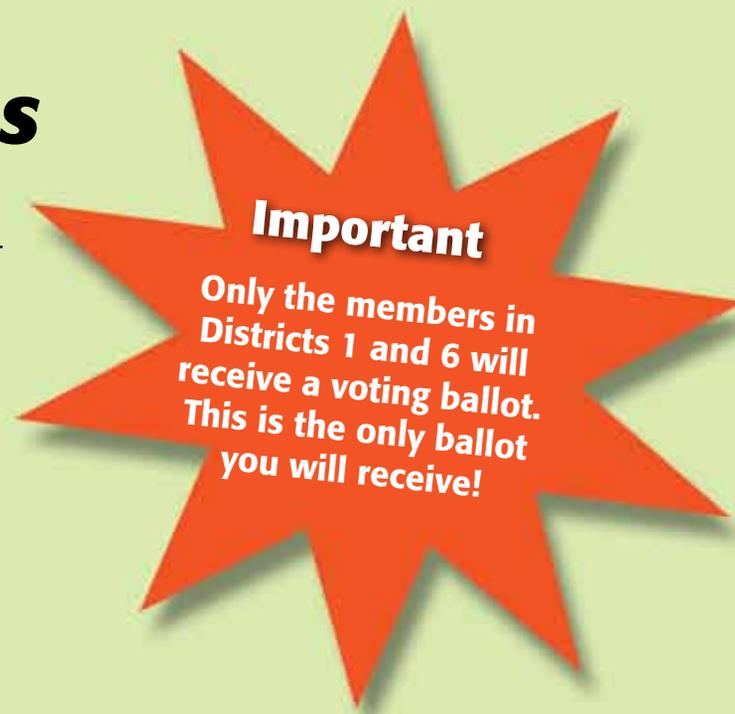
Voting Instructions

All members will receive a Bylaw Amendment Ballot and return envelope to vote on the proposed addition to the Cooperative Bylaws with their February 1 bill. Please see your February 1 bill inserts for ballot(s) information.

Members whose director is up for election at this annual meeting will also receive a ballot in the same envelope as the bill mailed to them on February 1, 2012. They will receive one ballot and one small envelope to insert their ballot(s) into. Please bring it to the annual meeting or mail it to the cooperative so that it is received before the date of the meeting. Ballots received after the date will not be counted.

**Directors will be elected for three-year terms
in Districts 1 and 6.**

More information on the voting will accompany the ballot.



Program – Saturday, February 25, 2012

9:30	Coffee and Doughnuts Served	
10:30	Meeting Called To Order	George Webb, Chairman
	National Anthem	
	Invocation	Pastor Jim Brandli
	Early Bird Prize Drawing	LCD Flat Screen TV
	Notice of Meeting	Deone Goettl, Secretary-Treasurer
	Approval of 2011 Minutes	Deone Goettl, Secretary-Treasurer
	Chairman's Report	George Webb, Chairman
	Financial Report	Dean Ortmann, Office Manager
	President & CEO's Report	Todd Howard, President/CEO
	Open Forum	Mary Hoel, Attorney
	Report of Tellers Committee	Chairman
	Adjournment	
12:00	Lunch will be Served	Holy Cross Parish Ladies

Prizes will be drawn throughout the morning.



Bring this registration card with you to the annual meeting on Saturday, February 25, 2012. This card will allow you to enter the prize drawings.

Mark your calendars and plan to attend the 75th Annual Meeting of the Members of Chippewa Valley Electric Cooperative at the Cornell High School Auditorium on Hwy. 27/64 in Cornell, WI.

See inside this book for more important information regarding the upcoming annual meeting.

Board Chairman's Report



This year Chippewa Valley Electric Cooperative holds its 75th Annual Membership meeting. This marks 75 years of providing electricity to members in Chippewa and Rusk counties. We are proud to have been a part of the community for so many years. We look forward to continuing to provide dependable electricity for years to come.

Currently, we have a lot of activity in the Bloomer and New Auburn areas as sand mines and sand processing plants are being developed. The loads are immense in size, typically running over 2,000 kilowatts, or about half the size of our substations. To provide service to these loads, we have adopted a new work plan which includes additional substations and new three-phase line builds. There will be costs associated with the additional plant construction, but over time the additional sales to these plants should cover those costs and help spread out all of our costs.

Primarily the increasing electricity cost is still foremost on our minds. Recent national legislation looks again to drive electricity costs higher. The U.S. Environmental Protection Agency's (EPA) Cross-State Air Pollution Rule (CSAPR) is estimated to cost our wholesale power supplier, Dairyland Power Cooperative, about \$10.2 million to reach compliance in 2012. In addition, significant spending will be required in future years to continue

to meet the requirements of this rule. The \$10.2 million budget impact of CSAPR contributes to the anticipated 7 percent wholesale rate increase Chippewa Valley Electric will receive in May 2012.

The CSAPR rule requires power plants in 27 states, including Wisconsin, to further limit sulfur dioxide and nitrogen oxide emissions that affect air quality in other states.



Dairyland, along with other utilities, is challenging the CSAPR rule to allow for timelier implementation. CSAPR was finalized in October 2011, with implementation set for January 1, 2012. The equipment necessary to reach the limits set by the rule could not be fabricated nor installed in the short time allowed. So if Dairyland Power cannot meet the new requirements, it may have to curtail running plants and purchase

more expensive electricity off the market—increasing our cost.

As I mentioned earlier, we are looking at a 7 percent wholesale power cost increase in 2012. Chippewa Valley Electric continues to look for ways to streamline our organization to minimize retail increases. We have to walk the fine line so your service is not jeopardized, but also so operating costs are not excessive. We feel we have attained a high level of service, providing very dependable electricity. We have a number of maintenance programs in place that helped us attain those high standards, and eliminating any one of those to save a dollar or two on the electric bill would not be justified with the loss of dependable service to you, our members. But please be assured, we are constantly working on ways to provide dependable electricity at the lowest costs.

I want to thank all our members for continuing to support us over the past 75 years. We will continue to bring you dependable electricity into the future.

Respectfully,

A handwritten signature in cursive that reads 'George Webb'.

George Webb

Annual Meeting Minutes 2011

The 74th annual meeting of the members of the Chippewa Valley Electric Cooperative was called to order by Board Chairman George Webb, at 10:30 a.m. in the E.J. Mittermeyer Auditorium of Cornell High School in Cornell, Wisconsin, on Saturday, February 26, 2011.

Early Bird Prize

The Early Bird prize of a 32-inch LCD Flat Screen TV was won by Donald Junker.

Quorum

The board chairman declared a quorum was present and opened the meeting for business.

Notice and Affidavit of Mailing

Secretary-Treasurer Deone Goettl read the notice of meeting and affidavit of mailing.

Minutes

The minutes of the 2010 meeting were mailed to the members prior to the meeting. The motion was made and seconded to approve the minutes as written. The motion carried.

Chairman's Report

George Webb, board chairman, welcomed all present and thanked them for attending.

He reported on the outstanding amount of delinquent bills, and how they have been going up. He asked that members try to pay any amount

they can as an attempt to get caught up on their electric bills.

Financial Report

Dean Ortmann, office manager, presented the 2010 financial report to the members. Chippewa Valley Electric is continuing to reduce ways of spending, including canceling the bus trip to Dairyland Power Cooperative, streamlining the annual meeting, reducing loans and capital expenditure projects, and changing the health insurance policy. Mr. Ortmann explained how the co-op is paying off old debt at higher costs. Revenues for 2010 were up slightly for the co-op and down for Chippewa Valley Satellite. Delinquent accounts are still on the rise in 2010, and they continue to rise along with bad debt being written off. As we move forward, we will continue to try to cut costs while still maintaining the system.

President's Report

Todd Howard, president/CEO, reported on the planned projects for 2011. The Operations Department is finishing up on projects from previous years that should be finished up this year. The budget for 2011 is already up this year. The rates increased in 2010, and sales were down the past year. Mr. Howard reported about Dairyland Power Cooperative and how they are spending millions on renovating their plant. Insulator failures led to another big project for the Operations Department, which should be resolved within three to four years. Also reported on was the pending

DIRECTV contract expiration for the co-op's subsidiary, Chippewa Valley Satellite. Chippewa Valley Electric is always looking for ways to cut costs to better serve our customers.

Service Awards

Clyde Shipman..... 15 years
Deone Goettl 15 years
Dennis St. Aubin 10 years

Drawing for Children's Prize

Mason Frederickson was the winner of the children's prize (portable DVD player).

Prize Drawings

Prizes were given to many members throughout the meeting.

Questions

Todd Howard, president and CEO, addressed questions from the member audience.

Director Election Results

District #3

Clyde Shipman.....83 votes

District #5

Deone Goettl 162 votes
Bob Moucha.....1 vote

Adjournment

Chairman George Webb asked for any other business. There was none and the meeting adjourned.

(Annual report continues on page 28 with financial information.)

Statement of Revenues and Expenses

(Unaudited)

	2010	2011
WHAT WE TOOK IN		
Operating Revenue	\$12,978,367.39	\$13,637,371.45
WHAT WE PAID OUT		
Cost of Purchased Power	\$7,367,261.97	\$7,666,314.39
Operations Expense	735,134.54	707,678.42
Maintenance Expense	946,706.95	884,507.44
Customer Accounts Expense	673,718.74	607,101.66
Customer Service & Information Expense	219,833.94	194,926.32
Administrative & General Expense	695,935.75	757,337.20
Depreciation Expense	881,733.13	929,153.56
Taxes	153,030.55	201,987.86
Interest on Long-Term Debt	676,127.97	709,978.13
Other Deductions	16,438.21	1,312.32
Total Operating Expenses	<u>\$12,365,921.75</u>	<u>\$12,660,297.30</u>
WHAT WE HAVE LEFT		
Net Operating Margins	<u>\$612,445.64</u>	<u>\$977,074.15</u>
Non-Operating Margins	<u>528,449.22</u>	<u>112,563.59</u>
Total Net Margins	<u>\$1,140,894.86</u>	<u>\$1,089,637.74</u>
Dairyland Power Co-op		
Capital Credits	176,300.00	301,350.00
Other Patronage Capital		
Allocations	471,243.38	280,571.97
Extraordinary Income	0.00	0.00
Total Margins	\$1,788,438.24	\$1,671,559.71
PRINCIPAL PAYMENTS MADE DURING THE YEAR		
National Rural Utilities Co-op		
Finance Corp. (CFC)	\$137,700.89	\$129,986.98
R.U.S.	\$405,541.00	\$222,493.24
Co-Bank	\$3,910.97	\$237,194.68

The 2011 dollar amounts includes total operations from Chippewa Valley Satellite Corporation.

The Satellite Corporation recorded Operating Margins of \$205,182.84 and Total Margins of \$294,481.75 for year ending 2011. (includes gains/losses in investments)

Allocations in 2012 will be based on Chippewa Valley Electric's operating margins for year ending 2011.

Comparative Balance Sheet

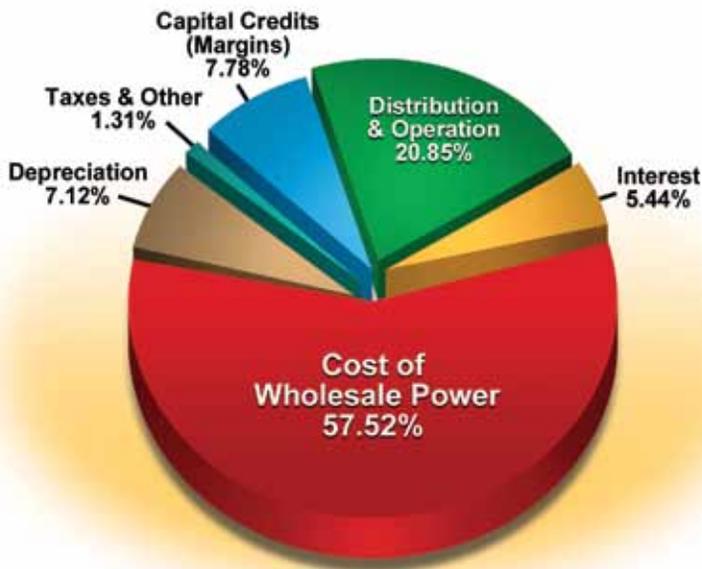
December 31, 2011 (Unaudited)

ASSETS	2010	2011
Total Utility Plant	\$29,197,959.02	\$30,314,041.85
Less: Reserve For Depreciation and Amortization	7,677,530.75	8,249,070.11
Net Utility Plant	<u>\$21,520,428.27</u>	<u>\$22,064,971.74</u>
Nonutility Property Net	\$9,130.60	\$3,295.71
Investments & Patronage in Associated Organizations	5,384,363.59	5,801,740.53
Other Investments	3,649,556.85	3,441,017.65
Total Other Property & Investments	<u>\$9,043,051.04</u>	<u>\$9,246,053.89</u>
Cash—REA Loan Funds	900.20	900.20
Cash—General	178,655.51	57,269.38
Temporary Investments	131,194.35	69,813.96
Notes Receivable—Net	0.00	0.00
Accounts Receivable—Net	1,229,708.32	1,352,774.72
Material & Supplies	274,992.78	275,855.40
Prepayments	86,801.67	105,998.29
Other Current and Accrued Assets	38,445.44	39,123.19
Total Current & Accrued Assets	<u>\$1,940,698.27</u>	<u>\$1,901,735.14</u>
Deferred Debits	0.00	81,716.08
Total Assets and Other Debits	<u>\$32,504,177.58</u>	<u>\$33,294,476.85</u>
LIABILITIES		
Long-Term Debt R.U.S.	\$6,997,160.79	\$6,816,924.80
Long-Term Debt Other	6,487,393.39	6,120,211.73
Total Long-Term Debt	<u>\$13,484,554.18</u>	<u>\$12,937,136.53</u>
Notes & Accounts Payable	1,030,878.83	1,005,428.58
Consumer Deposits	74,150.00	142,523.88
Other Current and Accrued Liabilities	550,003.02	514,632.28
Total Current & Accrued Liabilities	<u>\$1,655,031.85</u>	<u>\$1,662,584.74</u>
Deferred Credits	\$32,234.26	\$25,166.71
Membership Fees	0.00	0.00
Patronage Capital	15,067,559.32	16,174,960.97
Other Equities	2,264,797.97	2,494,627.90
Total Margins & Other Equities	<u>\$17,332,357.29</u>	<u>\$18,669,588.87</u>
Total Liabilities & Other Credits	<u>\$32,504,177.58</u>	<u>\$33,294,476.85</u>

(More financial information on the inside back cover)



How Your Dollar Was Spent



2011 Outage Information

2011 Outage Info	Number of Outages	Average/Consumer
Power supplier	1	0.173
Trees	49	0.259
Animals	8	0.088
Broken poles	2	0.002
Insulator	8	0.100
Overhead wire break	5	0.043
Underground fault	26	0.049
Lightning	32	0.145
OCR/fuse	1	0.002
Vehicles	7	0.032
Transformers	17	0.004
Fires	4	0.006
Other/unknown	123	0.411
Subtotal	283	1.314
Planned outage	255	0.118
Extreme storms	53	0.504
Totals & avg./consumer	591	1.936

Comparative Statistics Report

	2009	2010	2011
Total miles of line on operation	1,208.19	1,211.16	1,215.12
Total miles of overhead line	826.94	822.95	813.07
Total miles of underground line	381.25	388.21	402.05
Consumers connected during year	55	81	64
Consumers connected — year end	7,210	7,271	7,308
Average consumers per mile — year end	5.97	6.00	6.01
Total water heaters controlled	3303	3308	3441
Total dual fuel accounts	1,110	1,372	1,465
Total kWh purchased	104,051,502	102,351,965	104,255,925
Total kWh sold	98,133,793	96,478,457	98,103,781
Total cost of electricity	7,094,575	7,222,208	7,509,002
Total revenue from electricity sales	11,779,689	12,284,811	12,749,222
Average cost per kWh purchased	0.0682	0.0706	0.0720
Average revenue per mile/month	812.49	845.25	874.35
Average revenue per member/month	136.15	140.80	145.38
Average kWh sold per member/month	1,134	1,106	1,119
Average revenue per kWh sold	0.1200	0.1273	0.1300
Average outage time per member	1.9583	3.1099	1.9360
Total number of employees	22	22	21

Here's What's New With DirecTV and WildBlue

2011 started off just like any other year for Chippewa Valley Satellite, but throughout the year several changes took place. In August DirecTV started handling customer billing, payments, and programming changes through their national call centers. We continue to install new customers and service or upgrade existing customer accounts. In September, Mike Grosvold retired as the DBS administrator. Mike has certainly been missed, and we appreciate his many years of service. We ended the year by giving Chippewa Valley Electric a \$50,000 dividend.

2012 is going to be a great year for both DirecTV and WildBlue. DirecTV has many new and exciting products being introduced this year. Nomad is a wonderful new device that will allow customers to transfer recorded programming to any mobile device. This is a great way to record your favorite shows and take them on the road with you. Just when you thought DVR services couldn't get better, DirecTV's new five-tuner DVR will add a whole new set of features and installation options never experienced before. This new receiver includes picture-in-picture, the ability to record up to five programs at the same time, and the option to service multiple rooms without the traditional extra receiver and monthly fees.



Our WildBlue high speed Internet subscriber count has held steady throughout the year. We are continually adding new customers, but also find ourselves in competition with cable and DSL expansions. On October 19, 2011, WildBlue launched the highest capacity broadband satellite ever developed. This new satellite will allow us to offer download speeds up to 12mbps, making it very competitive with extended-range DSL and cellular broadband options. New infrastructure on the ground and software in the modems will significantly reduce lag time. These technological advancements will allow us to bring new services and products to areas that could not have been reached before. We will continue to update you about these products as they become available.

Chippewa Valley Satellite is also exploring a new service for our members. We have been researching Envirowatch monitoring systems. These devices are used to detect moisture or temperature levels. If these levels reach certain limits an alert is sent to a monitoring service which in turn contacts you or a list of your contacts. This is a great way for cabin owners, "snow birds," and homeowners to have ease of mind when they are away. We would appreciate any feedback you have on this potential new service, please contact us at 715-239-3862.

