

Wisconsin ENERGY COOPERATIVE

MONTHLY SINCE 1940

FEBRUARY 2015

News



NOTICE of the Annual Meeting of Members Saturday, February 28, 2015

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

Doors will open at 9:00 a.m. for registration, coffee, and doughnuts prior to the 78th Annual Meeting of members of the Chippewa Valley Electric Cooperative. The business meeting will begin at 10:00 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 and one from District 6
3. Unfinished business
4. 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 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 before the date of the annual meeting in order that your ballot may be counted.

WIN!



EARLY BIRD PRIZE LED 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!

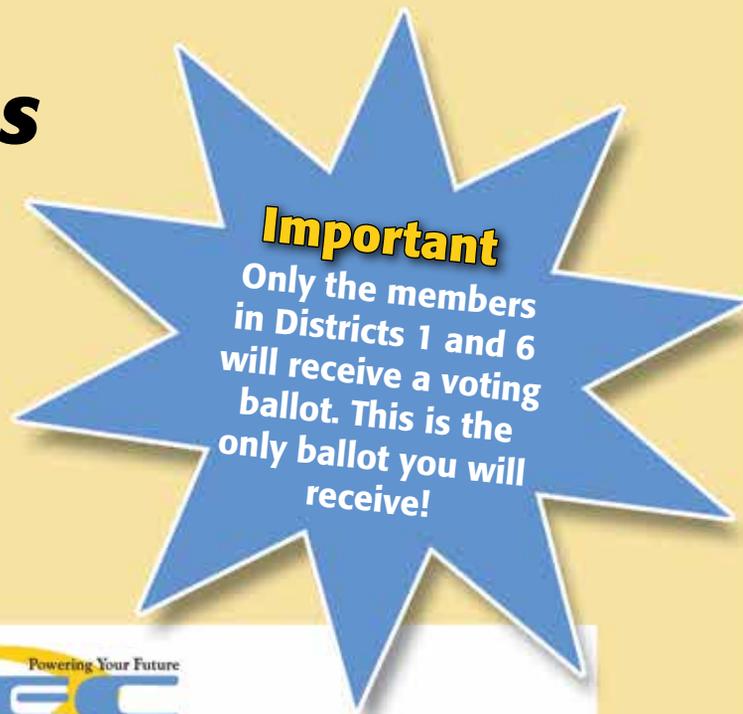
Please detach this mailing label along the perforated line and bring it with you to the annual meeting. This is your ticket for registration and door prize drawings!

Voting Instructions

Only 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 in February. They will receive one ballot and one small envelope to insert their ballot 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 28, 2015

9:00	Coffee and Doughnuts Served	
10:00	Meeting Called To Order	John Petska, Chairman
	National Anthem	
	Invocation	Pastor Jim Brandli
	Early Bird Prize Drawing	LED Flat-Screen TV
	Notice of Meeting	Clyde Shipman, Secretary-Treasurer
	Approval of 2014 Minutes	Clyde Shipman, Secretary-Treasurer
	Chairman's Report	John Petska, 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.

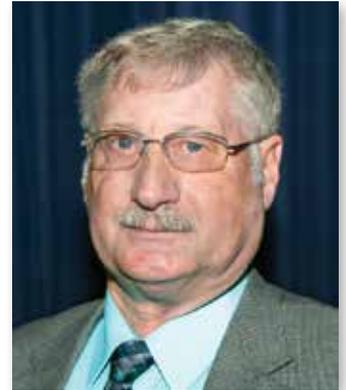


Bring this registration card with you to the annual meeting on Saturday, February 28, 2015. This card will allow you to enter the prize drawings.

Mark your calendars and plan to attend the 78th 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



For 2014 we continued deployment of the new metering system. We are nearly 50 percent complete and so far we are impressed with the reporting capabilities of the meters. Our plan for 2015 is to interface the new meters with an outage management system (OMS). The OMS would give us up-to-date information on outages. The ability of the new meters to report outages and power restoration within a few seconds would allow us to better dispatch our crew during large outages.

In 2014 longtime director George Webb, who had served on the board since 1967, had to resign his position for personal reasons. George was a true leader of your cooperative, having served as board chairman and as our Dairyland Power director for many years. He was always there to make the level-headed decisions. Going forward, we will miss his years of experience.

We have also been busy working on the building plan for the new cooperative headquarters. As we reported last year, our existing facility has structural issues, and it has been determined that we would be best to tear down and rebuild. The architect and general contractor have been selected, and we are finalizing the building plan. Initial estimated cost for the new facility is slightly over \$3,000,000. We will be able to fund the building from existing monies we have available and dividends from our satellite corporation. The new building will give us needed garage space for our trucks and equipment, and provide ample office space to meet our needs for the long term.

Chippewa Valley Electric is looking into creating a community solar project. Community solar is comprised of a large solar array where members purchase portions of it and then receive credit on their monthly electric bills for their portion of the solar energy created. The price of participation and the credit for the electricity generated are yet to be determined, but they're usually based on the size of the system. We are in the process of surveying our members to determine interest and feasibility for the project.

The cold 2013–2014 winter coupled with sales to our new industrial accounts drove our total sales for 2014 to be our highest ever. Increased sales helps to keep our rates down as costs can be allocated over more kilowatt hours. We have received notification from our power supplier, Dairyland Power Cooperative, that there will be no

wholesale rate increase for 2015. If our sales growth continues, we should get through 2015 with little or no increase.

Brushing of our rights-of-way continues to be one of our greatest challenges and our highest cost maintenance program. We are about one year behind our desired cycle and will begin brushing on our New Auburn and Sand Creek substations in 2015. We want to thank those members in the areas being brushed for their understanding as we are reclaiming proper right-of-way clearances and are finding it necessary to cut numbers of large trees. Once our rights-of-way have been reclaimed, we anticipate that getting on and keeping on the six-year brushing cycle should be easier and less costly.

Our power supplier, Dairyland Power Cooperative, is facing a number of challenges that could affect our wholesale rate, including the use of coal and carbon dioxide emissions in power generation. Dairyland recently closed the older coal plants at its Alma site, but even so it continues to rely heavily on coal for electricity generation. Dairyland's current generation fleet will cover our needs for a number of years into the future. Any further government regulations and/or fees for carbon dioxide emissions could have a drastic effect on our wholesale costs. Dairyland Power and our state and national organizations continue to work to keep any new regulations from increasing your electricity cost.

Basically, your cooperative is in very sound financial condition, and we feel our electric system of wires and poles is as good as any. We must continue to make improvements to your cooperative while doing our diligence of keeping costs down. No company can stand still; if it does it will fall behind and the cost to catch up outweighs any current savings. It is your board's responsibility to work for your best interest, and it is my honor to be doing so as your board chairman. We look forward to meeting all your future electrical needs. ■

Respectfully,


John Petska

Annual Meeting Minutes 2014

The 77th annual meeting of the members of the Chippewa Valley Electric Cooperative (CVEC) was called to order by Board Chairman John Petska at 10 a.m. in the E.J. Mittermeyer Auditorium of Cornell High School in Cornell, Wisconsin, on Saturday, February 22, 2014.

Early Bird Prize

The Early Bird prize of a 42-inch LCD flat-screen TV was won by Gary Lazarz.

Quorum

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

Notice and Affidavit of Mailing

The secretary–treasurer, Clyde Shipman, read the Notice of Meeting and Affidavit of Mailing.

Minutes

The minutes of the 2013 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

John Petska, board chairman, welcomed all present and thanked them for attending. Petska reported management and board have determined that there will be no increase of rates in 2014 for Chippewa Valley Electric Cooperative members for the second year in a row. The year 2013 was a busy one for the cooperative. The co-op is deploying a new remote-read meter. The new meters can remotely disconnect the service and collect the hourly usage.

We will also be building a communication system to our substations, both to collect the metering information and allow communication to other substation equipment. We just completed another \$3,000,000 loan from Rural Utilities Services. The loan will be used to finance the remaining projects of our current four-year work plan. The cooperative is in very good financial shape. CVEC management and the board will continue to keep the cooperative in sound financial and structural shape.

(Annual report continues on pages 28, 29, and the back cover.)

Financial Report

Dean Ortmann, office manager, presented the 2013 financial report to the members. Record kilowatt-hour sales for 2013 provided adequate margins to meet the co-op's financial ratios, complete various projects, and retire more than \$350,000 in capital credits during the past year. Ortmann reported on the May audit. Chippewa Valley Satellite Corporation provided a \$250,000 dividend to Chippewa Valley Electric Cooperative in 2013 that offsets additional loan or rate increases.

President's Report

Todd Howard, president & CEO, reported the cost of maintenance, including 140 miles brushed costing \$411,000 and 240 miles sprayed costing \$42,000. A new metering system is being installed, promising faster response time on outages with the remote disconnect. With deteriorating garage walls, the key concern for repair options may include a complete office rebuild.

The co-op's Chippewa Valley Satellite Corporation subsidiary ceased providing DirecTV service as of the first of the year, a move expected to generate positive operating margins for 2014. In the years to come there is going to be a big changeover with the co-op's employees, between retirements and training new employees.

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 – 66

District #5: Deone Goettl – 113
Blank – 1

Adjournment

Chairman John Petska asked for any other business. There was none and the meeting adjourned. ■

Statement of Revenues and Expenses

(Unaudited)

	<u>2013</u>	<u>PROJECTED 2014</u>
WHAT WE TOOK IN		
1. OPERATING REVENUE	\$13,676,136	\$13,937,880
WHAT WE PAID OUT		
2. COST OF PURCHASED POWER	\$8,042,517	\$8,071,881
3. OPERATIONS EXPENSE	\$654,019	\$647,586
4. MAINTENANCE EXPENSE	\$1,051,729	\$823,110
5. CUSTOMER ACCOUNTS EXPENSE	\$302,583	\$326,433
6. CUSTOMER SRVC & INFORMATION EXP.	\$209,490	\$208,481
7. ADMINISTRATIVE & GENERAL EXP.	\$705,125	\$768,392
8. DEPRECIATION EXPENSE	\$1,073,460	\$1,206,637
9. TAXES	\$179,712	\$187,125
10. INTEREST ON LONG-TERM DEBT	\$798,023	\$835,846
11. OTHER DEDUCTIONS	\$2,417	\$540
12. TOTAL OPERATING EXPENSES	<u>\$13,019,074</u>	<u>\$13,076,031</u>
WHAT WE HAVE LEFT		
13. NET OPERATING MARGINS	<u>\$657,062</u>	<u>\$861,849</u>
14. NON-OPERATING MARGINS-INTEREST/DIVIDENDS	\$528,984	\$572,305
15. INCOME (LOSS) FROM EQUITY INVESTMENTS	\$986,779	\$250,000
16. NON-OPERATING MARGINS-OTHER	-\$5,826	-\$7,226
17. DAIRYLAND POWER CO-OP(G&T): CAPITAL CREDITS	\$408,555	\$375,000
18. ASSOCIATED CAPITAL CREDITS & DIVIDENDS	<u>\$107,022</u>	<u>\$134,145</u>
19. TOTAL NON-OPERATING MARGINS	<u>\$2,025,514</u>	<u>\$1,324,224</u>
20. TOTAL MARGINS	<u>\$2,682,576</u>	<u>\$2,186,073</u>
PRINCIPAL PAYMENTS MADE DURING THE YEAR		
21. NATIONAL RURAL UTILITIES CO-OP FINANCE CORP. (CFC)	\$187,257	\$211,241
22. R.U.S.	\$216,527	\$271,731
23. CO-BANK	\$315,483	\$309,309

Notes:

- A) The subsidiary's (CVS) margins/loss and investment gain/loss are now displayed on the "Income(loss) on Equity Investment" line above. Allocations are generally based on Chippewa Valley Electric's Operating Margins, G&T capital credits, and Associated capital credits from the previous year.
- B) Due to early print dates the month of December was estimated, 2014 numbers are Coop's best projections. Actual figures will be available at the meeting.

Comparative Balance Sheet

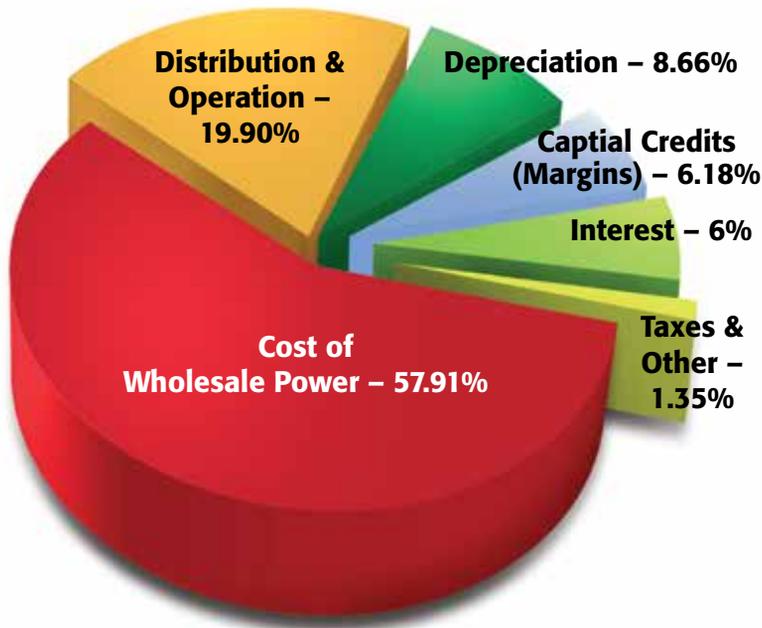
December 31, 2014 (Unaudited)

ASSETS	2013	PROJECTED 2014
1. TOTAL UTILITY PLANT	\$33,396,042	\$35,519,676
2. LESS: RESERVE FOR DEPRECIATION & AMORITIZATION	\$8,910,195	\$9,282,987
3. NET UTILITY PLANT	\$24,485,847	\$26,236,689
4. INVESTMENTS SUBSIDIARY COMPANIES	\$5,427,553	\$5,427,553
5. INVESTMENT & PATRONAGE-ASSOCIATED ORGANIZATIONS	\$5,243,701	\$5,569,245
6. OTHER INVESTMENTS	\$7,700	\$9,581
7. TOTAL OTHER PROPERTY & INVESTMENTS	\$10,678,964	\$11,006,379
8. CASH-REA LOAN FUNDS	\$885	\$870
9. CASH-GENERAL	\$42,839	\$21,997
10. TEMPORARY INVESTMENTS	\$4,748	\$3,267
11. ACCOUNTS RECEIVABLE-NET	\$1,440,949	\$1,258,949
12. MATERIAL & SUPPLIES	\$299,742	\$554,059
13. PREPAYMENTS	\$82,341	\$77,546
14. OTHER CURRENT AND ACCRUED ASSETS	\$50,516	\$56,170
15. TOTAL CURRENT & ACCRUED ASSETS	\$1,922,020	\$1,972,858
16. DEFERRED DEBITS	\$847,125	\$748,515
17. TOTAL ASSETS AND OTHER DEBITS	\$37,933,955	\$39,964,441
LIABILITIES		
18. LONG-TERM DEBT R.U.S.	\$6,741,695	\$7,660,629
19. LONG-TERM DEBT OTHER	\$6,851,795	\$6,391,245
20. TOTAL LONG-TERM DEBT	\$13,593,490	\$14,051,874
21. NOTES PAYABLE	\$250,000	\$0
22. ACCOUNTS PAYABLE	\$960,972	\$955,615
23. CONSUMER DEPOSITS	\$84,650	\$584,400
24. CURRENT MATURITIES-LONG TERM DEBT	\$695,737	\$830,810
25. OTHER CURRENT & ACCRUED LIABILITIES	\$550,078	\$572,748
26. TOTAL CURRENT & ACCRUED LIABILITIES	\$2,541,437	\$2,943,573
27. DEFERRED CREDITS	\$273,920	\$30,740
28. PATRONAGE CAPITAL	\$11,430,996	\$12,040,187
29. OPERATING MARGINS-CURRENT YEAR	\$1,172,640	\$1,370,995
30. OTHER MARGINS & EQUITIES	\$8,921,472	\$9,527,072
31. TOTAL MARGINS & OTHER EQUITIES	\$21,525,108	\$22,938,254
32. TOTAL LIABILITIES & OTHER CREDITS	\$37,933,955	\$39,964,441

(More financial information on the inside back cover)

2014 Outage Information

How Your Dollar Was Spent



2014 Outage Information	Number of Outages	Average/Consumer
Power supplier	0	0.000
Trees	21	0.157
Animals	7	0.128
Broken poles	1	0.001
Insulator	4	0.040
Overhead wire break	7	0.237
Underground fault	23	0.009
Lightning	12	0.016
OCR/fuse	2	0.000
Vehicles	2	0.001
Transformers	20	0.005
Fires	2	0.001
Other/unknown	91	0.216
Subtotal	192	0.810
Planned outage	208	0.071
Extreme storms	61	0.862
Totals & Avg/Consumer	461	1.744

Comparative Statistics Report

	2012	2013	2014
Total miles of line in operation	1,216.23	1,216.62	1,220.91
Total miles of overhead line	798.46	783.12	772.16
Total miles of underground line	417.77	433.50	448.75
Consumers connected during year	60	48	51
Consumers connected – year end	7,338	7,350	7,366
Avg. consumers per mile – year end	6.03	6.04	6.03
Total water heaters controlled	3451	3421	3389
Total dual fuel accounts	1,483	1,490	1,494
Total KWH purchased	104,575,588	111,973,545	115,600,561
Total KWH sold	100,177,819	105,625,519	109,281,583
Total KWH used	221,440	312,720	305,960
Total cost of electricity	7,940,398	8,277,393	8,344,274
Total revenue from electricity sales	13,206,694	13,604,281	13,869,100
Avg. cost per KWH purchased	0.0759	0.0739	0.0722
Avg. revenue per mile/month	904.89	931.84	946.64
Avg. revenue per member/month	149.98	154.24	156.90
Avg. KWH sold per member/month	1,138	1,198	1,236
Avg. revenue per KWH sold	0.1318	0.1288	0.1269
Avg. outage time per member	2.460	2.392	1.744
Total number of employees	21	21	22

Chippewa Valley Satellite



Bringing High-Speed Internet to the Back Forty

2014 started out with a subzero polar vortex bearing down on us from Canada with wind chills as low as 55 degrees below zero. In tandem, propane prices were being reported as high as \$6 per gallon. Instead of getting your boat out for the fishing season opener on May 3, you still needed an ice auger. Finally, on July 7, the last remnant of snow disappeared from Superior's city snow dump. This made for a rough start to the new year. Eventually the snow finally melted and people came out of hibernation. 2014 ended as one of our best years. In 2014 Chippewa Valley Satellite ranked fourth in the nation for Net Subscriber Growth amongst National Rural Telecommunication Cooperative satellite Internet providers. In other words, we did good!

We reached out to our co-op neighbors, Dunn Energy and Eau Claire Energy. They sent out bill stuffers and newsletter ads informing their members that Chippewa Valley Satellite's local high-speed Internet is available where they live.

We revamped our Broadband Buddy program and added an additional incentive. Not only does our existing customer and the new referred customer get a \$50 credit, but the existing customer automatically gets entered into our Best Broadband Buddy Quarterly Promotion, and the Best Broadband Buddy of each quarter gets an additional \$50 credit. Congratulations to Jessica Grape of Holcombe for Quarter 3 and Richard and Theresa Sedlacek of Cornell for Quarter 4. Thank you



for being our Best Broadband Buddies, and good luck to all our Broadband Buddies of 2015.

On December 1 we added five new packages. Now we have packages that offer up to 50 GB per month. Two of the new Evolution packages offer unlimited browsing and email, with 5 GB or 15 GB for videos and everything else. The Evolution packages also include an Early Bird Free Zone with unmetered access to everything from 3 a.m. to 8 a.m.

Viasat is currently testing a Smart Box solution for customers who need more data. What we do know is that it will be a box added to the subscriber's network compressing data, which in turn decreases the amount of data needed. Results are showing the Smart Box is currently extending a subscriber's usage by two times. In other words, the Smart Box solution should, in essence, double the subscriber's data. One important thing that we do not know yet is how much it will cost the subscriber who may want to add this Smart Box.

Viasat-2 is still on schedule to launch around mid-2016. We have heard down the pipe that this satellite will cover all of North America instead of just parts of the United States like Viasat-1. Unlimited data plans may be available with the Viasat-2 satellite.

Chippewa Valley Satellite's most important asset is simple: "We're local!" We are able to offer great services to our surrounding rural communities and neighbors while building strong customer relationships that last. Customers know that Chippewa Valley Satellite is right down the road, not states or a country away. Your continued patronage allowed us to give Chippewa Valley Electric a \$250,000 dividend in 2014. Help continue our growth by getting your service right here at Chippewa Valley Satellite. We appreciate and thank you for all your support over the past 21 years and look forward to your continued affiliation.



exede
by ViaSat

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