

Since 1940

WISCONSIN ENERGY

Cooperative

February 2016 NEWS



NOTICE of the Annual Meeting of Members

Saturday, February 27, 2016

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 79th 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 three directors: One from District 2, 4, and 7
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.



**EARLY BIRD
PRIZE:
LED FLAT-SCREEN TV**

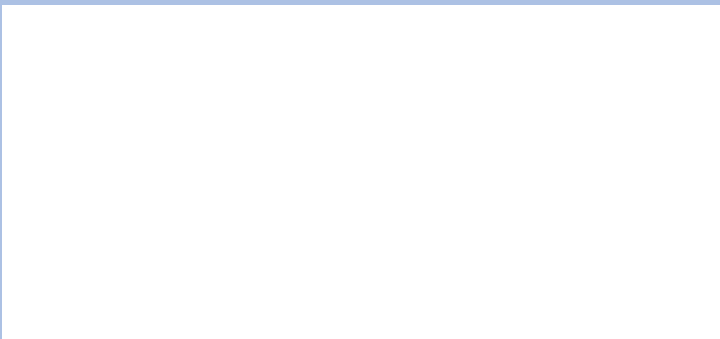
IMPORTANT:
See February Bill Insert
for Ballot & Details
on Voting



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

**THIS IS YOUR
PRIZE STUB!**

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

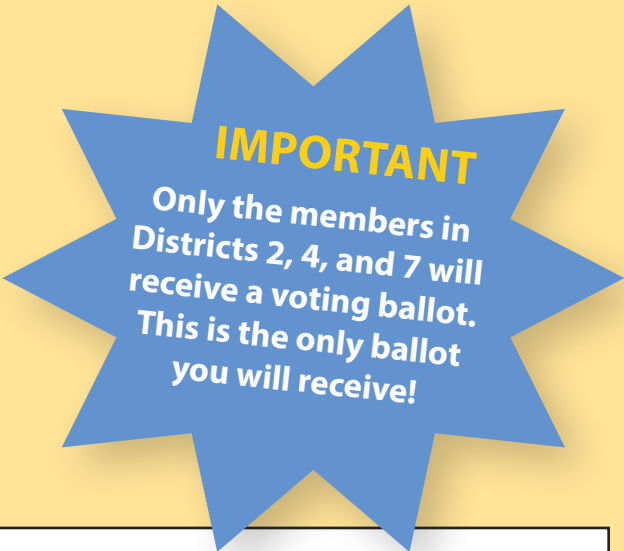


Voting Instructions

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 2, 4, and 7.

More information on the voting will accompany the ballot.



Program – Saturday, February 27, 2016

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 2015 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
	Dairyland Power Cooperative Update	Brian Rude, DPC Vice President, External Member Relations
	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 27, 2016. This card will allow you to enter the prize drawings.

Mark your calendars and plan to attend the 79th 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.





Chippewa Valley Electric Cooperative



BOARD CHAIRMAN'S REPORT

In 2015 Chippewa Valley Electric invested in the future. We completed construction of an office and garage that allow us to provide electric power to our members for the next 50 years. Granted, a lot of our history was removed when our old headquarters facility was torn down. It served our members well for the past 50 years. However, it had reached the end of its useful life and was time to be replaced. The new headquarters has a modern ground source heating system with better insulation to reduce heating and cooling costs. Additional space was designed into the build should future growth require it. We are happy how the new building

We will be having an Open House which will be combined with a Member Appreciation Picnic
May 25, 2016

turned out and will be holding an open house combined with a member appreciation picnic on May 25, 2016.

We have also been investing in the future with a new metering system. Once fully deployed, the new meters will

communicate to our outage management system and give us up-to-date outage information. We are working to integrate the outage management system on our website, so members can also see affected areas. In addition, we have started putting vehicle location devices in our trucks to improve dispatching during extreme storms.

The new metering system will allow development of new creative rates, such as time-of-use rates to help members control electricity costs. We will engage a rate consultant to develop those rates once all the new meters are installed toward the end of 2016.

Last year we mentioned the possibility of starting a community solar project. Now that the new building is complete, we will more actively pursue a member-owned community solar project. We plan to get the community solar project installed this year and available to members as an investment option. A community solar garden is a larger solar array that brings the cost down through the economies of scale, making investing in solar more affordable for our members.

We will complete the projects from our last four-year work

plan this year and have begun developing a new work plan. A work plan determines which areas of our service territory need improvements. The plan is used with a long rate plan so as improvements are made, they coordinate with future system improvements.

Very soon we will also see a change of our work force. Within the next few years, nearly half our employees will reach their normal retirement age. If they all retire, it will create a loss of expertise that will be hard to replace. We are currently bringing on apprentice linemen. It takes four years for an apprentice to become a journeyman line worker, so we will have a few years when we may be slightly over-staffed as we work to get new employees in place to carry CVEC into the future.

In 2015 we lost one of our board members, Dennis St. Aubin, who passed away in December. Dennis had nearly 15 years of experience on the board. Dennis was an active board member and was never afraid to contribute to the discussions and decisions the board would make. He always kept the members' best interest in mind with all of his decisions. He will be missed.

Our electricity sales dropped over 7 percent in 2015 compared to 2014. We have recently been informed by our wholesale power supplier that our wholesale rates will increase in 2016 due to regulatory costs, sales losses, and a major generator overhaul. This wholesale increase and our forecasted lower sales levels have required us to implement a rate adjustment as of the first of 2016. Overall the rate increase averages to about 3.8 percent.

Due to the reduced sales in 2015 our operating margins were down considerably for 2015, but your cooperative still maintained financial stability. The rate adjustment that was implemented the first of January will continue to keep your cooperative financially strong. Please be assured your board is keeping you, our members, in mind with all decisions we make. We thank you for your continuing support and the ability to serve you.

Respectfully

John L. Petska

John Petska



ANNUAL MEETING MINUTES 2015

The 78th annual meeting of the members of the Chippewa Valley Electric Cooperative was called to order by Board Chairman John Petska, at 10:00 a.m. in the E.J. Mittermeyer Auditorium of Cornell High School in Cornell, Wisconsin, on Saturday February 28, 2015.

Early Bird Prize

The Early Bird prize of a 42" LCD Flat Screen TV was won by Curtis Berg.

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 2014 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. Mr. Petska reported Management and Board have determined that there will be no increase of rates in 2015 for Chippewa Valley Electric members for the third year in a row. Seven out of twelve months this year had record KWH sales. There could be a rate hike in 2016 to cover increased costs for the new EPA requirements. John also spoke about the Board deciding to build a new headquarters for CVEC. The cost of the new building will be covered by a loan from RUS and dividends from Chippewa Valley Satellite. The project is expected to be completed in December 2015. Over all, the cooperative is safe, reliable and financially sound.

Financial Report

Dean Ortmann, Office Manager, presented the 2014 financial report to the members. Record kilowatt-hour sales for 2014 provided adequate margins to meet the co-op's

financial ratios and complete various projects. January 2014 set an all-time record for sales. Industrial and commercial accounts are growing. Mr. Ortmann reported that \$1.3 million has been invested into new meters and data collection systems. The Satellite division has given over \$2.25 million in dividends and will be contributing \$1.5 million towards the building project. Motion was made and seconded to approve the financial report as given. Motion carried.

President's Report

Todd Howard, President & CEO, reported the cooperative is looking into a community/member owned solar garden. Cost to the member would be approximately \$800. More interest and research is needed to move forward with the project. Chippewa Valley Electric contributed old transformers to an NRECA project that brought electricity to the Philippines. The Cooperative returned \$86,000 in rebates to the members in December.

Prize Drawings

Prizes were given to many members throughout the meeting.

Questions

Todd Howard, President and CEO, and Mary Hoel, Legal Counsel, addressed questions from the member audience.

Director Election Results

District #1

Don Frei – 106

District #6

Ken Schmidt – 46

Candis Homme – 134

Adjournment

Chairman John Petska asked for any other business. Candis Homme was introduced as the new board member for District 6. There was no other business and the meeting was adjourned by John Petska at 11:30 a.m.

STATEMENT OF REVENUE AND EXPENSES

For Year Ending December 31, 2015

(Unaudited)

WHAT WE TOOK IN	<u>2014</u>	<u>2015</u>
1. OPERATING REVENUE	\$13,937,880	\$13,170,666
WHAT WE PAID OUT		
2. COST OF PURCHASED POWER	\$8,071,881	\$8,034,896
3. OPERATIONS EXPENSE	\$647,586	\$645,127
4. MAINTENANCE EXPENSE	\$823,110	\$1,031,236
5. CUSTOMER ACCOUNTS EXPENSE	\$324,210	\$288,853
6. CUSTOMER SRVC & INFORMATION EXP.	\$208,481	\$198,669
7. ADMINISTRATIVE & GENERAL EXP.	\$768,392	\$898,620
8. DEPRECIATION EXPENSE	\$1,206,637	\$1,282,730
9. TAXES	\$187,125	\$163,831
10. INTEREST ON LONG-TERM DEBT	\$835,846	\$858,094
11. OTHER DEDUCTIONS	<u>\$540</u>	<u>\$1,115</u>
12. TOTAL OPERATING EXPENSES	<u>\$13,073,808</u>	<u>\$13,403,171</u>
WHAT WE HAVE LEFT		
13. NET OPERATING MARGINS	<u>\$864,072</u>	<u>-\$232,505</u>
14. NON-OPERATING MARGINS-INTEREST/DIVIDENDS	\$572,305	\$806,770
15. INCOME (LOSS) FROM EQUITY INVESTMENTS	\$234,422	\$41,347
16. NON-OPERATING MARGINS-OTHER	-\$7,226	\$9,817
17. DAIRYLAND POWER CO-OP(G&T): CAPITAL CREDITS	\$379,446	\$375,000
18. ASSOCIATED CAPITAL CREDITS & DIVIDENDS	<u>\$134,145</u>	<u>\$105,636</u>
19. EXTRAORDINARY INCOME	\$0	\$0
20. TOTAL NON-OPERATING MARGINS	<u>\$1,313,092</u>	<u>\$1,338,570</u>
21. TOTAL MARGINS	<u>\$2,177,164</u>	<u>\$1,106,065</u>
PRINCIPAL PAYMENTS MADE DURING THE YEAR		
22. NATIONAL RURAL UTILITIES CO-OP FINANCE CORP. (CFC)	\$211,241	\$211,897
23. R.U.S.	\$271,731	\$380,892
24. CO-BANK	309,309	311,766

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 DPC allocation is estimated for 2015. Actual figures will be available at meeting.



COOPERATIVE BALANCE SHEET

DECEMBER 31, 2015

(Unaudited)

ASSETS	2014	2015
1. TOTAL UTILITY PLANT	\$35,519,676	\$40,975,776
2. LESS: RESERVE FOR DEPRECIATION & AMORTIZATION	\$9,282,987	\$9,867,704
3. NET UTILITY PLANT	\$26,236,689	\$31,108,072
4. NONUTILITY PROPERTY NET	\$0	\$0
5. INVESTMENTS SUBSIDIARY COMPANIES	\$5,411,974	\$4,953,321
6. INVESTMENT & PATRONAGE-ASSOCIATED ORG.	\$5,573,691	\$5,781,750
7. OTHER INVESTMENTS	\$9,581	\$11,389
8. TOTAL OTHER PROPERTY & INVESTMENTS	\$10,995,246	\$10,746,460
9. CASH-REA LOAN FUNDS	\$870	\$825
10. CASH-GENERAL	\$21,997	\$64,420
11. TEMPORARY INVESTMENTS	\$3,267	\$1,475,836
NOTES RECEIVABLE-NET	\$0	\$0
12. ACCOUNTS RECEIVABLE-NET	\$1,258,949	\$1,175,521
13. MATERIAL & SUPPLIES	\$554,059	\$279,684
14. PREPAYMENTS	\$77,546	\$92,777
15. OTHER CURRENT AND ACCRUED ASSETS	\$56,170	\$51,061
16. TOTAL CURRENT & ACCRUED ASSETS	\$1,972,858	\$3,140,124
17. DEFERRED DEBITS	\$748,515	\$657,139
18. TOTAL ASSETS AND OTHER DEBITS	\$39,953,308	\$45,651,795
LIABILITIES		
19. LONG-TERM DEBT R.U.S.	\$8,166,032	\$8,313,875
20. LONG-TERM DEBT OTHER	\$5,852,181	\$11,419,677
21. TOTAL LONG-TERM DEBT	\$14,018,213	\$19,733,552
22. NOTES PAYABLE	\$0	\$0
23. ACCOUNTS PAYABLE	\$955,615	\$840,294
24. CONSUMER DEPOSITS	\$584,400	\$217,596
25. CURRENT MATURITIES-LONG TERM DEBT	\$864,471	\$1,316,366
26. OTHER CURRENT & ACCRUED LIABILITIES	\$570,525	\$562,546
27. TOTAL CURRENT & ACCRUED LIABILITES	\$2,975,011	\$2,936,802
28. DEFERRED CREDITS	\$30,740	\$17,225
29. MEMBERSHIP FEES	\$0	\$0
30. PATRONAGE CAPITAL	\$12,040,187	\$12,872,155
31. OPERATING MARGINS-CURRENT YEAR	\$1,377,664	\$174,911
32. OTHER MARGINS & EQUITIES	\$9,511,493	\$9,917,150
33. TOTAL MARGINS & OTHER EQUITIES	\$22,929,344	\$22,964,216
34. TOTAL LIABILITIES & OTHER CREDITS	\$39,953,308	\$45,651,795

Todd Howard, President/CEO

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Nicole Whipp Sime, Editor

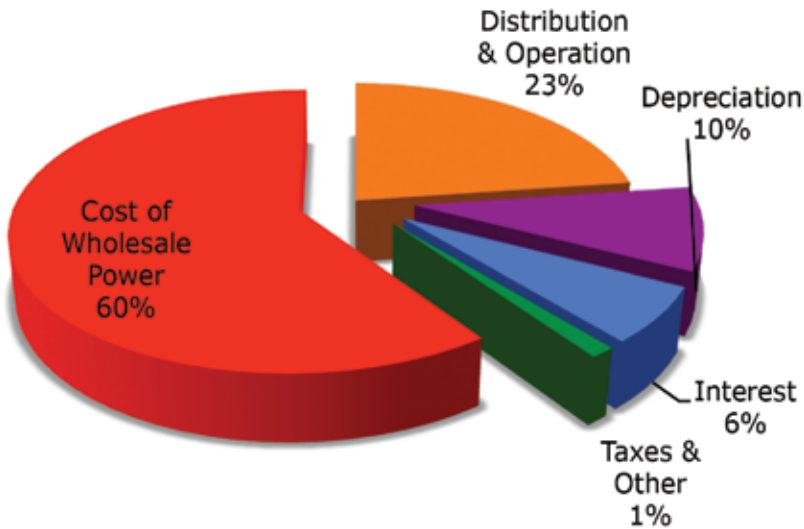


Chippewa Valley Electric Cooperative

CVEC is an equal opportunity provider and employer.

2015 OUTAGE INFORMATION

HOW YOUR DOLLAR WAS SPENT



2015 Outage Information	Number of Outages	Average Consumer
Power supplier	3	0.562
Trees	25	0.200
Animals	12	0.067
Broken poles	3	0.002
Insulator	3	0.009
Overhead wire break	6	0.022
Underground fault	24	0.017
Lightning	13	0.035
OCR/fuse	2	0.000
Vehicles	4	0.021
Transformers	29	0.008
Fires	2	0.000
Other/unkown	73	0.251
Subtotal	199	1.195
Planned outage	293	0.131
Extreme storms	20	0.075
Totals & Avg./Consumer	512	1.402

COMPARATIVE STATISTICS REPORT

	2013	2014	2015
Total miles of line in operation	1,216.62	1,220.91	1,226.83
Total miles of overhead line	783.12	772.16	764.74
Total miles of underground line	433.50	448.75	462.09
Consumers connected during year	48	51	52
Consumers connected – year end	7,350	7,366	7,390
Avg. consumers per mile – year end	6.04	6.03	6.02
Total water heaters controlled	3421	3389	3402
Total dual fuel accounts	1,490	1,494	1,530
Total kwh purchased	111,973,545	115,600,561	104,956,732
Total kwh sold	105,625,519	109,281,583	99,049,178
Total kwh used	312,720	305,960	236,682
Total cost of electricity	8,277,393	8,344,274	8,034,896
Total revenue from electricity sales	13,604,281	13,869,100	13,110,838
Avg. cost per kwh purchased	0.0739	0.0722	0.0766
Avg. revenue per mile/month	931.84	946.64	890.56
Avg. revenue per member/month	154.24	156.90	147.84
Avg. kwh sold per member/month	1,198	1,236	1,117
Avg. revenue per kwh sold	0.1288	0.1269	0.1324
Avg. outage time per member	2.392	1.744	1.402
Total number of employees	21	22	22



CHIPPEWA VALLEY SATELLITE

Bringing High Speed Internet to the Back Forty

2015 was the year of Broadband Buddies and helping stranded customers find high-speed Internet.

We added another incentive to our Broadband Buddy program. Not only does our existing customer and the new referred customer get a \$50 credit; the existing customer automatically gets entered into our Best Broadband Buddy Quarterly Promotion. The Best Broadband Buddy of each quarter gets an additional \$50 credit.

Congratulations to:

- Quarter 1 Jean Arneson of Cadott
- Quarter 2 Judy Meyer of Cadott
- Quarter 3 Scott Mercier of Cornell
- Quarter 4 Jean Glidden of Stanley

Thank you for being our Best Broadband Buddies, and good luck to all our Broadband Buddies of 2016.

During the past year, several wireless Internet companies stopped providing Internet service, and Chippewa Valley Satellite had the solution to get homes and business back up and online again. One of the best attributes satellite Internet can offer is how it can work virtually everywhere. We don't rely on landlines or towers to get service to you. It all comes down from the sky. More specifically, a communications satellite at a geosynchronous equatorial orbit roughly 22,238 miles high.

Some exciting things are coming this year: new packages, equipment, and a new satellite.

This summer we expect rollout of a Liberty package that will provide 18GB of data, Early Bird Free Zone (3 a.m. to 8 a.m.) and a soft data cap.

Fall will welcome a new Surf Beam 2+ modem, combination modem/router. Customers will have the option to add wireless service and increase speeds up to 25 Mbps.

Viasat-2 is still on schedule to launch in Quarter 4 of 2016. Commercial rollout will be around Quarter 1 or 2 of 2017. That is when our customers will be able to take advantage of the new service. Larger data plans are to be expected as well as much faster download speeds of 30 Mbps and up. Unlimited data plans may be available with the new Viasat-2 satellite.

Since 1994, Chippewa Valley Satellite's unsurpassed level of personalized local customer service has been our greatest hallmark. Since the earliest days of DIRECTV and continuing into the satellite Internet era, we have always taken pride in our ability and willingness to give a level of customer support rarely found in this age of overseas call centers and regionalized service centers. Knowing many, if not most, of our customers on a first-name basis and offering same- or next-day service calls has always been our way. As we like to say: "We're local!"

If you're in the market for high-speed satellite Internet, look no further than your own co-op. If you are presently a Chippewa Valley Satellite customer, thank you for your patronage. We look forward to serving you in the future with ever-increasing levels of Internet speeds and bandwidth.

Chippewa Valley Satellite is pleased and proud to be able to continue to provide Chippewa Valley Electric with annual dividend. This year's dividend was \$500,000. Thank you to all customers past and present who helped make this possible.

Michael Harris, Internet Coordinator



exede[®]
internet

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