



Homegrown Solutions

2013 Annual Report



Clark Electric Cooperative

Annual Meeting

Loyal American Legion Hall

Thursday April 10, 2014

Starting at 9:30 a.m.

Notice of the Annual Meeting of the Membership of Clark Electric Cooperative

Thursday, April 10, 2014

The 77th annual meeting of the members of Clark Electric Cooperative will be held at the American Legion Hall in the city of Loyal, Clark County, Wisconsin on **Thursday, April 10, 2014** beginning at 9:30 a.m.

Action will be taken on the following items of business:

1. Report of Officers, Directors, Employees and Guests.
2. Election of two (2) board members.
3. The selection of delegates to Dairyland Power Cooperative Annual Meeting.
4. Action on the proposed amendments to the Articles of Incorporation and Bylaws, attached to and incorporated in this Notice.
5. Such other business that may come before the meeting.

Dated this 14th day of March, 2014.

Wilmer Griepentrog
/S/Wilmer Griepentrog

President

Note: Nominations and Election

Nominations will be received from the floor at the annual meeting of members. If there is more than one nominee, election shall be by ballot and majority vote. In the event no candidate receives a majority of the votes cast on the first ballot, then all but the two persons receiving the greatest number of votes cast shall be dropped from the ballot on the second and succeeding ballots.

Rules Of Order For Official Business Meeting

1. The meeting will be conducted in accordance with the current edition of Robert's Rules of Order and under the following special Rules of Order.
2. Members wishing to speak are to give their name(s) and Town location in which they are members.
3. During nomination and election proceedings for director, candidates will be allowed to speak for four minutes; and one member supporting his/her candidacy will also be allowed to speak for four minutes.
4. Resolutions must have been submitted to the Board of Directors prior to the Annual Meeting to give the Board an opportunity to make a recommendation to the membership.
5. Other than individuals on the Annual Meeting program, only members will be allowed to speak for four minutes on each issue and for one time only except that an additional two minutes may be granted by $\frac{2}{3}$ majority of the vote at the meeting.
6. No signs or handouts will be permitted within the building of the place of the meeting, except such handouts as required for the official conduct of the Annual Meeting.
7. No demonstrations shall be held within the building of the place of the meeting.

Vision, Mission & Value Statement

Our Vision

Members are the reason for our existence. We strive to be recognized and respected by our membership as providing the highest level of quality service and value through accountability, innovation, integrity, and commitment to community.

Our Mission

To provide reliable, competitively priced energy and related services to our customers and maximum value to our members consistent with the wise use of resources and technology. We will work with our members to improve the social and economic well being of the region.

Our Organizational Values

- ▲ We will strive to provide services that exceed our member's expectations, emphasizing honesty, quality, and sound business principles.
- ▲ Encourage the wise use of our energy resources.
- ▲ As we conduct our business, we will be responsible members of our community, good stewards of the environment, and follow safety practices while focusing on continuous improvement of our processes and services.
- ▲ Reference the Seven Cooperative Principles as our guide to our business platform.
- ▲ Practice fiscal responsibility.
- ▲ Working together, we have the power to make a difference.



Abbreviated Minutes of The 2013 Annual Meeting

The 76th Annual Meeting was held on April 11, 2013, and was called to order at 9:30 a.m. by President, Wilmer Griepentrog.

Ronald Schmidt gave the invocation.

National Anthem was presented.

Ronald Schmidt gave the Pledge of Allegiance.

The roll call was dispensed with as members registered at the door and a quorum to conduct business was present.

The Rules of Order for Official Business Meeting were adopted.

It was moved and seconded to approve the Agenda as printed in the 2012 Annual Report.

The Notice of Annual Meeting and Proof of Due Mailing were read.

Minutes of the 2012 annual meeting were approved as mailed.

The Board of Directors, former directors, and guests were introduced.

The President's report was approved as printed.

The Financial Report and General Manager's Report were accepted as given.

Nominations were open for a director to succeed Ronald Schmidt (Brighton) whose term was expiring. Robert Will,

Scott Johnson, and Allen Jicinsky were nominated. It was moved and seconded to close nominations. A Ballot vote was conducted with Robert Will and Allen Jicinsky receiving the majority of votes. A second ballot vote was taken resulting in Allen Jicinsky receiving the most votes. Allen Jicinsky was elected as the Director to succeed Ronald Schmidt.

Nominations were open for a director to fill the open seat (late Clarence Hoesly, York). Russell R. Ratsch, Paul Olinski, Charles Lindner, Frank Oldham, Allen Krause Jr. and Robert Will were nominated. It was moved and seconded to close nominations. A Ballot vote was conducted with Charles Lindner and Russell R. Ratsch receiving the majority of votes. A second ballot vote was taken resulting in each candidate receiving the same number of votes. A third ballot vote was taken resulting in Charles Lindner receiving the most votes. Charles Lindner was elected.

Mr. Brian Rude, Dairyland Power Cooperative, reported on the current projects at Dairyland Power Cooperative.

Doug Lewis, Manager, Safety Distribution Cooperatives presented Linemen Scott Bailen and Josh Burns with the Herman C. Potthast Award for Safety.

Tim Clay, Director of Environmental Programs for Wisconsin Electric Cooperative Association, presented

Tracy Nelson, administrative assistant, with the N. F. Leifer Memorial Journalism award for the best overall publication.

It was moved and seconded to compensate the member delegates the same per diem as last year and to use the IRS standard rate for mileage. Motion carried.

It was moved and seconded to leave the number of member delegates to the Dairyland Power Cooperative Annual Meeting the same. Motion carried.

It was moved and seconded to approve the member delegates as nominated and that the Board of Directors appoint the remaining delegates to attend the Dairyland Annual Meeting, if needed, at the next scheduled board meeting. Motion carried.

Ronald Schmidt was presented with a plaque thanking him for his 17 years of service on the Cooperative Board of Directors.

There was no unfinished business.

New Business:

Member Bryce Luchterhand made a motion to refund early retirement of Capital Credits at full face value instead of at a discounted rate as it is presently. With no second to the motion, the motion failed.

Moved and seconded to adjourn at 12:17 p.m.

President and General Manager's Report

It is our privilege, on behalf of the Board of Directors, Management, and Employees of Clark Electric Cooperative to provide this annual report for year ended December 31, 2013. The Cooperative's financial report for year-end 2013 & 2012 is contained in this booklet. In addition, we have also completed a periodic review of our By-Laws which has resulted in a number of revisions being proposed. Please take a few minutes to review the information contained herein.

Financial Performance

Clark Electric Cooperative continues to report solid financial performance. The Board of Directors is committed to maintaining Clark Electric Cooperative in a strong financial position. The positive performance for 2013 continues the trend of maintaining a sound organization. Clark Electric Cooperative's equity position remains one of the strongest in Wisconsin while electric rates remain among the most competitive in the Cooperative segment of the Wisconsin electric industry. The result of this sound financial positioning has allowed the Cooperative to once again retire allocated capital credits to our membership. During 2013, the Board of Directors approved total retirements of \$908,395. This brings the total dividends retired to our members to over \$20,066,439.

Total electric energy sales increased 4.58% from the 2012 level to 181,448,293 kWh sold. While this is the largest annual increase in the past five years, by way of comparison, the 2013 level is only 0.73% above kWh sales in 2008.

Total cost of providing electric service increased 3.92% over the 2012 level. However, due to increased sales, along with the slight price adjustment that went into effect March 1, 2013 (the first change to base rates in over five

years), year end financial performance resulted in positive operating margins of \$1,167,210 compared to \$969,222 in 2012. The Operating Times Interest Earned Ratio (OTIER) improved to 4.42 from 4.24 in 2012.

The Cooperative utilized our current long term loan to supplement our capital needs throughout the year.

Finally, it is important to note that Clark Electric Cooperative has met or exceeded vital statistical tests as required by our lenders, the Rural Utilities Service and the National Rural Utilities Cooperative Finance Corporation. In addition, our financial condition is audited every year by an independent auditing firm. The audit confirms and reports on the financial condition, controls, and procedures used by Clark Electric Cooperative.

Operations

Each year the Cooperative performs a host of maintenance programs designed to help maintain our continuity of service and keep the electric system operating efficiently. Major maintenance programs include pole testing, reclosure maintenance, regulator maintenance, vegetation management, tree trimming, and overhead/underground line inspection. We are very pleased to report that during 2013 the System Average Interruption Duration Index (SAIDI), a system reliability index, decreased from 2.59 to 1.32 (This represents 99.985% system reliability). This is the lowest outage level in over ten years. The 2013 index is well below the Rural Utilities Service (RUS) established threshold while the 5 year average is also below the RUS established threshold.

The Cooperative invested in excess of \$1.5 million in new distribution plant during 2013. This represents new construction / replacement of electric lines, new service extensions, and

member service upgrades. In addition, a total of 66 new services were added as compared to 82 new services during 2012.

Commitment to Community

One of Clark Electric Cooperative's core values is commitment to community. We are very excited to utilize the USDA's Rural Development Loan and Grant Program (REDLG) to participate in a local economic development opportunity that helped bring infrastructure to an active business park in the northwest portion of our service territory. This participation helps bring jobs and services to the local area and continues to position the industrial park for future potential. The REDLG program is a program specifically designed for rural electric cooperatives to aid our rural areas. This is the second time that Clark Electric Cooperative has utilized the REDLG program over the years.

In addition to our economic development activity, during this past year Cooperative personnel visited schools, area fire departments, and other community events to discuss electrical education and safety. Our youth programs continue with our scholarship program and our youth leadership program. The scholarship program, a program designed for graduating seniors located throughout our service area, is funded with unclaimed capital credits. Through 2013, the Cooperative has awarded in excess of \$167,000 to area students. The Youth Leadership program focuses on leadership training and education about Cooperatives. These outreach programs continue to be well received and are tangible examples of our commitment to our area young people.



(continued on page 6...)

President and General Manager's Report (continued from page 5)

In 2004, Clark Electric Appliance and Satellite, Inc. established the Adler - Clark Electric Community Commitment Foundation. The purpose of the Foundation is to strengthen local communities by helping not-for-profit and community organizations fund projects that will enhance the quality of life of local residents of this area. In nine years of operation, the Foundation has awarded approximately \$ 300,000 for community enrichment projects in our local communities throughout our service area. The Foundation will continue to be a strong community resource for many years to come.

Statewide Recognition

Clark Electric Cooperative lineman Scott Bailen and Josh Burns received statewide recognition by earning the Potthast Award at the March 2013 meeting of the Wisconsin Electric Cooperative Association.

On the job near Pittsville, January 14, 2013, they were alerted to a fire at a nearby home. They cut off power and gas supplies to the dwelling, contacted the fire department, awakened a teenage girl who had been asleep inside



Linemen Scott Bailen (left) and Josh Burns (right) receive statewide recognition by earning the 2013 Potthast Award.

(groggy from cold medication), and stayed at the scene until help arrived. In a letter to Clark CEO Tim Stewart, the girl's parents said Bailen and Burns "set an example of a commendable employee, praiseworthy neighbor, and persons of high character," adding

that in keeping with the cooperatives vision that "members are the reason for our existence," the crew's actions were "evidence that you are achieving what you believe."

The award is given annually to honor Wisconsin electric cooperative personnel applying the values of Herman Potthast, who pioneered utility worker job training and safety education in Wisconsin and nationwide over three decades beginning in the 1940's.

Administrative Assistant Tracy Nelson was awarded the N.F. Leifer Memorial Journalism Award during the same WECA conference from Perry Baird, editor of the Wisconsin Energy Cooperative News. Her efforts with the Clark Electric Cooperative pages in the magazine made Clark Electric Cooperative a first time winner of the Leifer Award, given annually since 1966 to recognize overall excellence in the local cooperative pages of the magazine. The award is named for "Lefty" Leifer, the former Vernon Electric manager who led the 1940 creation of Wisconsin's REA News.

New Facilities Considered

The Board of Directors of Clark Electric Cooperative is currently considering how best to update our facilities. Clark Electric Cooperative was founded April 1, 1937, and moved into our existing facilities in 1948. Throughout the years an auditorium building (1965), two warehouse facilities, and a pole yard were added to help meet our needs.

In 1988, the Cooperative purchased land west of Greenwood for the purpose of building a pole yard, warehouse space, and a possible industrial park. To that end, the park has had infrastructure installed

including electrical, sewer, water and a road. The Board of Directors last considered erecting a new facility in the industrial park in 1995. The current Board of Directors has decided to re-visit this issue.

The Board's deliberations primarily have centered on three areas: 1) do nothing, 2) remodeling/expanding at the current sites, 3) relocating to new facilities. Facing the issues at hand, doing nothing cannot be viewed

as a long-term option. Remodeling/expanding at the existing sites is also not a viable long-term solution, if for no other reasons than insufficient space and the age of facilities. A more likely long-term solution is relocating to the CECO business park already owned by the cooperative. A warehouse, pole yard, and existing utility infrastructure are already present.



Administrative Assistant Tracy Nelson accepts the N.F. Leifer Memorial Journalism Award presented by Perry Baird, WEC News Editor.

Your Board of Directors continually reviews the cooperative's financial position. Fortunately, Clark Electric Cooperative is strong and well positioned, even in today's challenging energy environment. In addition, interest rates have been historically low. Even though we may have seen the lowest of these rates pass, interest rates are still attractive. In addition, building costs are still relatively stable. All in all, this seems a favorable time to think about investing in infrastructure that will benefit the cooperative for years to come. We will be discussing this at our annual meeting in April.

Wholesale Power Costs

As you are all aware, we have experienced significant increases in wholesale power costs since 2006. In 2011, we experienced a 2.81 percent increase in rate from the 2010 level. In 2012, we again experienced an

increase in the wholesale charges that Clark Electric Cooperative pays for power of approximately 4.14 percent. **Fortunately, in 2013 we experienced a 2.48 percent decrease from the 2012 level. We are very pleased to report that we are again anticipating a stable to a slight decrease in wholesale rate in 2014.**

However, as we look further into the future, we note continued cost pressures in the wholesale rate. The largest contributing costs are associated with planned environmental improvements at our generating stations, the cost of fuel and transmission costs from others, and the continuing challenges of potential carbon legislation and growing state renewable energy standards. Fuel to operate our generating facilities continues to be Dairyland's largest annual expense, with barge and rail transportation of coal constituting a significant portion of that cost. All of these are increasingly difficult and costly to implement and it is important that we, as members of our cooperative, understand the impacts and what drives cost.

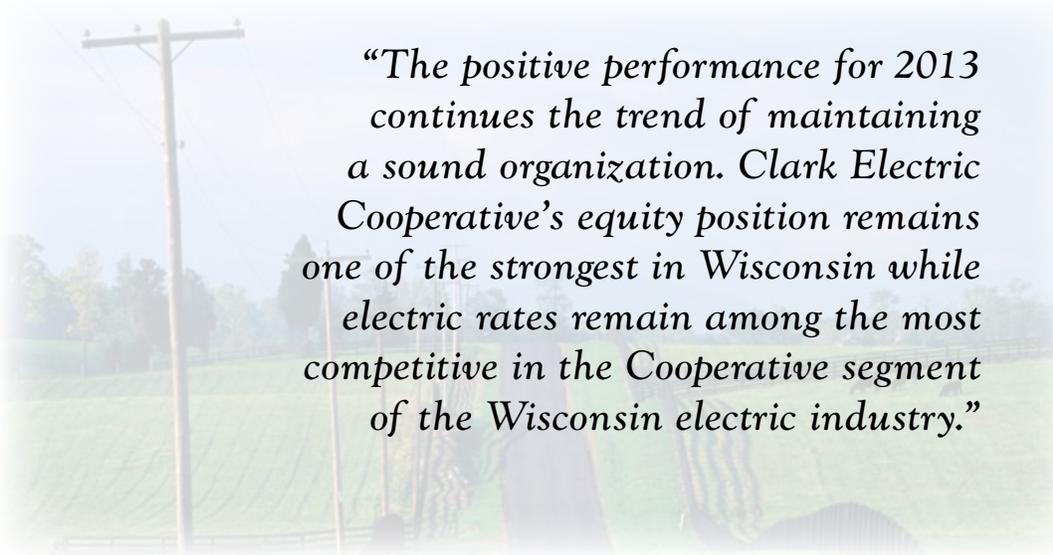
Nuclear Expenses Returned During 2013

In January of 2013, Clark Electric Cooperative received a cash refund from Dairyland Power Cooperative in the amount of \$837,894. The Clark Electric Board of Directors took action at the January 2013 board meeting to authorize the processing of this special refund back to the members of Clark Electric Cooperative. That refund took place in March 2013.

This refund was the result of a damage award received by our wholesale power provider, Dairyland Power Cooperative, based on the federal government's ongoing breach of contract regarding Dairyland's shutdown of the La Crosse Boiling Water Reactor (LACBWR) facility. The Nuclear Waste Policy Act of 1982 gave the government responsibility for storage of the nation's spent nuclear fuel, with a deadline of January 31, 1998, to begin accepting

the fuel. Dairyland returned funds to Clark Electric Cooperative and its 24 other member cooperatives, based on costs incurred from 1999-2006. Therefore, the special refund that was returned to Clark members was based on 1999-2006 patronage.

The court decision awarded Dairyland damages based on costs incurred through the end of 2006. Included were



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expenses for removing the Reactor Pressure Vessel while the fuel was still in the storage pool, the beginning of the dry cask storage process, costs related to Private Fuel Storage and partial costs related to SAFSTOR, the program that ensures the spent fuel is stored safely. The U.S. Court of Federal Claims issued its original decision in Dairyland's favor in December 2009; however, the appeals process took an additional three years. Dairyland is currently pursuing the recovery of additional costs incurred since 2006, including the cost of the Independent Spent Fuel Storage Installation which was constructed to safely store the used fuel onsite.

Reliable Operations - Generation

Hot summers and cold winters result in high energy demand and the upper Midwest has experienced both extremes in 2013. Fortunately, Clark Electric Cooperative received

a very reliable supply of electricity from Dairyland this past year. In fact, Dairyland's two largest coal fired facilities were designated with "World Class" status for their minimal forced outage rates due to boiler tube failures in 2013. Dairyland also had record setting output from these facilities in January 2014 during periods of the extreme cold weather.

Dairyland continues to make significant investments in environmental controls for its base load facilities which remain the workhorses of the system, providing a stable supply of energy around the clock. Dairyland also continues to expand its renewable energy resources, diversifying the energy supply that serves our cooperative.

In 2013, almost 12.5 percent of Dairyland's Class A member sales came from renewable energy resources, a level that ensures Dairyland meets or exceeds future renewable requirements in all the states Dairyland serves in. Dairyland owns or purchases a variety of renewable generation including hydroelectric, wind, landfill gas, biomass, animal waste, and solar.

Changing technologies and new regulations have and will continue to impact our wholesale power supplier and, ultimately, each of us

(continued on page 8...)

President and General Manager's Report (continued from page 7)

as cooperative members. In light of changes in the energy market and foreseeable regulatory impacts on operational costs, Dairyland has continued to analyze the cost effectiveness of its older coal-fired generating facilities. In October 2013, Dairyland announced plans to cease operations at the remaining two units of the Alma Station. The Alma Station units #4 and #5 have a combined nameplate capacity of 136 MW. They were brought online in 1957 and 1960, respectively (The first three units of the Alma Station ceased operations on December 31, 2011).

Many factors are considered when making important business decisions regarding continued operation of a generation facility. These include age of the facility, system capacity requirements, regulatory requirements, projected maintenance needs, fuel supply, overall cost of power production and regional market prices for energy. This decision also aligned with Dairyland's generation resource plans that include the diversification of its resource mix, including the continued

addition of renewable resources, as well as nearer term contracts to purchase energy and capacity during favorable market periods in order to bridge the gap until Dairyland's own resources can be added.

Reliable Operation - Transmission

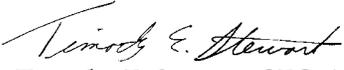
Dairyland has a positive record associated with the construction and operation of more than 3,000 miles of transmission lines to reliably deliver power to its member cooperatives. We are very pleased to note that Dairyland will be rebuilding approximately 51 miles of transmission line in Clark Electric Cooperative's service territory over the next several years. This rebuild is primarily due to the age of the infrastructure as the vast majority of these lines were built in the 1940-1950's. The line segments are being reconstructed with the same voltage (69kV) but with heavier conductor. In addition, approximately 4 miles of new transmission line will be built to serve a new substation that is scheduled to come on-line in 2014. Dairyland's total investment in Clark Electric

Cooperative territory for these projects will exceed \$12 million.

In closing, be assured that the Board of Directors, Management and Employees of your Cooperative will continue to pursue and improve methods to bring you safe, dependable power and other related services. Clark Electric Cooperative is your organization, and we are dedicated to serving our membership in the most practical, cost effective manner. We approach the future with confidence and the knowledge that the commitment and dedication to service, membership owned, and not-for-profit operation will enable us to focus on you, our customer and owner. Our only goal is to meet the needs of our member-owners, both today and tomorrow. It is an honor and a privilege to be of service to you.



Wilmer Griepentrog, President



Timothy E. Stewart, CEO/GM

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Statement of Cash Flows

Increase (Decrease) in Cash and Equivalents

Cash Flows From Operating Activities

	2013	2012
Net Margins	\$ 1,929,893	\$ 1,615,266
Adjustments to reconcile net margin to net cash provided by operating activities		
Depreciation and Amortization	1,048,461	1,004,954
G&T Capital Credits	(747,165)	(708,747)
Gain on Equity in Subsidiary/Sale of Investments	(56,181)	58,734
Increase in Deferred Debits/Credits	(1,048,494)	
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(124,211)	51,354
Notes Receivable	(887,219)	55,711
Materials and Supplies	(37,394)	(32,003)
Other Current and Accrued Assets	(3,340)	(925)
Accounts Payable	84,892	(190,795)
Other Current and Accrued Liabilities	3,819	14,191
Net Cash Provided by Operating Activities	163,061	1,867,740

Cash Flows From Investing Activities

Capital Expenditures	(1,872,229)	(1,891,899)
Investments in Associated Organizations and Other Assets	280,518	147,636
Dividend Received	150,000	50,000
Net Cash Provided by (used in) Investing Activities	(1,441,711)	(1,694,263)

Cash Flows From Financing Activities

Long-term Borrowing	3,639,517	0
Payments on Long-term Debt	(446,260)	(274,560)
Advance Payments on Long Term Debt	(100,000)	(16,314)
Notes Payable	(250,000)	250,000
Capital Credits Retired	(800,830)	(786,429)
Changes in Other Equities and Consumer Deposits	3,362	(43,713)
Net Cash Provided by (used in) Financing Activities	2,045,789	(871,016)

NET INCREASES IN CASH AND CASH EQUIVALENTS

767,139 **(697,539)**

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

331,445 **1,028,984**

CASH AND CASH EQUIVALENTS, END OF YEAR

\$1,098,584 **\$ 331,445**



Balance Sheet - December 31, 2013

Assets and Other Debits

	Dec 2013	Dec 2012
Total Plant in Service	\$ 34,269,918	\$ 32,925,802
Construction Work in Progress	115,986	20,409
Total Utility Plant	34,385,904	32,946,211
Accumulated Depreciation & Amortization	9,289,876	8,673,946
Net Utility Plant	25,096,028	24,272,265
Investments in Subsidiary Companies	4,601,167	4,640,526
Investments Associated Organizations - Patronage Capital	7,523,192	6,958,819
Investments Associated Organizations - Other General Funds	493,378	493,378
Other Funds	175,032	174,775
Available for Sale Securities	90,439	192,474
Total - Other Property and Investments	12,883,208	12,459,972
Cash - General Funds	340,180	324,768
Temporary Investments	758,404	6,677
Notes Receivable - Net	910,093	22,874
Accounts Receivable - Net Sales of Energy	2,028,802	1,876,291
Accounts Receivable - Net Other	9,448	37,747
Materials and Supplies Electric and Other	381,765	344,371
Prepayments	173,836	170,512
Interest & Dividends Recievable	5,097	5,082
Total Current and Accrued Assets	4,607,625	2,788,322
Other Deferred Debits	1,147,698	19,113
Accumulated Deferred Income Taxes		
Total Assets	\$ 43,734,559	\$ 39,539,672

Liabilities and Other Credits

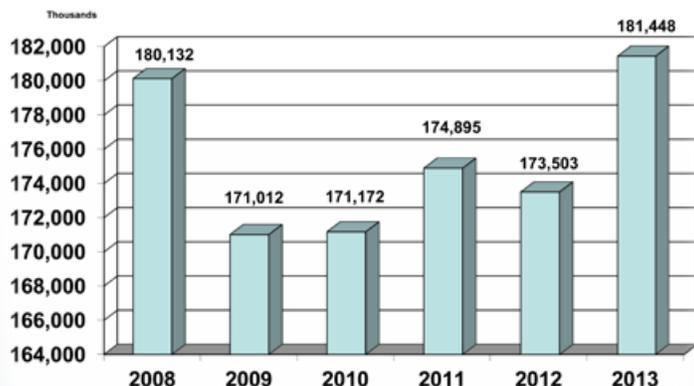
	Dec 2013	Dec 2012
Patronage Capital	\$ 23,934,684	\$ 23,133,229
Operating Margins - Current Year	1,851,151	1,625,500
Non-Operating Margins	78,743	(10,234)
Other Margins and Equities	5,320,998	5,246,530
Total Margins and Equities	\$ 31,185,576	\$ 29,995,025
Long Term Debt - REA (net)	5,112,143	3,988,030
Long Term Debt - Economic Development	808,318	-
Long Term Debt - (NRUCFC & Co-Bank)	3,419,336	2,491,855
Total Long Term Debt	\$ 9,339,797	\$ 6,479,885
Notes Payable	-	250,000
Accounts Payable	1,462,612	1,377,720
Consumers Deposits	113,485	93,749
Other Current and Accrued Liabilities	1,187,569	1,110,985
Current Maturities-Long Term Debt	445,520	232,308
Total Current and Accrued Liabilities	\$ 3,209,186	\$ 3,064,762
Deferred Credits	-	-
Total Liabilities and Other Credits	\$ 43,734,559	\$ 39,539,672

Statement of Operations

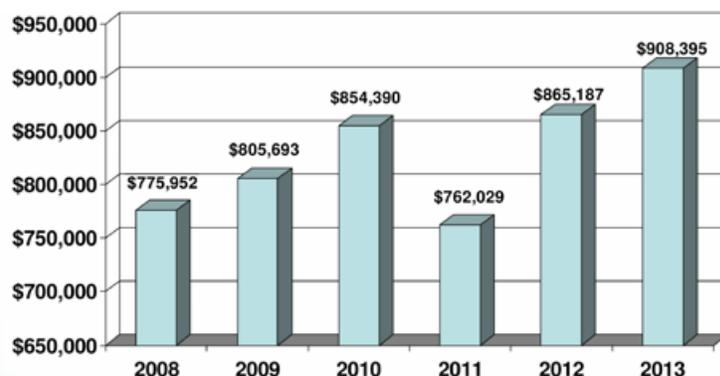
Item

	Dec 2013	Dec 2012
Operating Revenue	\$ 20,376,690	\$ 19,454,440
Cost of Power	13,748,767	13,489,072
Transmission Expense		
Distribution Expense-Operation	1,166,207	1,034,263
Distribution Expense-Maintenance	1,289,867	1,127,165
Consumer Account Expense	498,901	476,618
Consumer Service & Info Expense	124,232	130,050
Sales Expense	48,974	40,204
Administrative and General Expense	727,691	683,124
Total Operations Expense	\$ 3,855,872	\$ 3,491,424
Total Operation & Maintenance Expense	\$17,604,639	\$ 16,980,496
Depreciation & Amortization Expense	1,048,461	1,004,954
Tax Expense - Property	211,431	190,295
Tax Expense Other	(933)	1,592
Interest Long Term Debt	341,042	298,764
Interest Expense- Other	2,930	5,680
Other Deductions	1,910	3,437
Total Fixed Expenses	1,604,841	1,504,722
Total Cost of Electric Service	\$ 19,209,480	\$ 18,485,218
Patronage Capital & Margins	\$ 1,167,210	\$ 969,222
Non-Operating Margins		
Interest Income	52,029	49,067
Non-Operating Margins - Other	(36,510)	(111,770)
Generation & Transmission Capital Credits	683,941	656,278
Other Capital Credits	63,223	52,469
Total Non-Operating Margins	762,683	646,044
Patronage Capital - Margins	\$ 1,929,893	\$ 1,615,266

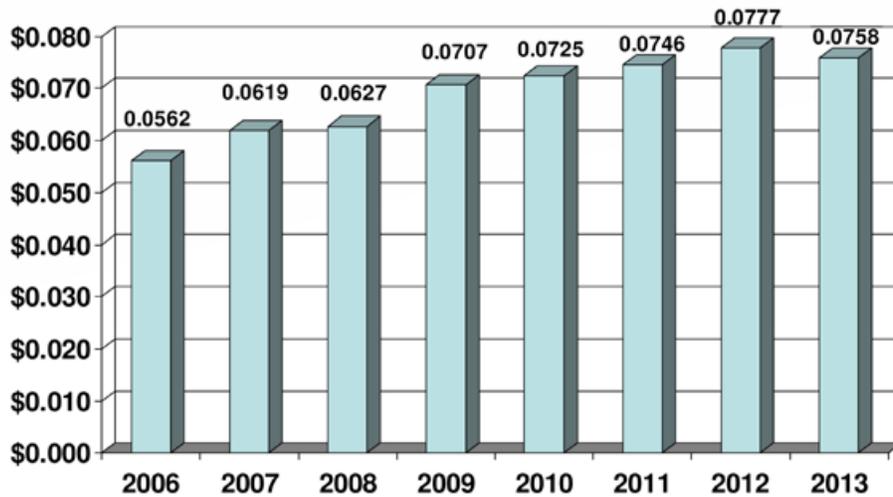
kWh Sales



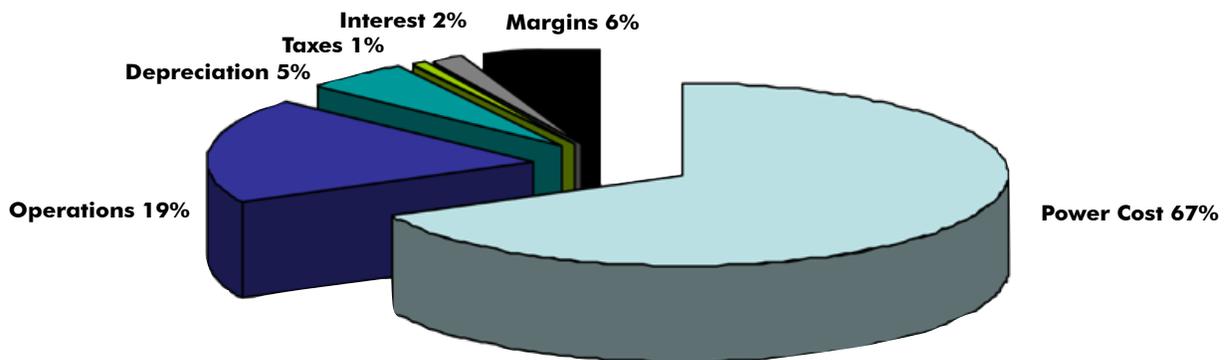
Capital Credits Retired



Power Cost/kWh Sold



How The Dollar Was Spent In 2013



Comparative Operating Statistics

	2013	2012
Miles of Line	1,980	1,977
Number of Meters Served	9,004	8,966
Electric Services per Mile of Line	4.55	4.54
Total KWH Purchased from Dairyland Power Cooperative	192,714,466	184,404,597
Total KWH Sold by Clark Electric Cooperative	181,448,294	173,502,750
Percent Increase (decrease) In Purchases	4.506%	-0.688%
Percent Increase (decrease) In Sales	4.579%	-0.796%
Average Line Loss	5.846%	5.912%
Cost per KWH Purchased (Cents per KWH)	7.134	7.315
Revenue per KWH Sold (Cents per KWH)	11.230	11.213
Number of KWH's Used per Meter per Year	20,152	19,351
Revenue per Mile of Line per Month	\$ 858	\$ 820
Average Bill per Meter per Month	\$ 189	\$ 181
Total Capital Credits Refunded this Year	\$ 908,395	\$ 865,187
Total Capital Credits Refunded to Date	\$ 20,066,439	\$ 19,158,044

Personnel

Board of Directors

Wilmer Griepentrog, President	1999 - Present
Herman Seebandt, Vice President.....	2012 - Present
Charles Bena, Secretary/Treasurer.....	2003 - Present
Allen Jicinsky, Director	2013 - Present
Scott Johnson, Director.....	(Appointed until Annual Meeting)
Charles Lindner, Director	2013 - Present
Marvin Verkuilen, Director.....	2012 - Present

Management

Years of Service

Tim Stewart, CEO/General Manager.....	27 years
Mike Ruff, Director of Operations.....	21 years
Linda McAley, Director of Administrative Services.....	40 years

Office Staff

Sandy Herrick, Operations Aide.....	35 years
Tracy Nelson, Administrative Assistant	27 years
Pat Krause, Member Accounts Representative.....	22 years
Bobbi Toburen, Member Accounts Representative.....	20 years
Amber Reddy, Member Accounts Representative	17 years
Cathy Langreck, Member Accounts Representative.....	15 years

Operations Staff

Rick Suda, Line Superintendent	32 years
Kevin Sterland, Ass't. Line Superintendent	21 years
Gary French, Metering.....	34 years
Dan Sturz, Metering.....	28 years
Jeff Block, Lineman	27 years
Warren Luedtke, Lineman.....	24 years
Mike Hackel, Lineman.....	20 years
Josh Burns, Lineman.....	11 years
Chad Steffen, Lineman	11 years
Scott Bailen, Lineman.....	11 years
Jim Mertens, Master Electrician.....	9 years
Matt Wiese, Lineman.....	8 years
Pat Susa, Warehouse Utility Man.....	8 years
Jarred Martens, Lineman	7 years
Kent Weigel, Lineman	7 years

Chairman of The Board Report

Clark Electric Appliance & Satellite, Inc.

Clark Electric Appliance & Satellite Inc. completed its 19th year as a subsidiary company of Clark Electric Cooperative. By most measurers, 2013 showed improvement over 2012. Total assets increased 4% to \$5,377,898 while total earnings improved to \$29,328 as compared to a \$61,410 loss in 2012. The positive progress in earnings is primarily attributed to improvement across all four of our core product lines.

In 2005, Clark Electric Appliance & Satellite Inc. (CEAS) first began offering internet access via satellite in the form of Wildblue. In 2012, we introduced the next generation of high speed internet, EXEDE. EXEDE is true high speed satellite internet that offers up to 12 MBPS download speed, 3 MBPS upload speed. This represented a significant capacity leap in satellite technology. Since 2012, we have seen this product line continue to expand. We would like to take this opportunity to announce that Clark Electric Appliance & Satellite Inc. has reached an agreement to acquire the customer base of another Wisconsin EXEDE provider in 2014. Clark Electric Appliance & Satellite Inc. is now one of the largest providers of EXEDE of any cooperative utility in Wisconsin. With this one transaction, we have in essence doubled our customer base and enhanced our profit potential. While new internet

competitors continue to enter the marketplace, we are confident the EXEDE is the right solution for the sparsely populated areas of rural Wisconsin.

Our First Call Medical Monitoring System is another one of our core products. The First Call program has promoted independent living among our senior citizens and homebound customers. With 24-hour monitoring, family members have peace of mind that the First Call provides. The total number of monitoring systems has grown 48% over the last five years and is at the largest customer count since the product line was introduced in the mid-1990's. First Call will continue to be a valuable local resource to families.

Clark Electric Appliance & Satellite Inc., continues to offer electro technologies in heating and cooling solutions. We certainly experienced increased activity and interest in geothermal heating and cooling, air source heat pumps, storage heat systems and mini-boiler systems as consumers strive to eliminate a dependency of fossil fuel heating. With propane hitting in the \$5-\$6 range recently, homeowners continue to turn to safe, energy efficient sources of electric heat, coupled with off peak heat rates, to provide an economic solution to high heating costs.

Appliance sales experienced a 17.83% increase in 2013. To complement our showroom of General Electric appliances, we added the Whirlpool brand. This has proven to be a successful addition and allows for more choice's for our customers. Another product that has become very popular is the GeoSpring Hybrid Water Heater. The GeoSpring basically is an air source heat pump water heater that pulls the heat from the air surrounding it and heats your water with it. The unit can be configured to use either the electric elements to heat the water, or air, or both. With this concept it can provide savings up to 35%.

Clark Electric Appliance & Satellite Inc., exists today because of our customers. We pride ourselves in being local with the ability to provide personal service. We thank you for your support in the past and look forward to continuing to provide service to you in the future. We invite you to visit our showroom at 111 East Miller in Greenwood.

Cooperatively Yours,



Wilmer Griepentrog
Chairman of the Board

Appliance and Satellite, Inc. Board of Directors

Wilmer Griepentrog, Chairman.....	2006 – Present
Tim Stewart, President.....	2004 – Present
Charles Bena, Secretary/Treasurer.....	2012 – Present
Dr. John Scaletta, Vice Chairman.....	2008 – Present
Patricia Lindner, Director.....	2013 – Present
Patricia Nelson, Director.....	2005 – Present
Verlyn Schalow, Director.....	2013 – Present

Appliance and Satellite, Inc. Staff

Years of Service

Rita Sladich, Inside Sales Manager.....	36 years
Michelle Walde, Appliance Assistant Manager, Sales.....	18 years
Ryan Nielsen, Appliance/Geothermal Technician.....	13 years
Greg Shaw, HVAC Manager.....	11 years

Subsidiary Operations

Operations

Income	\$ 1,549,609	\$ 1,298,691
Cost of Sales	939,340	815,891

Gross Margins

Overhead Expense	610,269	482,800
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Margins

	29,328	(61,410)
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Assets

Building/Equipment	1,299,141	1,430,614
Franchise/NRTC Capital	1,869,728	1,941,769
Current & Accrued Assets	2,209,029	1,794,366

Total Assets

	5,377,898	5,166,749
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Liabilities & Equity

Equity	4,601,166	4,640,525
Debt	136,204	-
Current Liabilities	640,528	526,224

Total Liabilities & Equity

	\$ 5,377,898	\$ 5,166,749
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CLARK ELECTRIC COOPERATIVE

2014 PROPOSED ARTICLE AND BYLAW AMENDMENTS

Note: The Board of Directors and management regularly review the Articles of Incorporation and Bylaws, to ensure that they continue to conform to applicable law and current practices and to find ways to encourage efficiency in the operation and governance of the Cooperative. Based on the most recent review, the following changes are proposed. (New material is underlined -- e.g., add these words; deletions are identified by strikeout -- e.g., ~~delete these words~~.)

RESTATED ARTICLES OF INCORPORATION

1. **Amend Article V of the Articles of Incorporation as follows:**

ARTICLE V

Property Rights and Basis of Distribution in the Event of Dissolution:

Upon dissolution, after

- (a) ~~All~~ debts and liabilities of the cooperative shall have been paid, and
- (b) ~~All~~ capital furnished through patronage shall have been retired as provided in the bylaws.

~~The remaining property and assets of the cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of capital credited to each bears to the total patronage of capital credited to all members during the ten calendar years next preceding the date of the filing of the certificate of dissolution determined immediately prior to the final retirement of patronage capital described above, subject to and in accordance with such classifications of business formulas as may have been employed in allocating patronage capital to such members during said ten-year period. In making this distribution, patronage capital for each year may be adjusted to reflect the changes in the Consumer Price Index, if any, between the year the patronage capital was allocated and the date of distribution if and to the extent, in the judgment of the board of directors, fairness requires such adjustment.~~

EXPLANATION: The amendment is intended to better reflect the interest of all member-owners of the Cooperative.

2. **Amend Article VI of the Articles of Incorporation as follows:**

Article VI Directors and Officers

The business and affairs of the cooperative shall be managed by a board of directors. The number, term, qualifications, and manner of voting for directors shall be specified in the bylaws.

The titles, terms, manner of election and authority of the officers of this cooperative shall be as specified in the bylaws.

EXPLANATION: The amendment refers members to the Bylaws for all details relating to the directors and officers.

RESTATED BYLAWS

1. **Delete Article I, Section 2 of the Bylaws (“Membership Certificates”) and all other references to membership certificates wherever they may be found in the Bylaws, including, Article I, Section 4(a); Article I, Section 7(b); Article I, Section 7(c); Article VI, Section 4(b); Article VI, Section 6(c); and Article VI, Section 6(e).**

EXPLANATION: It is not efficient for the Cooperative to issue membership certificates, and members in recent years have not found it useful to receive and keep track of those certificates. These amendments would eliminate any need for membership certificates and all references to them in the Bylaws.

2. **Amend Article I, Section 8 of the Bylaws as follows:**

SECTION 8. Property Rights and Basis of Distribution in the Event of Dissolution.

Upon dissolution, after

- (a) ~~All~~ debts and liabilities shall have been paid, and
- (b) ~~All~~ capital furnished through patronage shall have been retired as provided in the bylaws,

the remaining property and assets of the eCooperative shall be distributed among the members and former members, in the proportion which the ~~aggregate patronage of capital credited to each bears to the total patronage of capital credited to all members during the ten calendar years next preceding the date of the filing of the certificate of dissolution determined immediately prior to the final retirement of patronage capital described above, subject to and in accordance with such classifications of business formula as may have been employed in allocating patronage capital to such members during said ten-year period.~~ In making this distribution, patronage capital for each year may be adjusted to reflect the changes in the Consumer

Price Index, if any, between the year the patronage capital was allocated and the date of distribution if and to the extent, in the judgment of the board of directors, fairness requires such adjustment.

EXPLANATION: This amendment would bring the Bylaw into line with Article V of the Articles of Incorporation, set forth above.

3. **Delete Article I, Section 10 of the Bylaws (“Refund of Membership”) and renumber Section 11 as Section 10 (“Membership List”).**

EXPLANATION: The Cooperative for many years has not collected membership fees from new members, and has refunded all membership fees that were on the books. The amendment would eliminate references to the discontinued practice.

4. **Amend Article II, Section 5 of the Bylaws (“Assumption of Public Utility Obligations”) as follows:**

...provided that this shall not affect the status of the Cooperative in the balance of its service area nor require approval of its securities issued to the United States of America or to any other financing institution ~~organized by rural electric cooperative or approved by the administrator of the Rural Electrification Administration.~~

EXPLANATION: The amendment eliminates the reference to specific financing sources, leaving just the broader, general reference.

5. **Amend Article III, Section 2 of the Bylaws (“Special Meetings”) by deleting the third (last) sentence of that Section.**

EXPLANATION: The process described partially in this sentence is addressed elsewhere in the Bylaws (Article IX, Section 2) in more detail. Deleting this sentence eliminates any risk of conflict between the two sections.

6. Amend the second paragraph of Article III, Section 5 of the Bylaws (“Voting”) as follows:

Any member which is a cooperative, corporation, partnership, limited liability entity, government body, church or voluntary association may, acting through its governing body, designate in writing; its representative to act for it at membership meetings. Such written designation shall be filed with the secretary before such representative votes at any such meeting, except that the chairman; or in his or her absence; any other principal officer of any such ~~corporation, association, board or body politic~~ organization may cast its vote at such meeting if no such written designation for any other representative is so filed, provided, however, that such person shall first establish that he or she is such principal officer. Such representative may also vote as an individual if he or she is a member. A ~~guardian or legal representative~~ of any member may vote on behalf of such member.

EXPLANATION: The changes here will eliminate any suggestion that proxy voting is permitted (it is not, under Wisconsin statute) and clarify the voting rights and procedures for organizations that are members of the Cooperative.

7. **Amend Article III, Section 7 of the Bylaws (“Order of Business”) as follows:**

...
3. ~~Reading of~~ Taking action on unapproved minutes of previous meetings of the members that have been distributed and the taking of necessary action thereof, have been distributed to the members.

...
Unless the members by a two-thirds (2/3) vote of those in attendance and voting determine otherwise, Roberts Rules of Order shall govern all other procedural questions not addressed by any meeting rules established by the Rules Committee.

EXPLANATION: This amendment dispenses with the reading of the minutes at membership meetings and adds a reference to the Rules Committee created in the next section.

8. **Amend Article III of the Bylaws by creating a new Section 8 to read as follows:**

SECTION 8. Rules Committee.

The board of directors may in any year appoint a Rules Committee of not less than five (5) nor more than nine (9) members. Not more than two (2) members of the Committee may be directors, whose terms do not expire at the ensuing annual meeting, while a majority of members of the Committee shall be members who are not then serving on the board. The Committee shall meet not less than 45 days prior to the annual (or any special) membership meeting and shall establish rules to govern the conduct of the membership meeting. The rules shall include a deadline for members to submit any advisory resolutions relating to the affairs of the Cooperative that they plan to present at the annual meeting, and that deadline shall be communicated to the membership. With the exception of that deadline, the rules shall remain in effect until superseded by other rules adopted by the Committee or by the membership. The Committee shall also have responsibility for considering any proposed advisory resolutions that are timely submitted by members. In consultation with the board and the chief executive officer, the Committee shall determine whether additional information should be presented to the membership to ensure a full airing of the issue and an informed decision by the membership on the matter. The Committee in its report to the membership may make a recommendation concerning disposition of any such resolution.

EXPLANATION: This amendment creates a new Rules Committee with responsibility, if and when needed, for adopting annual meeting rules and ensuring that members have adequate information to take action on matters presented to them.

9. **Amend Article IV, Section 2 (“Tenure and Qualifications”) of the Bylaws as follows:**

- (a) ...Nothing in this section contained shall, or shall be construed to, effect in any manner whatsoever the validity of any action taken at a meeting of the board of directors.
- (b) Qualifications: No member shall be eligible to become or remain a director or to hold any position of trust in the Cooperative; who
 - 1. Is not a bona fide resident on premises served directly by the Cooperative, or
 - 2. Is in any way employed by or financially interested in:
 - (a) a competing enterprise, or
 - (b) a business selling electric energy, services or supplies to the Cooperative, or
 - (c) a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the Cooperative ~~or to members of the Cooperative.~~
 - (d) nothing in this section contained shall, or shall be construed to preclude any member from serving as a director ... because ... ~~or which is engaged in selling electrical or plumbing appliances, fixtures, or supplies to the members of the Cooperative.~~

...
6. While a director or at anytime preceding his or her nomination, election or appointment was convicted of any felony or of any other offense involving a breach of trust unless the sentence for such conviction, including any term of probation or parole, was completed more than 10 years prior to such nomination, election or appointment.

67. ... When a membership is held by a partnership, one, but not more than, of the partners designated in writing by the partnership may be elected a director; provided, however, that none of the partners shall be eligible to become or remain a director or hold a position of trust in the Cooperative unless the candidate shall meet the qualifications set forth in (b) above, and unless all partners shall meet the qualifications set forth in (b) 2: (a), (b), (c), (d), and (b) 3 and (b) 4 through (b) 6, above. When a membership is held by ~~a corporation~~ any other organization, one, but not more than one, of the officers thereof designated in writing by the ~~corporation~~ organization may be elected a director, provided, however, that none of the officers shall be eligible to become or remain a director or hold a position of trust in the Cooperative unless the candidate shall meet the qualifications set forth in (b) above, and unless all of the officers shall meet the qualifications set forth in (b) above, and unless all of the officers shall meet the qualifications set forth in (b) 2: (a), (b), (c), (d), and (b) 3 and (b) 4 through (b) 6 hereof.

EXPLANATION: This amendment updates the qualifications for director.

10. **Amend Article IV, Section 10 of the Bylaws (“Policies, Rules and Regulations”) as follows:**

... Such policies, rules and regulations shall be binding upon all members provided, with respect to those that impact the members’ terms of service, they have received notice of the substance of the policies, rules and regulations or notice of how to receive a copy of or otherwise access those policies, rules and regulations. ...

EXPLANATION: This change clarifies the policies that members are routinely required to receive notification of and how that notification may be given.

11. **Amend Article V, Section 3 of the Bylaws (“Notice of Special Board Meetings”) as follows:**

Notice of the time, place and purpose of any special meeting shall be given at least four (4) days previous thereto by written notice delivered or mailed to the several directors at their last known address, or such notice may be by telephone call to any person at the director’s residence, or by other electronic means that provides confirmation of receipt, at least two (2) days before such meeting. ...

EXPLANATION: This amendment would allow notice to directors of special meetings of the Board by fax or e-mail.

12. **Amend Article V, Section 4 (“Quorum”) of the Bylaws as follows:**

... provided; that if less than a majority of the directors are present at said meeting, a majority of the directors present may adjourn the meeting from time to time ~~without further notice~~ provided a reasonable effort is made to notify the absent directors of the time and place of the adjourned meeting.

EXPLANATION: This clarifies the notice requirement when a Board meeting has to be adjourned for lack of a quorum.

13. **Amend Article VI, Section 8 of the Bylaws (“Manager”) as follows:**

... The manager... shall have such authority and title as the board of directors may from time to time vest in him or her.

EXPLANATION: This clarifies the flexibility the Board has in designating the manager’s title.

14. **Amend Article VI, Section 9 of the Bylaws (“Bonds of Officers and Agents”) as follows:**

Any officer, employee or agent of the Cooperative charged with responsibility for custody of any of its funds or property shall be bonded...

15. **Amend Article VII, Section 1 of the Bylaws (“Contracts”) as follows:**

...the board of directors may authorize any officer or officers, employee or employees, agent or agents to enter into any contract or execute and deliver any instrument...

16. **Correct the cross-reference in Article VIII, Section 7 of the Bylaws (“Assignment of Patronage Capital”) by substituting “Section 10” for “Section 9”.**

17. **Correct the cross-reference in Article VIII, Section 10 of the Bylaws (“Assignment of Patronage Capital”) by substituting “Section 9” for “Section 8”.**

EXPLANATION: Amendments 14-17 are intended to make the wording of those Bylaws more consistent and to correct cross-references.

18. **Amend Article VIII, Section 12 of the Bylaws (“Contractual Obligations”) as follows:**

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the articles of incorporation and bylaws and of the policies, rules and regulations adopted or authorized by the board of directors shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this article section of the bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative office.

EXPLANATION: The changes are intended to remind members that policies, which are binding under Article IV, Section 10, are part of the contract between each member and the Cooperative, and to correct a cross-reference.

19. **Create a new Article XI, Section 3 to read as follows:**

SECTION 3. Dispute Resolution.

Any and all disputes, claims or controversies arising from or related in any way to the Cooperative’s provision of electric energy or other services, or its furnishing of any goods or its conduct of its operations, that are not resolved by agreement of the parties, shall, at the request of any party, be resolved by binding arbitration by an impartial arbitrator or panel of arbitrators, pursuant to written procedures to be established from time to time by the board of directors; provided, however, that matters within the jurisdictional limits of the small claims courts may be pursued in such courts. As with the other terms of the contract between the patrons and the Cooperative, each patron, member or non-member alike, and the Cooperative agree to arbitrate all such claims or controversies according to this bylaw and the regulations and policies prescribed by the board of directors pursuant to this bylaw, and further agree to abide by and perform any resulting arbitration awards.

EXPLANATION: The new Article XI, Section 3 provides for arbitration of disputes by an impartial arbitrator or panel of arbitrators instead of litigating them in the courts, for any disputes involving amounts above what a small claims court can hear.

20. **Amend Article XIII of the Bylaws (“Amendments”) as follows:**

These bylaws may be altered, amended or repealed by a majority of the members of the Cooperative voting at any annual or special meeting; provided, however, that these bylaws shall not be altered, amended or repealed at any meeting of the members unless notice of the purpose of such alterations, amendments, or repeal shall have been contained in the notice of such meeting and provided, further, that the provisions relating to the disposition of property, other than mortgage or merger with another electric cooperative, as set forth in Article IX of these bylaws shall not be amended or repealed except by a vote of at least three-fourths (3/4) of all the members. Any amendment offered from the floor at any such meeting which is germane to any amendment or resolution specified or referred to in the notice of the meeting may be acted upon with the same force and effect as though set forth in the notice of the meeting, and, in the event such germane amendment is adopted, it shall have the same effect as though adopted by all members voting in person ~~excepting only that the provisions relating to the disposition of property, other than mortgage or merger with another electric cooperative as set forth in Article IX of these bylaws shall not be amended or repealed except by a vote of at least three-fourths (3/4) of all the members.~~

EXPLANATION: The change corrects the placement of the clause requiring a super-majority vote for certain amendments, consistent with the corresponding provision in the Articles of Incorporation on the same subject.



**Clark Electric
Cooperative**

124 N. Main St., PO Box 190
Greenwood, WI 54437-0190

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Please Bring This Book With You To The Annual Meeting
**This Book Contains the Official Notice of Annual Meeting,
Financial Report and Statistics.**

Clark Electric Cooperative

2014 Annual Meeting

Thursday, April 10, 2014 • 9:30 a.m.

American Legion Hall • Loyal, WI

Agenda

Reports from Officers, Directors, Manager, and Guests

Election of Directors to the Board of Directors

Selection of Delegates to Dairyland Power Cooperative Annual Meeting

Action on the proposed amendments to the Articles of Incorporation and Bylaws, attached to and incorporated in this Notice.

Such other business that may come before the meeting.

3 early bird winners will be drawn before the start of the meeting at 9:30a.m.

Winners announced following adjournment

(You must be present to win!)

Drawing for other prizes following adjournment