



SCHROEDER EARNS JOURNEYMAN STATUS

Becoming a journeyman lineman is no simple task. Tyler started his lineman journey by completing the nine-month electrical distribution program at Northeast Wisconsin Technical College (NWTC) located in Green Bay. After graduating from the program in the spring of 2012, Tyler became an OEC employee as a seasonal helper. Later that fall Tyler was hired full-time as a lineman apprentice.

Tyler accomplished the required 8,000 hours of work in the field by assisting OEC journeymen linemen in building and maintaining electrical power systems. He also continued to attend classes four times a year for a week at a time in Green Bay at NWTC.

As a journeyman lineman, Tyler is now able to work on his own. As one of six journeymen linemen at OEC, Tyler is now a part of the on-call rotation. Each lineman is on call 24/7 for a week at a time.

Congratulations, Tyler!

ABOUT TYLER SCHROEDER

Tyler grew up in Gillett until his senior year of high school when he moved to Oconto Falls where he still resides.

What made you want to become a lineman?

I became a lineman because of my uncle. He is a lineman and I always looked up to him.

What do you like most about your job?

I like working outdoors and that the work is never the same—everyday is different. I especially like the joy of helping people by turning their power back on after an outage.

What do you like to do in your spare time?

I like to ride my motorcycle, hunt, and really like to ice fish.





MEET YOUR DIRECTOR CANDIDATES

Oconto Electric Cooperative's annual meeting will be held on March 25 at the Oconto Falls High School Performing Arts Center.

There are two director terms expiring this year — District 4, incumbent Doug Allen; and District 6, incumbent Dan Kanack. A meeting was held in January in each of these districts for the purpose of nominating at least one, but not more than two people, to run for election to fill the positions.

At the District 4 meeting, incumbent Doug Allen was the only person nominated to fill the position of director. His nomination will be approved at the annual meeting by voice vote.

In District 6, incumbent Dan Kanack was the only person nominated to fill the director position. His nomination will be approved at the annual meeting by voice vote.

DISTRICT 4



Doug Allen — Even though there is no other candidate for director in District 4 this year, I would like to thank the members for their continued support over the years and allowing me to be your director. I was first elected to the board in 1984 and currently serve as the vice chairman.

I really enjoy being a part of the OEC board and planning the future of OEC. Construction, maintenance costs, wholesale power pricing, and regulations are some of the many things that affect power supply, reliability, and rates. It is very exciting that at this time the OEC board is studying multiple wholesale power contracts so that we may continue to provide reliable power at an affordable price.

As a director I am proud of the fact that the co-op is able to retire capital credits to the membership each year. I am also pleased that we offer members special rates and programs that they can use to help control their bills. Our members are the reason the co-op exists, and providing for the electricity needs of those members is a responsibility that I take seriously.

Besides my service on the OEC board, I currently am a supervisor for the Township of Little Suamico. I also serve on the township's planning commission and Oconto County's land conservation committee. My wife, Susan, and I operate a beef and grain farm in Little Suamico. We have seven children and 12 grandchildren.

DISTRICT 6



Dan Kanack — I currently represent district 6 and I truly appreciate being nominated to serve again. Serving on the board of directors of Oconto Electric Cooperative is a pleasure and a privilege. My board service began with OEC in 1975. Through the years, I have been part of many challenges and changes in the electric utility business and have always tried to keep the best interests of

the members, and therefore the co-op, in the forefront.

One of the challenges has been, and continues to be, ensuring that our members have a reliable, affordable source of power. During the next three years I look forward to signing a new wholesale power supplier contract and continuing to meet the needs of our members and ensuring the lowest rates possible.

Laws and regulations that affect our industry continually change, and as a board member I work to stay abreast of those changes and help shape policies that make sense for OEC. I truly believe that the cooperative business model is the best way to serve the electricity needs of consumers, and I am grateful to be able to work for you in the industry.

In 2016 I was honored to receive the ACE (Ally of Cooperative Electrification) Award presented by the Wisconsin Electric Cooperative Association (WECA). The ACE Award annually is given to a living individual credited with effort and achievement beyond the ordinary call of duty, in service to rural electrification at the local, state, or national level. I was honored for 40 years as a director of Oconto Electric Cooperative, a career that has included service as the board's secretary, treasurer, and president; 17 years as a WECA director; a stint assisting an electric cooperative in Bolivia through the National Rural Electric Cooperative Association's International Program; nine years on the NRECA national board, along with terms in local elected office as a town supervisor.

My wife, Sue, and I live in the Township of Lena and operate a cash grain business. We have three children, five grandchildren, and four great-grandchildren with another one on the way.

Annual Meeting Drawing

\$1,000

The name of every member of Oconto Electric Cooperative is entered into the drawing. The person whose name is drawn must be present to win.

OCONTO ELECTRIC COOPERATIVE 80TH ANNUAL MEMBERSHIP MEETING

Pursuant to Article III, Section 3 of the bylaws of Oconto Electric Cooperative, notice is hereby given of the annual meeting of the members to be held:

Saturday, March 25, 2017

Registration opens at 9 a.m. – Meeting begins at 10 a.m.

Held at the Performing Arts Center in the Oconto Falls High School

The following items of business will be conducted:

- Call to order/determination of quorum
- Invocation
- Adoption of Robert's Rules of Order
- Introduction of board members, guests, and former directors
- Reading of Notice of Meeting and Proof of Mailing
- Presentation and action on minutes of the 2016 Annual Meeting
- Presentation of 2016 financial report
- Chairman's report
- Approve/ratify reports and actions of officers and directors for 2016
- Election of directors
- CEO's report
- Special presentation
- Presentation of 2017 scholarship recipients
- Presentation by Community "Change"
- Old business
- New business
- Final announcements
- Adjournment
- \$100 Cash drawing
- Prize drawings
- \$1,000 Cash drawing

Members will receive the official notice and registration card in the mail during the week of March 1.

MINUTES FROM THE 79TH ANNUAL MEETING OF OCONTO ELECTRIC COOPERATIVE HELD ON APRIL 9, 2016

The 79th Annual Meeting of Oconto Electric Cooperative was held on Saturday, April 9, 2016, at the Oconto Falls Performing Arts Center. Registration of members began at 9 a.m.

Chairman David Hischke introduced himself as director of District #2 and called the meeting to order at 10 a.m. With a current count of 256 members registered, the chairman declared a quorum present.

The invocation was given by Pastor David Henke of United Methodist Church in Oconto Falls, Wisconsin.

Cooperative attorney Howard Eslien was introduced as the Parliamentarian to assure that the meeting was governed by Robert's Rules of Order and would also be conducting the director election process.

Chairman Hischke introduced the board of directors along with recognizing former directors, retired employees, and special guests in attendance.

Chairman Hischke called on Secretary Todd Duame to read the official notice of the 79th annual meeting and the proof of mailing, which was a postcard mailed out March 15, 2016, to

each member of the cooperative.

Chairman Hischke called for the reading, or a motion to waive the reading, of the 2015 Annual Meeting minutes. A motion was made and seconded to waive the reading and accept the minutes as published. Motion Carried.

Treasurer Dan Kanack provided the cooperative's 2015 financial report. The 2015 income totaled \$15,978,009. Total expenses were \$14,492,555 with net margins for 2015 totaling \$1,485,454. Additional facts about the cooperative were also shared. Total kWhs purchased in 2015 were 111,717,096, and total kWhs generated at the OEC's Stiles hydro plant were 6,007,182. Kanack stated 5 percent generation is provided by the hydro plant. Capital credits refunded to the membership in 2015 totaled \$550,381. The total refunded in capital credits since OEC began is \$14,321,809. This concluded the treasurer's report.

Chairman Hischke gave his report on the following areas:

- Safety record: 784,587 hours worked with no lost-time accidents since 2004



- Less contractor work: OEC brings on new OEC right-of-way clearing crew soon
- 2015 Equity currently at 43.2 percent, an increase of 2.4 percent from 2014
- Wholesale power supply: Notice to withdraw from the current contract with WPS (now WE Energies) was sent. A three-year notice from the contract's expiration date December 31, 2018, was required. OEC will send out requests for proposals to other power suppliers.
- Affiliate cooperative organizations: Wisconsin Electric Cooperative Association and Cooperative Network have announced its joint relationship is being separated effective October 1, 2016.
- Badger Power Group: Badger Group is being restructured. OEC decided to withdraw its membership with the organization.
- ACE Award: Director Dan Kanack received the highest distinguished Ally Cooperative Electrification Award presented by the Wisconsin Electric Cooperative Association (WECA) for his many years of dedicated cooperative service.

- New OEC scholarship category added: Available to students attending the Lineman's Power Distribution Course offered through Northwest Technical College, Green Bay.

The chairman called upon Attorney Eslien to explain and conduct the election process. This year with districts #2 and #3 each having only one candidate nominated, balloting would not be necessary. Attorney Eslien called for a motion to cast a unanimous ballot to approve incumbent directors David Hischke of district #2 and Tony Wagner of district #3 to serve on the board of directors for another term of three years. Motion made and seconded. Motion Carried. District #5 had two candidates brought forward Ronnie Kruse and incumbent Ken Cisar, thus requiring an election to be conducted. Each candidate was offered an opportunity to briefly address the membership. Attorney Eslien called for the membership to cast their ballot and requested the assigned tellers to collect the ballots.

While the tellers counted the ballots chairman Hischke called upon the CEO, Byron C. Nolde for his report.

The CEO took a moment to thank our men and women serving to protect our country. The CEO's report provided information concerning the following areas:

- The makeup of the cooperative was reviewed (i.e. number of members served, kWh sales, and the number of miles of distribution / transmission line in OEC's territory)
- 2016 work projects planned
- #1 Priority – Safety of OEC members and employees
- System upgrades and maintenance done to ensure power reliability
- Cybersecurity – Tabletop exercises for preparedness
- Rates – No current rate increase planned; OEC never implements an increase without prior notification to its members
- EPA regulations continue to be challenging – members encouraged to help by contacting their elected officials
- Focus On Energy programs available to members

CEO Nolde ended his report with the success of the 2015 employee charities selected, Little Hearts for Life, Inc. and

the Lena Public Library. Each received \$5,000 dollars. OEC employees have raised a total of \$56,000 since 2004.

Chairman Hischke also thanked the employees and also noted from the CEO's report in acknowledging those serving in the armed forces. Hischke stated that for those who might not know, Nolde's father was the last official casualty of the Vietnam War. Members were encouraged to ask the CEO any questions or curiosities they may have about his father's service.

Robin Banaszynski provided an update concerning the recently announced bankruptcy filing of a Chapter 11 by Radio Shack, as well as an update on the success of the store's new location with its expanded areas to assist customers, and better opportunities to display and stock merchandise. Since the store's opening in 1999 the retail profit has been \$850,000. These margins have helped keep OEC's rates in check.

The following 2016 OEC scholarships recipients were acknowledged: Laci Jespon, Breeana Kittredge, Ryan Petter, Brittany Russell, Derek McMullen, Ally Magnin, Nathan Below, Carolyn Malcheski. Recipients mentioned but unable to attend were Cassandra Stoll, Liza Leja, and Alex Zeitler.

The chairman continued the meeting with the annual report from Community "Change" being presented by president Dale Baker. President Baker reported 15 grants were distributed totaling \$7,200 in 2015. Since the program began in 2000 the program has provided 311 grants totaling \$155,000. Recent grants helped those with medical needs, house fire victims, and community events. President Baker encouraged those who are currently not rounding up their bill to consider signing up and being a part of this great community program.

Chairman Hischke asked if there was any old business to be discussed.

Hearing of no other old business, Chairman Hischke announced the election results. Election results reported: District #5 most votes: Ronnie Kruse.

Chairman Hishcke thanked incumbent director Ken Cisar for his loyalty and 21 years of dedicated service to the cooperative. Hischke welcomed OEC's new director, Ronnie Kruse, to the board.

Chairman Hischke continued the meeting asking if there was any new business to be discussed.

Hearing of no new business, the chairman thanked the members for attending and made some final announcements.

This concluded the business meeting of Oconto Electric Cooperative. A motion was made and seconded to adjourn. Motion Carried.

Chairman Hischke announced that he would begin the attendee drawing for the cash prize of \$100 dollars utilizing the meeting registration cards. The \$100 cash prize winner was Lowell Suring. The drawing for other prizes donated by area businesses and OEC vendors concluded the morning's event. Lastly, the drawing for the special progressive prize of \$1,000 was conducted (all co-op member names are entered in the drawing—member must be present to win). Verna Peterson's name was drawn. She was in attendance. Congratulations to all the winners!

COMPARATIVE BALANCE SHEET

ASSETS

	AUDITED 2015	UNAUDITED 2016
UTILITY PLANT:		
Electric Plant in Service	\$54,673,126	\$55,870,227
Construction Work in Progress	\$346,707	\$445,134
	<u>\$55,019,833</u>	<u>\$56,315,361</u>
LESS: Accumulated Provision for Depreciation	\$20,603,243	\$21,763,171
Net Utility Plant	<u>\$34,416,590</u>	<u>\$34,552,189</u>
OTHER PROPERTY AND INVESTMENTS:		
Investments in Associated Organizations	\$1,618,199	\$1,664,904
Other Investments	\$2,074	\$2,124
	<u>\$1,620,273</u>	<u>\$1,667,028</u>
CURRENT ASSETS:		
Cash - General	\$541,236	\$1,903,043
Temporary Cash Investments		\$1,053,212
Accounts Receivable	\$2,323,375	\$2,589,931
Materials and Supplies	\$779,580	\$898,428
Prepayments	\$89,871	\$91,334
Other Current Assets	\$5,341	\$5,341
	<u>\$3,739,404</u>	<u>\$6,541,289</u>
DEFERRED CHARGES	<u>\$73,680</u>	<u>\$87,320</u>
TOTAL ASSETS	<u>\$39,849,946</u>	<u>\$42,847,826</u>

EQUITIES & LIABILITIES

	AUDITED 2015	UNAUDITED 2016
EQUITIES AND MARGINS:		
Other Margins & Equities	\$1,125,349	\$1,227,315
Patronage Capital	\$15,843,876	\$16,921,730
	<u>\$16,969,225</u>	<u>\$18,149,045</u>
LONG-TERM LIABILITIES:		
RUS Mortgage Notes	\$8,623,478	\$8,998,626
Other Long-Term Debt	\$12,474,173	\$13,762,559
	<u>\$21,097,651</u>	<u>\$22,761,184</u>
CURRENT LIABILITIES		
Accounts Payable	\$903,315	\$1,012,510
Customer Deposits	\$156,467	\$157,495
Other Current & Accrued Liabilities	\$374,253	\$425,207
	<u>\$1,434,035</u>	<u>\$1,595,212</u>
DEFERRED CREDITS	\$349,035	\$342,385
CONTINGENT LIABILITIES	\$0	\$0
TOTAL EQUITIES & LIABILITIES	<u>\$39,849,946</u>	<u>\$42,847,826</u>



STATEMENTS OF REVENUE & PATRONAGE CAPITAL

	AUDITED 2015	UNAUDITED 2016
OPERATING REVENUE & PATRONAGE CAPITAL	\$15,653,308	\$15,488,662
OPERATING EXPENSES		
Power Production Expense	\$77,620	\$58,992
Cost of Purchased Power	\$8,322,331	\$7,810,407
Transmission Expense	\$17,730	\$27,351
Distribution Expense-Operations	\$796,842	\$845,613
Distribution Expense-Maintenance	\$629,906	\$508,481
Customer Accounts Expense	\$336,034	\$365,430
Customer Service & Informational Expense	\$325,008	\$311,626
Sales Expense	\$273	\$947
Administration & General Expense	\$1,034,775	\$1,110,349
Board of Directors per diem*	\$41,934	\$36,049
Board of Directors Education & Travel Expense*	\$72,130	\$88,114
Miscellaneous Board Expense	\$10,975	\$9,229
Depreciation Expense	\$1,643,450	\$1,761,643
Taxes	\$238,243	\$249,539
Interest on Long-Term Debt	\$940,308	\$957,477
Other Interest	(\$1,299)	(7,004)
Other Deductions	\$6,296	\$7,145
Total Operating Expense & Interest	<u>\$14,492,555</u>	<u>\$14,141,387</u>
Net Operating Margin	\$1,160,753	\$1,347,274
NON-OPERATING MARGINS		
Interest Income	\$100,282	\$139,147
Other Non-Operating Margins	\$57,107	\$31,490
Total	<u>\$157,390</u>	<u>\$170,637</u>
CAPITAL CREDIT ALLOCATIONS	\$167,312	\$170,645
NET MARGINS	<u>\$1,485,454</u>	<u>\$1,688,556</u>
PATRONAGE CAPITAL AT BEGINNING	\$14,908,802	\$15,843,875
Retirement of Capital Credits	<u>(\$550,381)</u>	<u>(\$610,701)</u>
PATRONAGE CAPITAL AT END	\$15,843,875	\$16,921,730

*In accordance with the cooperatives bylaws, directors do not receive a salary for their services. Instead, each director receives a fixed fee compensation (per diem) of \$295 per full day and \$175 per half day for attendance at board meetings, training seminars and while performing cooperative business. Directors are reimbursed actual out-of-pocket travel expenses when traveling for cooperative business purposes.

AUDIT REPORT

In accordance with our mortgage agreements with National Rural Utilities Cooperative Finance Corporation (NRUCFC), Rural Utilities Service (RUS), and CoBank, an independent audit is conducted of the cooperative's records each year. Our most recent audit was completed for the period ending December 31, 2016, by the auditing firm of Bauman Associates, Ltd., P.O. Box 1225, Eau Claire, WI 54702.

The audit included a complete examination of the past year's operations and the income and expense entries to deter-

mine if they are made in accordance with generally accepted auditing and accounting standards. Other tests are made of accounting records and procedures as considered necessary by the auditors.

The auditing firm will present its report directly to the board of directors at a regularly scheduled board meeting. Copies of the completed audit are sent to NRUCFC, RUS, and CoBank and are available for review at the office of the cooperative.

OPERATING STATISTICS

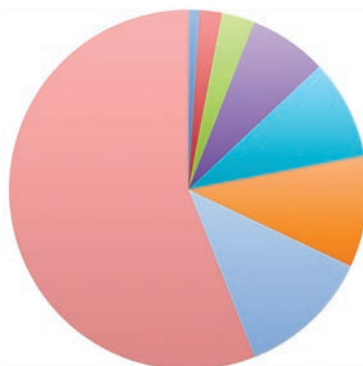
	AUDITED 2015	UNAUDITED 2016
Net equity due members	\$15,843,875	\$16,921,730
Interest paid RUS/CFC/CoBank	\$940,608	\$957,477
Total paid to RUS/CFC/CoBank (principle & interest)	\$1,809,633	\$2,225,447
Total kilowatt hours generated	6,007,182	6,339,894
Total kilowatt hours purchased	111,717,096	111,401,666
Average kilowatt hour usage per month (residential only)	1,016	1025
Average cost per kilowatt hour to member (residential only)	\$.1445	\$.1412
Average member's bill per month	\$146.81	\$144.73
Number of connected services	9,729	9,784
Highest system demand	20,748	22,230
Cost per kilowatt hour generated in mills	17.915	19.050
Cost per kilowatt hour purchased in mills	78.148	75.233
Number of meters per mile	6.81	6.85
Miles of distribution line	1,423.96	1423.75
Miles of transmission line	59.29	59.29
Total capital credits refunded during the year	\$550,381	\$610,701
Total capital credits refunded to date	\$14,321,809	\$14,932,510

ANNUAL REPORT COMPARISON WITH PREVIOUS YEARS

	2006	2011	2016
Kilowatt hour sales	103,335,717	108,035,952	109,499,922
Operating revenue	\$11,000,529	\$14,489,807	\$15,488,662
Cost of power	\$6,119,251	\$7,734,445	\$7,810,407
Power cost as percent of revenue	55.63%	53.38%	50.43%
Operating & maintenance expense	\$1,067,288	\$1,329,789	\$1,354,094
Operating & maintenance expense as percent of revenue	9.70%	9.18%	8.74%
General & administrative expense	\$895,928	\$958,003	\$1,243,741
General & administrative expense as percent of revenue	8.14%	6.61%	8.03%
Consumer accounting expense	\$255,773	\$352,648	\$365,430
Consumer accounting expense as percent of revenue	2.33%	2.43%	2.36%
Depreciation	\$1,101,960	\$1,413,329	\$1,761,643
Depreciation expense as percent of plant total	3.00%	3.05%	3.13%
Interest (long term debt)	\$774,520	\$1,041,121	\$957,477
Interest as percent of revenue	7.04%	7.19%	6.18%
Total costs	\$10,357,900	\$13,411,245	\$14,141,387
Total costs as a percent of revenue	94.16%	92.56%	91.30%

MY CO-OP

2016 EXPENSE DOLLARS



- Other 1%
- Customer Service 2%
- Consumer Accounts 3%
- Interest 7%
- Administrative & General 9%
- Operations & Maintenance 10%
- Depreciation 12%
- Power Costs 56%



TERRITORY SERVED BY YOUR COOPERATIVE

Vernon Gisenas
District No. 1
Term Expires: 2018

Dan Kanack
District No. 6
Term Expires: 2017

David Hischke
District No. 2
Term Expires: 2019

Ronnie Kruse
District No. 5
Term Expires: 2019

Tony Wagner
District No. 3
Term Expires: 2019

Doug Allen
District No. 4
Term Expires: 2017

Todd Duane
District No. 7
Term Expires: 2018

Territory Labels: Stephenson, Mountain, North Brazeau, Beaver, Menominee Reservation, Breed, Bagley, South Brazeau, Pound, Grover, Spruce, Little River, How, Maple Valley, Lena, Underhill, Gillett, Oconto Falls, Stiles Sections 1-18, Wescott, Washington, Morgan, Abrams, Pensaukee, Green Valley, Chase, Little Suamico T26N-R20E, Angolica, Little Suamico T26N-R21E.

“BAG LUNCH TO GO” Wednesday, March 15

From 11 a.m. – 1 p.m.,
pick up your brown bag lunch at
OEC headquarters!



Hot Pulled Pork
Sandwich,
BBQ Sauce, Chips,
Cookie, Beverage.
Cost \$6 for the
meal
or
\$3 for sandwich only.

Proceeds go to
OEC 2017 Employee Charities:
Old Glory Honor Flight and
Patriot Guard Riders - Wisconsin

**DAYLIGHT
SAVING TIME**

Don't forget to spring
forward on **March 12!**
Set your clocks ahead
by one hour.

(907302)

HIDDEN ACCOUNT NUMBERS

Oconto Electric Cooperative hides two account numbers in the local pages of the *Wisconsin Energy Cooperative News* each month. If you spot your account number, call our office before you receive the next issue, and OEC will give you a \$15 credit on your electric bill or a \$25 credit if you have a load management receiver. The February account numbers belonged to Richard Ziemer, Coleman, and Scott Burns, Pound.

Byron C. Nolde, CEO
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Katie Jagiello, Editor

