



## OCONTO ELECTRIC COOPERATIVE 82ND ANNUAL 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 30, 2019**  
**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 2018 Annual Meeting
- Presentation of 2018 Financial Report
- Chairman Report
- Approve/ratify reports and actions of officers & directors for 2018
- Election of Directors
- CEO’s Report
- Presentation of 2019 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 11.**

## TERRITORY SERVED BY YOUR COOPERATIVE



**Vernon Gisenas**  
 District No. 1  
 Term Expires: 2021



**David Hischke**  
 District No. 2  
 Term Expires: 2019



**Tony Wagner**  
 District No. 3  
 Term Expires: 2019



**Doug Allen**  
 District No. 4  
 Term Expires: 2020



**Ronnie Kruse**  
 District No. 5  
 Term Expires: 2019



**Dan Kanack**  
 District No. 6  
 Term Expires: 2020



**Todd Duame**  
 District No. 7  
 Term Expires: 2021

### District Meetings

There are three director terms expiring this year—Districts 2, 3, and 5. 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 2 meeting, incumbent David Hischke was the only person nominated to fill the position of director.

In District 3, incumbent Tony Wagner was the only person nominated to fill the director position.

In District 5, incumbent Ronnie Kruse was the only person nominated to fill the director position. All nominations will be approved at the annual meeting by voice vote.



## MINUTES FROM THE 81ST ANNUAL MEETING OF OCONTO ELECTRIC COOPERATIVE HELD ON MARCH 24, 2018

Oconto Falls, Wisc.—More than 252 members and guests attended Oconto Electric Cooperative's 81st annual meeting on March 24, 2018, held at the Performing Arts Center, Oconto Falls High School. David Hischke, Chairman of the Board, presided over the meeting. The meeting commenced with members standing to recite The Pledge of Allegiance. Pastor Gary Olson of the Grace Lutheran Church, Oconto Falls, provided the invocation.

Secretary Todd Duame read the official notice of the 81st annual meeting and proof of mailing, which was a postcard mailed out March 2, 2018, to each member of the cooperative. A motion was made and seconded to waive the reading of the 2017 80th OEC annual meeting minutes and to accept as published. Motion carried.

The 2017 Cooperative's Audit Report was presented by board Treasurer Dan Kanack. The cooperative was found to be financially stable, finishing the year with net margins of \$1,696,426.

Chairman Hischke reported on the employees reaching a safety record nearing an all-time high of 1,000,000 million man hours worked without a lost-time accident; current Equity is 46.05%; 2017 Capital Credits retired \$773,717; and OEC's new Wholesale Power Supplier, Minnesota Power, will be in effect January 1, 2019; a Cost-of-Service Study was conducted to help determine where rates should be with the new power supplier coming on board; additional cybersecurity measures were implemented and the announcement of the selected 2018 OEC scholarship recipients was made.

Co-op Attorney Eslien called for a motion to approve and ratify the reports and actions taken by the officers and directors for 2017. A motion was made and seconded to approve as presented. Motion carried.

Attorney Eslien then called for a unanimous vote due to both districts having only one candidate nominated for each district, incumbent directors Vern Gisenas #1 and Todd Duame, District #7, for another term of three (3) years. A motion was made and seconded to accept as nominated, for another three (3) year term. Motion carried.

CEO Nolde conducted a moment of silence to recognize our service men and women who protect our country. The CEO's report provided a more in-depth look into who OEC's new wholesale power supplier—Minnesota Power an ALLETE Company—is and OEC's seven (7) year fixed contract. The CEO's report also included the following topics: 2017 inclement weather hits Wisconsin and the southern United States; OEC's crews responded to an emergency power restoration request in Florida after Hurricane Irma; 2017 Employee Charities: Old Glory Honor Flight & the Patriot Guard Riders, each received \$7,000 dollars.

Chairman Hischke called for The Community "Change" annual report which was provided by President Dale Baker. Baker reported nineteen (19) grants totaling \$9,125 were distributed to various community needs from applications received. Members were encouraged to sign up and participate in this worthwhile program.

A special presentation was presented by OEC member student, Lucas Ruechel, who shared his experiences and knowledge gained from attending the Youth Tour to Washington, D.C. Areas visited were: monuments, memorials, museums, Mt. Vernon, Arlington Cemetery, and Capitol Hill. Ruechel thanked the board and OEC for sponsoring him and encouraged other youth to attend this great learning opportunity. Chairman Hischke asked if there was any old or new business to be discussed. Hearing none, this concluded the business meeting of Oconto Electric Cooperative.

A motion was made, seconded to adjourn. Motion carried.

The meeting ended with a \$100 cash attendee drawing. The winning member drawn was Tony Fetterly of Lena. Several vendor donated prizes and lastly, the drawing for the membership drawing prize of \$1,000 was conducted (all co-op member names are entered in the drawing—member must be present to win). Mike Mineau's name was drawn. He was not in attendance. Congratulations to all prize winners!

Respectfully submitted,  
Secretary, Todd Duame

# 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.*

# COMPARATIVE BALANCE SHEET

## ASSETS

	AUDITED 2017	UNAUDITED 2018
<b>UTILITY PLANT:</b>		
Electric Plant in Service	\$57,055,366	\$58,734,099
Construction Work in Progress	\$1,023,921	\$297,736
	<u>\$58,079,287</u>	<u>\$59,031,835</u>
<b>LESS:</b> Accumulated Provision for Depreciation	\$23,139,094	\$24,843,625
Net Utility Plant	<u>\$34,940,194</u>	<u>\$34,188,210</u>
<b>OTHER PROPERTY AND INVESTMENTS:</b>		
Investments in Associated Organizations	\$1,666,046	\$1,696,152
Other Investments	\$2,235	\$2,235
	<u>\$1,668,281</u>	<u>\$1,698,387</u>
<b>CURRENT ASSETS:</b>		
Cash – General	\$1,125,518	\$2,421,456
Temporary Cash Investments	\$101,426	\$101,579
Accounts Receivable	\$2,843,821	\$2,006,249
Materials and Supplies	\$944,872	\$949,974
Prepayments	\$90,104	\$75,855
Other Current Assets	\$5,341	\$5,327
	<u>\$5,111,083</u>	<u>\$5,560,438</u>
<b>DEFERRED CHARGES</b>	\$79,978	\$155,420
<b>TOTAL ASSETS</b>	<u>\$41,799,536</u>	<u>\$41,602,455</u>

## EQUITIES & LIABILITIES

	AUDITED 2017	UNAUDITED 2018
<b>EQUITIES AND MARGINS:</b>		
Other Margins & Equities	\$1,404,429	\$1,540,331
Patronage Capital	\$17,844,438	\$18,026,486
	<u>\$19,248,867</u>	<u>\$19,566,817</u>
<b>LONG-TERM LIABILITIES:</b>		
RUS Mortgage Notes	\$7,265,723	\$6,545,672
Other Long-Term Debt	\$12,766,190	\$13,694,902
	<u>\$20,031,913</u>	<u>\$20,240,575</u>
<b>CURRENT LIABILITIES</b>		
Notes Payable	\$500,000	
Accounts Payable	\$1,100,543	\$859,205
Customer Deposits	\$146,009	\$140,807
Other Current & Accrued Liabilities	\$444,421	\$448,919
	<u>\$2,190,973</u>	<u>\$1,448,931</u>
<b>DEFERRED CREDITS</b>	\$327,783	\$346,132
<b>CONTINGENT LIABILITIES</b>	\$0	\$0
<b>TOTAL EQUITIES &amp; LIABILITIES</b>	<u>\$41,799,536</u>	<u>\$41,602,455</u>



# STATEMENTS OF REVENUE & PATRONAGE CAPITAL

	AUDITED 2017	UNAUDITED 2018
<b>OPERATING REVENUE &amp; PATRONAGE CAPITAL</b>	\$15,357,699	\$15,054,074
<b>OPERATING EXPENSES</b>		
Power Production Expense	\$75,751	\$71,023
Cost of Purchased Power	\$7,459,442	\$7,529,606
Transmission Expense	\$16,726	\$11,170
Distribution Expense –Operations	\$784,758	\$860,263
Distribution Expense –Maintenance	\$739,815	\$826,012
Customer Accounts Expense	\$376,956	\$405,234
Customer Service & Informational Expense	\$328,999	\$397,778
Sales Expense	\$4,859	\$2,798
Administration & General Expense	\$1,109,935	\$1,191,124
Board of Directors per diem*	\$36,494	\$42,352
Board of Directors Education & Travel Expense*	\$96,186	\$83,701
Miscellaneous Board Expense	\$13,704	\$10,682
Depreciation Expense	\$1,788,639	\$2,141,109
Taxes	\$256,822	\$243,271
Interest on Long-Term Debt	\$961,381	\$997,971
Other Interest	(\$2,312)	\$1,151
Other Deductions	\$7,491	\$4,382
Total Operating Expense & Interest	<u>\$14,055,644</u>	<u>\$14,819,627</u>
Net Operating Margin	\$1,302,054	\$234,447
<b>NON-OPERATING MARGINS</b>		
Interest Income	\$205,897	\$304,565
Other Non-Operating Margins	<u>\$25,359</u>	<u>\$48,579</u>
Total	\$231,255	\$353,144
<b>CAPITAL CREDIT ALLOCATIONS</b>	<u>\$163,117</u>	<u>\$177,063</u>
<b>NET MARGINS</b>	\$1,696,426	\$764,654
<b>PATRONAGE CAPITAL AT BEGINNING</b>	\$16,921,730	\$17,844,439
Retirement of Capital Credits	(\$773,717)	(\$582,607)
<b>PATRONAGE CAPITAL AT END</b>	<u>\$17,844,439</u>	<u>\$18,026,486</u>

\*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, 2018, 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.

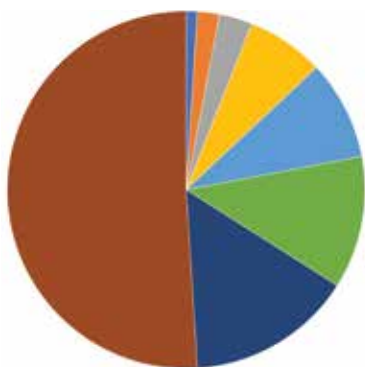
## OPERATING STATISTICS

	AUDITED 2017	UNAUDITED 2018
Net equity due members	\$17,844,439	\$18,026,486
Interest paid RUS/CFC/CoBank	\$966,130	\$1,006,251
Total paid to RUS/CFC/CoBank (principle & interest)	\$2,179,319	\$2,349,492
Total kilowatt hours generated	7,027,714	5,928,404
Total kilowatt hours purchased	110,234,235	108,521,694
Average kilowatt hour usage per month (residential only)	996	1045
Average cost per kilowatt hour to member (residential only)	\$.1422	\$.1303
Average member's bill per month (residential only)	\$141.63	\$136.16
Number of connected services	9,848	9,904
Highest system demand	19,357	21,563
Cost per kilowatt hour generated in mills	19.700	22.600
Cost per kilowatt hour purchased in mills	76.179	68.530
Number of meters per mile	6.88	6.91
Miles of distribution line	1427.41	1429.40
Miles of transmission line	59.29	59.29
Total capital credits refunded during the year	\$773,717	\$582,607
Total capital credits refunded to date	\$15,706,227	\$16,288,834

## ANNUAL REPORT COMPARISON WITH PREVIOUS YEARS

	2008	2013	2018
Kilowatt hour sales	106,471,257	112,182,492	114,882,055
Operating revenue	\$12,285,832	\$15,273,300	\$15,054,074
Cost of power	\$7,778,259	\$8,352,155	\$7,529,606
Power cost as percent of revenue	54.45%	54.68%	50.02%
Operating & maintenance expense	\$1,132,920	\$1,399,458	\$1,686,275
Operating & maintenance expense as percent of revenue	7.93%	9.16%	11.20%
General & administrative expense	\$921,715	\$1,094,285	\$1,327,859
General & administrative expense as percent of revenue	6.45%	7.16%	8.82%
Consumer accounting expense	\$282,181	\$305,713	\$405,234
Consumer accounting expense as percent of revenue	1.98%	2.00%	2.69%
Depreciation	\$1,214,246	\$1,514,413	\$2,141,109
Depreciation expense as percent of plant total	3.00%	2.92%	3.63%
Interest (long term debt)	\$1,039,599	\$1,052,083	\$997,971
Interest as percent of revenue	7.28%	6.89%	6.63%
Total costs	\$12,989,871	\$14,532,272	\$14,819,627
Total costs as a percent of revenue	90.93%	95.15%	98.44%

## 2018 EXPENSE DOLLARS



Other 1%

Customer Service 2%

Consumer Accounts 3%

Interest 7%

Administrative &amp; General 9%

Operations &amp; Maintenance 12%

Depreciation 15%

Power Costs 51%