

ANNUAL REPORT 2019

TAYLOR ELECTRIC COOPERATIVE

DRIVE-IN STYLE
ANNUAL MEETING

Tuesday, June 30, 2020

4:30 PM Registration and Dinner

5:30 PM Meeting Starts

Centennial Community Center
Stetsonville, WI

WE'RE HERE
FOR YOU.

365 days a year.

YOU MUST BRING THE REGISTRATION FORM FROM THE
BACK COVER OF THIS REPORT TO THE ANNUAL MEETING
TO RECEIVE A \$10 ELECTRIC BILL CREDIT.

Please note page 2
for changes to annual meeting

2020 Annual Meeting Agenda

- 4:30 PM Registration (picnic style dinner served)
- 5:30 PM Call to order
Determination of quorum
Pledge of Allegiance
Invocation
Rules of Order (page 14)
Notice of meeting and proof of mailing
Approval of 2019 minutes - *included in this report*
Introduction of board
Board Chairman's report
President/CEO's report
Election of 3 board members
Question and answer period



Due to the COVID 19 pandemic, the format for the annual meeting will be very different this year. In order to comply with the recommendations of local government, our meeting will be held in a drive-in movie style. Employees of the cooperative will register members from their cars and hand them the necessary paperwork to conduct the business of the meeting. All of this will be done using precautionary measures.

Dinner and registration will start at 4:30 pm with the meeting to begin at 5:30 pm. The meeting will be broadcast on WKEB 99.3 FM radio, so everyone will be able to participate.



Your Touchstone Energy® Partner



OFFICERS

Dean Tesch
Chairman
Charles Zenner
Vice Chairman
Patricia Waldhart
Secretary-Treasurer

DIRECTORS

JoAnn Smith, *Little Black*
Brian Hallgren, *Medford*
Jeff Albers, *Medford*
open

President & CEO Report - 3/10/20

Your cooperative had a very successful year in 2019, both financially and operationally. Weather was similar to last year, equating to very similar purchases and sales. In light of that, we finished the year on a positive note and slightly under budget. Some of that was due to savings in the operations and maintenance area. Mother nature moderated the storm outages and miscellaneous problems. Member equity was 42% at year end, a benchmark that provides us an interest rate discount from our lender. Increased margin allocations by our wholesale provider, Dairyland Power Cooperative, helped bolster total 2019 margins, which ended the year just over \$75,000 more than 2018.

2019 was also successful in that strong margins allowed the Board of Directors to make some financial decisions to continue to build members' equity in the co-op. We refund capital credits to those who patronized the cooperative in prior years, a tradition that has been maintained since 1956. This rotation of margins is what ensures that the new customers of the cooperative are "purchasing" their share of the system from the older members.

The Bottom Line - Financial Performance

Kilowatt-hour (kWh) sales were within 1% in 2019 from 2018. The average revenue per kWh increased slightly as well as the cost per kWh for our wholesale power.

Line loss improved yet again in 2019. This continued success was a result of brushing, tree trimming, and the meter upgrade programs.

Wholesale power was the largest contributor of cost increase for 2019

at about \$85,000. Local costs for operations, system maintenance, billing, accounting, and administration were about \$30,000 over last year. In the end, the overall cost of operating Taylor Electric increased about \$105,000.

Nearly \$310,000 of capital credit refunds were made to members in 2019. With the 2019 capital credit retirement, the cooperative has returned more than \$7.7 million to the member-owners since the Co-op's inception.

New Construction & Operations

35 new service installations were completed in 2019, an increase from the 25 installed in 2018. Power line construction and replacements/upgrades in 2019 continued at a pace of around \$1 million. Truck and equipment purchases in 2019 totaled \$223,000.

Maintaining Reliability

The 2.1 average hours per member of outage time in 2019 was back near the 5 year average. Crews continue to do various projects including pole testing and replacement, brushing and trimming, and patrolling to prevent as many problems as possible. Whatever we prepare for, Mother Nature has ways of throwing curves.

Looking ahead to 2021

The 2020 capital budget calls for us to continue replacing and upgrading approximately 11 miles of the electric lines in areas where needed, at an approximate cost of \$700,000; a slight increase from the 2019 amount. The bucket truck that was scheduled for replacement in 2019 was delayed in production, so it is



Kenneth Ceaglske

back in the budget for 2020 at just under \$300,000. An additional \$100,000 is budgeted for tools, security upgrades, meter upgrades, and power quality equipment, and, \$40,000 for computer and software upgrades.

Taylor Electric Bright Horizons community solar has been operational since late 2015. We still have participation units to sell and look forward to talking with you if you are interested in taking advantage of the "green" option. Although not all shares are sold, the members are gaining benefits by the cooperative owning this system. We estimate that the value of the peak savings and kWhs produced in 2019 was again more than \$11,000, with more than \$6,500 of that offsetting the electric bills of those members owning the 154 shares that have been sold. That was slightly lower than the last couple years, but analysis on the production looks like we had a couple of rough weather months in 2019 that limited the output.

Dairyland has estimated that the wholesale rate will decrease by an average of 1.8% to its members

more...

President & CEO Report (continued)

on May 1, 2020. Normally, Taylor is around the average for wholesale rate changes. We will wait until the Dairyland Board approves the final May 1st rates before we know whether we can pass anything on to our members' monthly electric bills.

Thank you!

I am very excited for the future with this excellent team of employees. It is their competency, attention to safety and detail, willingness to accept new

challenges, and professionalism that provide the backbone of our organization. When you see them at the meeting, in the office, or out and about in the field, please take a minute to thank them for their efforts.

Looking towards 2020, I see a bright future for Taylor Electric Cooperative, our members, and the Taylor County area. I look forward to meeting as many of you as I can

and ask for your continued support of the cooperative. I invite you to freely share your thoughts and suggestions with me and the board and staff. This is *your business* and your involvement is more than important; it is crucial.

We look forward to seeing you at your annual meeting on June 30th. Thank you for the continued support you have given us during this past year.

mobile The way to pay online!

SmartHub

Pay your energy bill online through Taylor Electric Cooperative. It's called SmartHub. And, here are some of the smart benefits:

- Pay your energy bill at Taylor Electric
- Available on your Apple or Android device
- View your billing history
- View and manage your electric usage
- Analyze and understand your electric usage
- Identify ways to lower your energy bill
- And, more

Questions?

Contact Taylor Electric Cooperative at (715) 678-2411 or (800) 862-2407, or go to www.taylorelectric.org.

Sign up for SmartHub -

SmartHub is Taylor Electric Cooperative's **FREE** online energy bill payment system that also allows you to monitor your daily energy usage. If you have already signed up for e-Bill, the co-op's former payment system, you can access SmartHub using the same e-Bill login and password.

1. From your computer or mobile Apple or Android device, go to www.taylorelectric.org or download the SmartHub app from the App Store.
2. Click on the SmartHub icon.
3. New to paying your Taylor Electric bill online? It's easy. And, it's mobile! Click on the signup link and follow the prompts to create your user name and password.
4. Already an e-Bill user? E-Bill users will be automatically redirected to the new SmartHub site. Log in with the same email and password. Due to increased security you will be asked to establish a new password.



Chairman's Report - 3/10/20

If you were to list the assets of your electric cooperative, I'm sure your list would include the lines, the poles, the transformers, the substations, the trucks and equipment, the shop, the office, the land your cooperative owns, the solar garden. Am I missing anything? How about the people? The linemen, the office staff, the manager.

This past year saw noticeable changes in this particular asset, the people. Right out in front, Mike Schaefer retired and a search for a new CEO resulted in Ken Ceaglske joining us. A little less out in front, our line superintendent Kevin Comstock also retired. His ultimate successor was one of our existing linemen, Wade Matyka. And don't forget at last year's annual meeting, you elected a new board member, Jeff Albers.

The search for a new CEO is no small task for a board to undertake. It is likely the most important decision to come before any board of directors. To help with this task, the board sought out a search firm. After interviewing three highly respected firms, the board decided to work with our national association, NRECA's consulting firm. A number of meetings took place to align our strategic plan and our specific needs with those of candidates from which the board would ultimately choose. There were over twenty candidates from all over the United States, and beyond. Our consultant narrowed that list to a more manageable number for the board to digest. From that list, three candidates were chosen for in-person interviews.



And I'm proud to say that process resulted in Ken Ceaglske, from Lusk WY, being our new CEO.

Over the years that Kevin Comstock served as our line superintendent, our physical plant – the lines, poles, transformers, etc. – have been systematically upgraded. And while outages still occur, our distribution system is highly resilient. A testament to that has been the willingness to send our entire construction crew, four of our six linemen, to ROPE (Restoration of Power in an Emergency) calls to other electric coops. Again, the physical plant is not the end of the story. Our linemen and our entire staff have embraced and welcomed opportunities to gain skill and knowledge to serve you, the members, better and more efficiently. This is what allowed Wade Matyka to move into the line superintendent position.

Finally, last year you, the members, elected a new board member – Jeff Albers. Electing board members to serve and represent you is YOUR most important task. This year you will have the opportunity to vote for three board members; one represents an open seat as Dennis Engel has chosen to retire from the board. And don't forget, you also get to name the nominating committee members for the next year as well.

Over the 84-year life of your cooperative, assets have changed, been replaced and updated, and have grown considerably. Along with that, you have seen many changes in the people of the cooperative. But over that 84 years, the commitment to serve you, the members, has not changed. I am confident you will definitely see that in Ken, Wade, and Jeff, now and in the years to come.

Dairyland Director Report - 3/10/20

Dairyland focused on being #FutureReady

The energy industry continues to transform in many ways. Dairyland Power Cooperative, our wholesale power cooperative, continues to focus on strengthening its safety programs, further diversifying energy resources, modernizing systems and ensuring competitive rates.

Some of the changes Dairyland is preparing for are these "Four Ds": Decarbonization, Deregulation, Digitalization and Decentralization.

Several business initiatives will be implemented in 2020 to achieve the Strategic Imperatives established by the Board. The three top 2020 #FutureReady priorities focus on enhancing efficiency today and positioning Dairyland for future success.

- **Sustainable Generation Plan** – The Sustainable Generation Plan is a broad strategic effort to ensure Dairyland is best positioned to serve our members for generations to come. Dairyland is preparing for the transformation of energy resources by strategically developing power supply plans, determining future energy mix and anticipating members' long-term needs.
- **Dairyland Systems Modernization** – Dairyland is enhancing efficiency with a multi-year implementation of a comprehensive Enterprise Resource Planning program. A series of projects will ensure financial, business and technical environments are optimal for long-term success.
- **Strategic Workforce Planning** – This cooperative-wide initiative includes analyzing, forecasting and planning workforce supply and demand, assessing gaps and determining talent management activities. The goal is to ensure Dairyland has the right people with the right skills, in the right places to achieve the cooperative mission.

In addition to these top priorities, business plans continue in all areas of operations to fulfill Dairyland's Strategic Imperatives:

Cooperative Purpose - Dairyland reorganized in late 2019, focused on exceeding member expectations and reducing overall cost. The new structure supports Dairyland's Mission to be responsive to members and to efficiently achieve sustainability goals. Dairyland staff are focused on improving communities and the quality of life in Dairyland's four-state region. This is also an opportunity to emphasize the significance of our 24 member cooperatives.

Employee Development – Dairyland is concentrating on attracting, developing and retaining talented leaders who are focused on serving co-op members. The new organizational structure enhances opportunities for employee development and skill growth.

Resource Diversification – The Board has set goals to continue to diversify Dairyland's energy portfolio, reduce its carbon footprint and be even more sustainable. As resource decisions are made, four criteria for sustainability are balanced: Economics, Environment, Social and Technical considerations.

A major component of the Sustainable Generation Plan has been evaluating how long Dairyland should continue to operate existing assets. In January, the difficult decision was made to retire the 345 MW coal-fired Genoa Station #3 when the contracted fuel supply is depleted. The estimated retirement is June-December 2021.

Before making this decision, an expert energy consultant conducted a detailed market and financial analysis. In addition to impacts on employees and communities, many factors were considered when making this decision. These include age of the facility, system

Taylor Electric is one of 24 member distribution cooperatives that receive power from Dairyland Power Cooperative, which is headquartered in La Crosse, Wis. The Dairyland system serves over 255,000 meters across our region providing the benefits of electricity to nearly 600,000 consumers. I've had the privilege of being a director of Taylor Electric for nine years and have been honored to serve as your representative on the Dairyland Board since June 2019.

- Chuck Zenner

capacity requirements, regulatory requirements, projected maintenance needs and costs, fuel supply, overall cost of power production and regional market prices for energy.

Genoa Station #3's over 50 years of safe operation is a testament to the dedication of highly skilled staff, thoughtful planning and maintenance.

Now that the decision has been made, the Dairyland team is focused on the continued safe operation of the plant, the impacts on employees and the communities. Human Resources programs will help ensure a smooth, safe and economical transition to plant retirement.

Dairyland announced two major renewable energy investments in 2019: a power purchase agreement (PPA) with Ranger Power for the 149 MW Badger State Solar facility (Wisconsin) and a PPA with Avangrid Renewables for the proposed 52 MW Tatanka Ridge Wind energy facility (South Dakota). The Badger State Solar facility received approval from the Public Service Commission of Wisconsin in January.

Other recent additions to Dairyland's renewable energy portfolio include the 98 MW Quilt Block Wind Farm (PPA with EDP Renewables) and 80 MW Barton Wind Farm (PPA with Avangrid Renewables). In addition, 18 new solar energy facilities are online in our sys-

tem (PPAs with ENGIE and groSolar). Many of these sites also include community solar projects, including Taylor Electric's Bright Horizons.

As Dairyland transitions to a low-carbon future, safety, reliability and competitiveness will remain at the forefront. The proposed Nemadji Trail Energy Center is integral to the Sustainable Generation Plan. It will serve as the "power behind the power" supporting our renewable energy investments. It will provide reliable and competitively-priced power when the wind isn't blowing and the sun isn't shining.

Dairyland and ALLETE's Minnesota Power (Duluth, Minn.) announced the proposed natural gas facility in June 2017. The plant is an up to 625 MW combined-cycle natural gas facility scheduled to be in service by 2025, contingent on regulatory approvals.

The approval for the Nemadji Trail Energy Center in January by the Public Service Commission of Wisconsin is a positive step in the project timeline. Additional regulatory approvals and permits for the project are required from the City of Superior, the Wisconsin Department of Natural Resources (WDNR) and the U.S. Army Corps of Engineers.

Competitive Service - Ensuring rates and services are competitive is critical to the economic well-being of the region. A task force comprised of Dairyland Board members and managers from Dairyland member cooperatives – supported by Dairyland staff and a rate consultant – spent most of 2019 reviewing the current wholesale rate, which is nearly 10 years old. The wholesale rate is what Dairyland charges our cooperative to generate and deliver power to our local substations. In December, the Board approved a new wholesale rate design, which will go into effect in May 2021. The Task Force was assigned to develop a Future Ready rate that would allow Taylor Electric and the rest of Dairyland's members to reliably and innovatively serve our consumer-members.

The Board approved Dairyland's 2020 budget that will result in an average estimated rate year decrease of 1.8 percent on May 1. The 2020 budget supports the initiatives outlined in Dairyland's strategic business plan to serve Taylor Electric.

Efficiency improvements and management of costs and risks are priorities. Dairyland is also investing in regional transmission opportunities that improve reliability and add value for members. By working with other utilities, regional transmission infrastructure has been strengthened to absorb changing generation sources and strengthen reliability. Last fall, the Public Service Commission of Wisconsin approved the issuance of a Certificate of Public Convenience and Necessity for the proposed 345 kilovolt (kV) Cardinal-Hickory Creek transmission line (Dubuque, Iowa, to Middleton, Wis.). Regional transmission projects, such as the CapX2020 line running from the Twin Cities to Rochester to La Crosse, the Badger Coulee line from La Crosse to Madison, and the Cardinal-Hickory Creek line are opportunities that both improve reliability and add value for members.

Financial Strength - Maintaining financial strength and competitive access to capital are critical to delivering Dairyland's strategic plans. Dairyland has credit ratings of "A3" with a stable outlook from Moody's and "A+" also with a stable outlook from Standard and Poor's. Dairyland's Board and management work to balance building financial strength with competitive rates and sound operations.

Growth: Dairyland staff are working with its members to support economic development opportunities that will help communities grow by adding businesses and jobs. Innovative beneficial electrification strategies, including electric vehicle charging stations, are also a focus.

Dairyland's system will grow by about 10 percent in the next few years with the addition of service territory acquired by member cooperatives, mostly in southern Minnesota.

Safety Culture - Safety of employees, members and the public is the highest priority at Dairyland. Employees continue to educate, promote and maintain a culture of safety as they strive for an operational goal of "zero incidents."

Operational Excellence – The reliable performance of Dairyland's power plants and transmission system is a 24/7 priority. The men and women who operate and maintain Dairyland's facilities are focused on safety, while holding high standards for reliable operations.

Transmission Construction crews work to safely rebuild, construct and upgrade approximately 50 miles of 69 kV transmission line each year. Each mile takes approximately two weeks to complete with roughly 17 poles per mile.

In 2020, Dairyland will begin a programmatic approach for adding middle-mile fiber optic communications to its existing transmission infrastructure primarily for electric operation communication purposes. As the program progresses, excess fiber optic communication capacity may then be available to enable rural broadband service providers for access to the communities Dairyland serves.

The Dairyland Board of Directors has a goal to be more flexible, agile and Future Ready for Dairyland's 24 member cooperatives, including Taylor Electric.

Dairyland will have a significant transition in mid-2020 with the retirement of Barb Nick, President and CEO. Over the past five years, Barb has developed a strong management team and continues to work closely with the Board to ensure Dairyland is in a solid financial position to maintain future success. As the Board seeks Dairyland's next leader, thoughtful strategic planning will guide Dairyland to be Future Ready and provide **safe, reliable** and **sustainable** electricity that remains **affordable** for members of Taylor Electric.

- Chuck Zenner

Capital Credit Summary (12-31-19)

Year	Amount Assigned	General & Estates Retired	Balance Unretired
1989 & PRIOR	\$5,262,487.08	\$5,262,487.08	\$0.00
1990	333,021.14	295,996.34	37,024.80
1991	369,256.47	290,388.02	78,868.45
1992	236,034.08	170,178.10	65,855.98
1993	354,603.23	310,922.65	43,680.58
1994	481,457.29	384,842.43	96,614.86
1995	354,791.54	304,329.01	50,462.53
1996	534,890.46	394,954.16	139,936.30
1997	436,335.32	48,578.52	387,756.80
1998	258,541.17	25,675.77	232,865.40
1999	338,297.08	29,809.86	308,487.22
2000	193,534.53	15,707.17	177,827.36
2001	204,490.16	15,540.07	188,950.09
2002	183,971.17	12,576.68	171,394.49
2003	357,390.78	21,624.63	335,766.15
2004	261,348.87	12,908.02	248,440.85
2005	381,604.84	15,387.95	366,216.89
2006	284,189.98	10,372.88	273,817.10
2007	382,359.90	13,076.51	369,283.39
2008	391,535.30	12,491.29	379,044.01
2009	480,886.38	14,093.46	466,792.92
2010	317,526.86	8,954.71	308,572.15
2011	526,150.01	11,886.21	514,263.80
2012	371,401.55	7,549.55	363,852.00
2013	648,157.37	11,461.87	636,695.50
2014	569,129.38	8,455.91	560,673.47
2015	329,509.03	3,818.97	325,690.06
2016	576,587.04	4,199.46	572,387.58
2017	704,537.37	3,088.27	701,449.10
2018	662,057.95	863.26	661,194.69
	<u>\$16,786,083.33</u>	<u>\$7,722,218.81</u>	<u>\$9,063,864.52</u>

Capital credits are the margins or profits of the cooperative that are assigned annually to each member based on their purchases of electricity. The above chart shows the portion of each year's capital credits that have been paid back to the members of the cooperative. These funds go back into the hands of the members, not into some investors' pockets.

AUDIT REPORTS

Each year the National Rural Utilities Cooperative Finance Corporation (N.R.U.C.F.C) requires an independent audit be made of the Cooperative's records. Our most recent audit was completed for the period ending December 31, 2019 by the auditing firm of Clifton, Larson, Allen LLP, P.O. Box 428, Marshfield, Wi 54449.

A complete audit of the past year's operations was performed. The audit included a complete examination of income and expense entries of the past year to determine if they had been

made in accordance with generally accepted auditing standards, and other tests made of accounting records and procedures considered necessary.

The auditing firm appears before the board of directors at a regularly scheduled board meeting to make recommendations, changes, auditing entries and methods to further enhance the cooperative. Copies of the completed audit are sent to N.R.U.C.F.C. and are available at the office of the Cooperative.

Comparative Balance Sheets

(as of 12/31/18 and 12/31/19)

	December 31, 2018		December 31, 2019	
ASSETS				
UTILITY PLANT	\$28,949,775		\$29,801,202	
Less Depreciation Reserve	(10,736,411)	18,213,364	(11,226,403)	18,574,799
CURRENT AND OTHER ASSETS				
Cash-General	148,522		125,488	
Cash-Loan Funds	0		0	
Investment in Assoc. Organizations	4,521,440		4,649,447	
Investments-Economic Development Loans	0		0	
Investments-Other	189,047		249,820	
Farm Wiring-Notes Receivable	0		0	
Accounts Receivable (Inc. Dec. Bills)	850,963		882,364	
Materials and Supplies	226,504		226,998	
Prepaid Deferred Charges	321,619		275,820	
TOTAL CURRENT AND OTHER ASSETS		<u>6,258,095</u>		<u>6,409,937</u>
TOTAL ASSETS		<u>\$24,471,459</u>		<u>\$24,984,736</u>
LIABILITIES, CREDITS AND RESERVES				
LONG TERM DEBT				
CFC Loans	13,091,326		13,140,560	
REA Economic Development Loan	0		0	
DPC Economic Development Loan	0		0	
Balance Due on Long Term Obligations		13,091,326		13,140,560
CURRENT AND OTHER OBLIGATIONS				
Current and Accrued Liabilities	1,227,633		1,232,816	
CFC Line of Credit	0		0	
Other Liabilities	91,393		77,745	
Total Current and Other Obligations		<u>1,319,026</u>		<u>1,310,561</u>
TOTAL LIABILITIES		<u>14,410,352</u>		<u>14,451,121</u>
MARGINS AND MEMBER EQUITY				
Patronage Capital				
Taylor Electric Cooperative	10,605,251		11,169,396	
Dairyland Power	5,518,774	16,124,025	5,616,687	16,786,083
Capital Retired - Taylor	5,276,207		5,512,152	
Capital Retired - Dairyland	2,136,288	(7,412,495)	2,210,066	(7,722,218)
Net Patronage Assigned		<u>8,711,530</u>		<u>9,063,865</u>
Patronage for year	688,025		765,475	
Donated Capital	4,087		4,087	
Other Margins	657,465		700,188	
TOTAL MEMBER AND PATRON EQUITY		<u>1,349,577</u>		<u>1,469,750</u>
TOTAL LIABILITIES, CREDITS AND RESERVES		<u>\$24,471,459</u>		<u>\$24,984,736</u>

Statement of Revenue and Expense

	YEAR ENDING 12/31/18		YEAR ENDING 12/31/19
OPERATING REVENUE			
Electric Energy Revenue	\$9,642,079		\$9,750,282
Misc Electric Revenue	<u>63,001</u>		<u>60,491</u>
TOTAL REVENUE		9,705,080	9,810,773
OPERATING EXPENSES			
Cost of Purchased Power	5,397,597		5,485,650
Operating Expense	496,709		490,425
Maintenance Expense	685,380		626,273
Consumer Accounts Expense	346,284		346,375
Customer Service & Information	40,275		38,865
Sales Expense - Power Use	44,965		46,264
Administrative Expense	258,938		299,732
Outside Services Employed	21,050		44,965
Insurance, Safety & Benefits	115,716		121,492
Misc. General Expense	58,649		59,348
Directors Fees & Mileage	43,647		52,512
Maintenance of General Property	60,169		73,330
Depreciation Expense	853,801		854,282
Taxes - Property	<u>137,862</u>		<u>138,439</u>
TOTAL EXPENSES		<u>8,561,042</u>	<u>8,677,952</u>
Operating Margins before Interest		1,144,038	1,132,821
Interest on Long Term Debt	662,503		658,571
Other	<u>5,934</u>		<u>6,939</u>
TOTAL OTHER DEDUCTIONS		<u>668,437</u>	<u>665,510</u>
TOTAL OPERATING MARGINS		475,601	467,311
Other Interest Revenue	13,234		14,476
Other Non Operating Margins	<u>101,277</u>		<u>91,141</u>
TOTAL NON OPERATING MARGINS		<u>114,511</u>	<u>105,617</u>
TOTAL MARGINS - Taylor		590,112	572,928
TOTAL MARGINS - Dairyland		<u>97,913</u>	<u>192,547</u>
TOTAL MARGINS ASSIGNABLE AS CAPITAL CREDITS		<u>\$688,025</u>	<u>\$765,475</u>

Privacy Policy

I. PURPOSE

Taylor Electric Cooperative is committed to safeguarding confidential information for its member-consumers, within applicable federal and state legislation. Employees and directors are forbidden to disclose confidential or sensitive information gathered and maintained as part of their normal responsibilities. Employees are forbidden to acquire information of a confidential nature that is unnecessary to their jobs. This policy establishes fair information principles for the Cooperative in carrying out its responsibility to respect the privacy of personally identifiable information and to recognize the Cooperative's obligation to protect the confidentiality of business information.

II. POLICY CONTENT

A. Trust

The Cooperative maintains information about member-consumers suitable for its operations and for the benefit of its member-consumers. It collects personally identifiable information only by fair and lawful means and for appropriate purposes. It maintains the information in an accurate, complete and timely manner as necessary for the purpose for which the information is to be used. Member-consumers may examine service, billing and capital credit account information about themselves and may correct any inaccurate, incomplete or untimely information.

B. Security

The Cooperative maintains member-consumer information with reasonable and appropriate technical, administrative and physical safeguards to protect against

foreseeable hazards such as loss, unauthorized access, destruction, misuse, modification and improper disclosure. No record or computer system can ever be fully protected against every possible hazard.

C. Use and Disclosure

The Cooperative uses and discloses personally identifiable information about member-consumers in defined and responsible ways in order to carry out its operations and to benefit its member-consumers. It does not sell, rent, loan, exchange or otherwise release mailing lists or telephone lists of member-consumers for marketing purposes.

III. RESPONSIBILITY

The President/CEO is responsible for approving detailed practices and procedures for governing the collection, maintenance, use and disclosure of personally identifiable information about member-consumers and for the administration of this policy.

Here at Taylor Electric, you can count on Touchstone Energy® Values...

- 1. Integrity**— we provide a quality, well maintained system to serve the members' electricity needs.
- 2. Accountability**— we are controlled by the members and work to meet their needs.
- 3. Innovation**— we explore new ways to maintain energy efficiency and provide new and useful services for the membership.
- 4. Community Involvement**— we support economic growth and our employees give their time to improve the quality of life in the communities we serve.

Your Touchstone Energy® Cooperative 

The Employees of Taylor Electric



Management Employees

From left: Patti Nelson, Finance and Administration Manager, Kenneth Ceaglske, CEO; and Wade Matyka, Line Superintendent.

Line Crew

Front row (l to r): Jesse Knoll, Tim Habermeyer, Mike Eloranta, Justin Fuchs
Back row (l to r): Geoff Mueller, Jeff Geisking, Ron Mayer



Office Employees

From left: Lainie Kellnhofer, Sheena Johnas, Becky Rindt and Sadie Kapusta.

ACH– Recurring Payment Plan

Don't forget that we offer you the convenience and ease of having your monthly payment made automatically from your checking, savings or credit card account. And, you won't have to change your present banking relationship to take advantage of this service.

The ACH Plan will help you in several ways:

- ▲ It saves time—fewer checks to write
- ▲ Helps meet your commitment in a convenient and timely manner—even if you're on vacation or out of town

- ▲ No lost or misplaced statements, your payment is always on time—it helps maintain good credit
- ▲ It saves postage
- ▲ It's easy to sign up for, easy to cancel
- ▲ No late charges

Here's how the Recurring Payment Plan works:

You authorize regularly scheduled payments to be made from your checking or savings account on the 20th of the month. Or, you can authorize payments be made by your credit card on the 15th of each

month. Then, just sit back and relax. A statement will be mailed to you each month so you are aware of the amount being withdrawn from your account.

The automatic payment plan is dependable, flexible, convenient and easy. To take advantage of this service, go to our website at www.taylorlectric.org and choose the SmartHub button. Then select the Billing and Payments tab and the Auto Pay Accounts tab to fill out the appropriate information.

2018-2019 Statistical Comparison

	2018	2019
Underground Construction	1.77 Miles	2.69 Miles
Overhead Construction	(0.07) Miles	(0.02) Miles
Total Underground Miles	407.59 Miles	410.28 Miles
Total Overhead Miles	457.39 Miles	457.37 Miles
New Services	25	35
Total Services Billed	4,389	4,400
Total Kilowatts Purchased	73,945,843 KWH	73,320,334 KWH
Bright Horizons Kilowatts Generated	114,392	101,280
Total Kilowatts Sold	69,927,018 KWH	69,387,442 KWH
Total Kilowatts Unaccounted For	4,133,217 KWH	4,034,172 KWH
Percentage of Line Loss	5.59%	5.50%



focus on energysm
Partnering with Wisconsin utilities

In 2011, Taylor Electric Cooperative joined Focus on Energy. Through this partnership, you are now able to get expert advice on saving energy as well as take advantage of cash-back rewards when purchasing appliances, making home improvements, choosing efficient lighting and much more. To learn about Focus on Energy go to www.focusonenergy.com or call 800-762-7077.

2019 Director Scholarship Winners

The Taylor Electric Cooperative Board of Directors approved a motion on July 26, 2001, that each director of the cooperative donate one day's per diem to be used to fund Director Scholarships. The following 2019 graduates were awarded \$200 scholarships:

Congratulations!

Medford High School

Josh Fredrikson

Elizabeth Noland

Avery Apfelbeck

McKenzie Waldhart

Hailey Willner

Meredith Seidel

Abbotsford High School

Caden Decker



2019 Youth Scholarship Recipients

Each year area high school students are awarded \$500 scholarships from Taylor Electric Cooperative to be used toward post-high school education. Funds for the scholarships are the unclaimed capital credits from former Taylor Electric Cooperative members.

Congratulations!

Medford Area Senior High

Sarah Brandt

Erin Elsner

Colby High School

Reece Kellnhofer

Athens High School

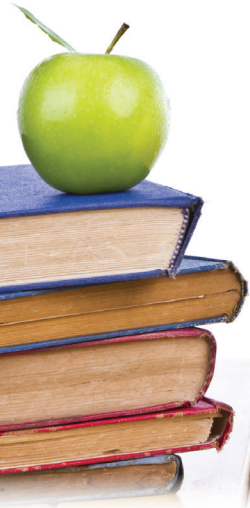
McKayla Braun

Rib Lake High School

Joseph Slattery

Abbotsford High School

Sierra Johnson



Rules of Order for Official Business Meeting

(These rules are intended to be adopted at the start of the annual meeting)

1. The meeting will be conducted in accordance with Robert's Rules of Order, and under the following special rules of order:
2. A member wishing to speak is to give their name and the township in which they are a member.
3. During nomination and election proceedings for director seats, candidates will be allowed to speak for up to two minutes.
4. Resolutions must have been submitted to the Board of Directors for consideration at least 60 days in advance of the annual meeting, and mailed to all members for action at the annual meeting. This does not preclude members from making simple motions from the floor at the meeting.
5. Only members may be allowed to speak for two minutes on each issue and for one time only, except that an additional two minutes may be granted by unanimous consent.
6. No signs or handouts will be permitted within the building of the place of meeting, except such handouts as required for the official conduct of the annual meeting or as related to the Cooperative's business services. No handouts made available outside of the building will use the name of the Cooperative, its letterhead, or logo to imply that the Cooperative supports or opposes any candidate for director, or resolution.
7. No demonstrations shall be held within the building of the place of the meeting.

Co-op Connections

Participating Business List

Advance Auto Parts, Medford

10% discount on purchases up to \$200.00

Broadway Theater, Medford

Purchase any size popcorn and get a matching size soda for free

C&D Lumber, Rib Lake

5% off single purchase over \$500.00, not good in conjunction with other coupons or other offers

Glass to Go, Inc., Medford

5% off in-shop windshield replacement. Buy 1 Rain-X Wiper Blade, get second blade ½ off.

Heartland Cooperative Services

Athens, Dorchester, Greenwood, Hamburg, Owen

10% discount on all dog and cat food

Jack's Auto Repair LLC, Stetsonville

10% off exhaust repairs over \$50.00, 10% off any brake related parts & labor.

Life's High Points Photography, Medford

15% discount

Medford Health Mart Pharmacy, Medford

20% off any Health Mart label

Meyer Auto Body, Medford

5% discount on any body repair over \$500.00. Up to a \$100 value.

Meyer Lumber, Dorchester

5% discount on discountable items, excluding all sale and clearance items (cash sales only). Cannot be used in conjunction with any other discounts/promotions. Card must be presented at each purchase.

Meyer Tire and Service, Medford

\$5.00 off any passenger or light truck tire-not good in conjunction with any other coupons or offers.

Napa Auto Parts, Medford

10% discount on cash & carry items (excludes engines, engine kits, transmissions, oil labor & sale items)

Northwoods Embroidery, Medford

Free digitizing on embroidery. Free set up on first color of screen printing.

Ron's Auto Body Repair, Medford

10% off for anyone over 55 or older on labor

Schierl Tire & Service Center, Medford

\$5.00 off an oil change. \$10.00 off parts for service repairs.

Stetsonville Lumber, Stetsonville

5% off single purchase over \$500.00-not good in conjunction with other coupons or offers.

Stetsonville Oil Company, Stetsonville

\$5.00 off oil lube filter service.

Strama's Self-Serve, Medford

Buy one ice cream (cone or dish) and get the 2nd ½ price.

Subway, Medford & Colby

50¢ off any sub or salad

Tallman Landscaping

5% off labor on projects over \$1,000 – free estimates



Taylor Credit Union, Medford and Abbotsford

Free rental for one year on 3"x5"x22 1/2" safe deposit box – new rentals only. Requires existing savings account or initial savings account with \$5.00 balance. Limit one per family.

Wanke Builders, Medford

Free foundation water proofing on your new home purchase

Willow Cottage Pet Grooming, Medford

\$5.00 off full groom service

(all offers not good in conjunction with any other discounts or promotions)

Another Benefit of Co-op Connections Cash Back Mall pays you to shop

A benefit from your Co-op Connections Card gives you cash back when online purchases are made from more than 5,000 of your favorite stores.

GO TO: <http://taylor.foryourpeople.com> and register, then download the shopping assistant. A free shopping assistant tool bar will appear at the top of your internet browser. This will help you monitor the cash that you are earning. As you make purchases at various retailers: Best Buy, Walmart and Target just to name a few, the money will accumulate in your account.



Cash Back Mall

When you set up the account you will decide if you want the money directly deposited into your account or a printed check. You can receive the cash in the amount of \$15, \$25 and \$50.

Membership Has Its Advantages

Taylor Electric Cooperative offers its members many “advantages” in the form of assistance through various service programs. If you would like more information on any of the items in the following list, please contact us. If you have a question about electricity or your electric service, we can give you the answer, or help you find it.

A lot of these programs offered are free of charge to our members. If there’s something here you’re not taking advantage of, we urge you to get more information on it today!

- ◆ Margins (profits) returned to members as capital credits
- ◆ Rental, sale and repair of dusk to dawn lights
- ◆ Power quality monitoring
- ◆ Appliance energy use testers available to rent
- ◆ Electric heat recommendations
- ◆ Voltage monitoring (for example, blinking lights)
- ◆ Rebates and incentives
- ◆ Economic development loans
- ◆ Co-op Connections Card
- ◆ Electric heat systems
- ◆ Energy-efficient lighting program
- ◆ Off-peak electric heat rates
- ◆ Electric grills
- ◆ Tree trimming & cutting (if near powerlines)
- ◆ School/Community safety programs & ads
- ◆ Farm wiring grant and loan program
- ◆ Secure Home Surge Suppression
- ◆ Member Appreciation Day
- ◆ Credit card and ACH payments accepted
- ◆ Scholarships for high school seniors
- ◆ Focus on Energy Program
- ◆ Youth Leadership Congress
- ◆ E-bill Payments
- ◆ Energy Star Rebates
- ◆ Pre-paid Metering
- ◆ Bright Horizons Community Solar
- ◆ SmartHub



Taylor Electric Cooperative
BRIGHT HORIZONS

Invest in your future with Bright Horizons

Purchase a unit of solar and begin enjoying the benefits of the sun on your electric bill.

Price reduction, now only \$755 per unit!

Now available for you to purchase for your non-profit organizations.

Call us today at 715-678-2411

If there's something here you're not taking advantage of, we urge you to get more information from us today!

Minutes of the 83rd annual meeting

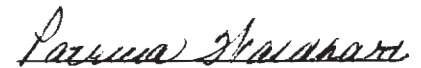
The minutes of the 83rd annual meeting of Taylor Electric Cooperative held on the 30th day of March at the Centennial Community Center, Stetsonville, WI beginning at 9:33 AM.

1. Board Chairman Dean Tesch called the meeting to order at 9:33 AM.
2. Chairman Tesch requested the playing of the national anthem and then led the membership in the Pledge of Allegiance. Chairman Tesch gave the invocation.
3. Chairman Tesch reported that 145 members had registered and declared a quorum was present. Total registration for the day showed 163 members were present out of a possible 3,782.
4. Chairman Tesch asked for approval of the Notice of Annual Meeting, the agenda and Rules of Order as printed in the annual report. He also asked for approval of the affidavit of mailing and the minutes of the 2018 annual meeting. Approval was granted by the membership.
5. Rob Palmberg, Dairyland Power Cooperative drew for the on-time prize of an electric grill. The winner was Lorraine Thomsen.
6. Chairman Tesch introduced the board of directors: Vice-Chairman Chuck Zenner, Secretary/Treasurer Pat Waldhart, Dennis Engel, Brian Hallgren, Ray Henrichs and JoAnn Smith. He explained that the board approved an additional monthly stipend for the Chairman and Secretary/Treasurer of the board in the amounts of \$150 and \$100. Tesch also reviewed the education and achievements of each director.
7. Chairman Tesch introduced the tellers appointed for the meeting: Bill Elsner, Lloyd Gebert, Ken Nuernberger, Russ Bedroske, Jim Seefeld, Elaine Hallgren and Crystal Schaefer.
8. Nominating Committee Chairman Darlene Peche introduced the other committee members: Frank Bohte and Carmen Thiede. She then presented the nominees for the first ballot for the seat of JoAnn Smith, who was eligible for re-election. The candidates were JoAnn Smith and Mike Danen. A ballot vote was taken.
9. Chairman Tesch began his report by discussing CEO Mike Schaefer's retirement. Schaefer has been with Taylor Electric for over 36 years and Tesch indicated they are carefully selecting options for his replacement. Tesch went on to say that first and foremost, continuing to provide safe, reliable and affordable energy is top priority. He announced that Taylor Electric is in discussions with local authorities regarding bringing broadband to the outlying rural area. Tesch talked about distributed generation and that 23 members of the cooperative have combined generation capacity of 165 kw. Tesch assured the membership that he and the board will continue to work hard to keep the cooperative financially strong.
10. Tesch and Schaefer recognized outgoing director, Ray Henrichs, for his years of hard work and dedication to the cooperative and presented him a plaque.
11. Chairman Tesch introduced the following guests: Rob Palmberg, Dairyland Power Cooperative, Jim Anderson, Jump River Electric Cooperative CEO, Myron Brooks, Jump River Electric Cooperative Director, Rob Richards, WECA, Senator Jerry Petrowski and Representative James Edming.
12. Chairman Tesch announced the results of the first ballot. JoAnn Smith was declared the winner with 103 votes and Mike Danen, 35 votes.
13. Nominating Committee Chairman Darlene Peche then presented the nominees for the second election; Dennis Engel and Jeff Albers. A ballot vote was taken.
14. All candidates were given the opportunity to introduce themselves.
15. President Schaefer began his report by reviewing the cooperative's finances for 2018. 74% of the cooperative's assets were utility plant while 54% of liabilities were long term debt. KWH's sold have not experienced a lot of growth over the last year. Cost of wholesale power at 56% was the cooperative's biggest expense. Schaefer informed the membership that Taylor Electric has paid out over \$2 million in capital credits over the last five years. Overtime costs for outages was down last year.
16. Schaefer's report was briefly interrupted to announce the winner of the second election. Chairman Tesch declared Engel the winner with 93 votes, Albers, 49.
17. Chairman Tesch then announced the nominees for the third election to replace Henrich's seat were Jeff Albers and Mike Danen.
18. CEO Schaefer continued with his report by saying there will be a wholesale rate increase which will result in Taylor Electric raising their wholesale energy charge by just over 1/10% and \$1.80 on the monthly service availability charge, which means a customer using

more...

continued. . .Minutes of the 83rd annual meeting

- 1,200 kwh's per month, would see an increase of \$3.71 on their bill. Schaefer said the cooperative will be installing an electric car charging station. He and Director Chuck Zenner are members of the Taylor County Broadband Committee. He indicated that the rural community is in need of broadband for not only the younger generation but also for public safety reasons. State legislatures may be a big help in funding for this project. Taylor Electric has had 0 lost-time accidents since June 21, 2011 with almost ¼ million hours worked. Schaefer introduced the employees of Taylor Electric.
19. Chairman Tesch announced the winner of the third election. Jeff Albers was declared the winner with 93 votes and Danen, 43.
20. Chairman Tesch asked for nominations from the floor for the 2020 Nominating Committee. Nominations were for Bill Elsner, Ken Nuernberger and Rich Feldbrugge. Alternate member is Russ Bedroske.
21. Rob Palmberg, Dairyland Power Cooperative, started his presentation with a brief history of the generation and transmission cooperative. He said they serve 600,000 people with 3,200 miles of line. Dairyland's generation mix includes coal, solar and hydro power. The Alma Station generation plant is now dismantled with the smoke stack being imploded in 2018. Dairyland will be purchasing output from a 150 megawatt solar project on 1,000 acres in 2019.
22. Chairman Tesch introduced former board members including Alvin Liske, Diane Albrecht and Dave Maurer.
23. Tesch and Schaefer addressed various questions asked by the membership.
24. Chairman Tesch called for any old, new or unfinished business.
25. Senator Jerry Petrowski and Rep. James Edming spoke briefly about current governmental issues.
26. The on-time winner was announced: Lorraine Thomsen.
27. As there was no further business to be addressed, a motion was made and seconded to adjourn at 11:40 AM. Motion carried.



Patricia Waldhart, Secretary

“Our mission is to be our members’ most valuable resource for energy and related services.”

-Taylor Electric Cooperative-

Your Touchstone Energy® Cooperative 

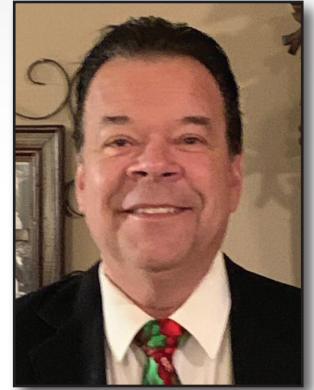
Director Bios (in alphabetical order)

Don Everhard, Medford, WI

I am Donald Everhard, a candidate for the Taylor Electric Board of Directors. I have worked in Medford for the past 34 years. I was a Taylor County Social worker for 6 years, a Middle School Guidance Counselor for 13 years and a Principal for 15 years. Throughout my entire working career, my focus has always been on helping others and making a difference. I have owned and operated my own businesses in the past, having run a martial art's studio for 30 years and a safety business for 15 years where I instructed on verbal de-escalation and self-defense throughout the state. I understand the many facets of running a business and the challenges that can arise. I am creative and hard working.

I have been married to Gloria for 35 years and we have four grown children and three grandchildren.

I graduated college with a B.S. Degree from U.W. La Crosse in 1985. I received a Masters from U.W. Stout in 1993 and I received my Administration License from Marian College in Fond du Lac in 2004. I have been a continuous lifelong learner and this is why I have routinely pursued ongoing educational opportunities. I feel I can bring something to the table at the Taylor Electric Co-op with my varied background and education. This year I am retiring from my position as the Stetsonville Elementary Principal which will allow me more time to be involved in the community and I think this board would be a great opportunity. Thank you for your consideration.



Patricia Waldhart, Medford, WI

Ever since I can remember I had a love for numbers, so it was fitting that I dedicated my professional life to two family owned and operated trucking companies for thirty plus years. Beginning as an assistant and working my way up to bookkeeper, but by then end of my professional career I was ready for something new. I desired to get involved in my local community and be a part of something larger than myself. I was ready to take on the challenge of learning a whole new trade.

In 2006, I was elected to the board of directors for our local electric cooperative. Later in that same year I was chosen to represent our local cooperative on a legislative committee where I have grown leaps and bounds in my legislative awareness and have continued to build my knowledge base of operations of cooperatives nationwide by attending various national and state conferences.

Although I put my professional expertise into my working commitments, I gain much gratification from my volunteer work with Hope Hospice. Offering families the support they need during challenging seasons in their lives gives me the determination and strength at my age to continue to push forward. Volunteering my time also allows me to give back to the community that raised me. All the opportunities of hands on training that I have been grateful to take advantage of, has brought me to the professional level that I am today, and I hope to further my experiences and education always, including with Taylor Electric Cooperative.



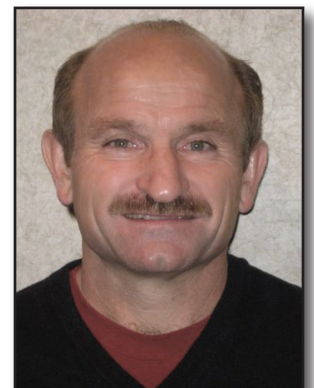
Chuck Zenner, Medford, WI

Hi my name is Chuck Zenner and I'm running for reelection to the Taylor Electric board. I have been a director for the last nine years. I would be honored to continue to be your director.

I'm a life time resident of Taylor County and a lifetime member of Taylor Electric. I'm currently the vice-chairman of the board and I am also your representative on the Dairyland Power Cooperative board.

I am a retired dairy farmer and I enjoy serving on the Taylor Country board. Keeping your rates stable and affordable is a priority for me. If I am reelected I will continue to do my best to work toward that goal.

Thank you for your consideration.





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Clip and use as Annual Meeting Registration and Prize Eligibility.



Bring this slip to the annual meeting to receive door prizes.

Notice of 2020 Annual Meeting Taylor Electric Cooperative

Tuesday, June 30, 2020

4:30 PM Dinner & Registration • 5:30 PM Meeting

The 2020 annual meeting of the members of Taylor Electric Cooperative will be held at the Stetsonville Centennial Center in Stetsonville, Taylor County on Tuesday, June 30, 2020, beginning at 5:30 PM. Action will be taken on the following items of business:

1. Reports of officers, directors, committees and employees.
2. Nomination and election of three directors for three-year terms. Dennis Engel has opted to not run for re-election. Chuck Zenner has completed three three-year terms and is eligible for re-election. Patricia Waldhart has completed four three-year terms and is eligible for re-election.
3. Any such other business as may come before said meeting and or adjournment thereof.

Dated this 3rd day of June, 2020



Patricia Waldhart, Secretary