

**YOUR ELECTRIC
COOPERATIVE...**

**2015
ANNUAL REPORT**



FOCUSED ON YOUR STREET. NOT WALL STREET.

TAYLOR ELECTRIC COOPERATIVE

TAYLOR REPORT

**NEW
this year!**

**You must bring the registration form from the
back cover of this report to the annual meeting
due to electronic registration process.**

Annual Report Issue

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Publication No. USPS 998-400

2016 Annual Meeting Agenda

- 8:30 AM Registration (cookies, milk and coffee)
- 9:30 AM Call to order
Determination of quorum
Pledge of Allegiance
Invocation
Rules of Order (page 17)
Notice of meeting and proof of mailing
Approval of 2015 minutes
Introduction of board
Board Chairman's report
President/CEO's report
Election of 3 board members
Guest speaker - Stephen Freese, WECA Manager and
Vice President of Cooperative Network Electric Division
Question and answer period
Door prizes
- Noon Lunch served



Your Touchstone Energy® Partner



OFFICERS

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

DIRECTORS

JoAnn Smith, *Little Black*
Brian Hallgren, *Medford*
Dennis Engel, *Mayville*
Ray Henrichs, *Browning*

President & CEO Report

2015 presented renewed challenges to your Board and Management at the Cooperative. Revenues were down 1.6% from a year earlier, as the total cost to provide electric service increased a tad less than 1% (0.98%). As a result, Margins from operations took a hit from \$231,303 in 2014 to just over break-even in 2015 at \$4,721. Of course this was made possible by the temporary rate increase assessed during three summer months. The bottom-line, Total Margins were aided by a \$245,627 allocation of 2015 margins from Dairyland (*the allocation is a paper transaction, not actual cash paid*). The Board has planned to have a rate increase in 2016 (the last rate increase was May 1, 2012) as costs have increased, especially Wholesale Power which is set to increase 2.6% on May 1, 2016.

The Bottom Line - Financial Performance

Kilowatt-hour (kWh) sales decreased 4.6% in 2015 from the record high that had been achieved in 2014. Line loss was kept in check at less than the 6% budgeted, indicating successful brushing and tree trimming programs, and another good year for the number of outages.

Even though we experienced decreased kWh sales and revenue, the total paid for Wholesale Power was only down \$12,303 for the year. Local costs for Operations, System Maintenance, Billing, Accounting, and Administration increased a modest \$38,000 (1.9%) for the year.

More than \$252,000 of capital credit refunds were made to members last year. With the 2015 capital credit retirement, the Cooperative has returned more than \$6.5 Million to the member-owners since the Co-op's inception.

New Construction & Operations

Thirty new service installations were completed in 2015, an increase from the 20 installed in 2014. Power line construction and replacements/upgrades in 2015 continued at a pace of just under \$1 Million.

Maintaining Reliability

The 2.05 average hours per member of outage time in 2015, broke the string of four years in a row under 2 hours average. The increase was primarily due to an uptick in the number of overhead line outages and the number of members and hours affected. It is very important that we continue to replace aging underground cable and overhead lines. Equally important are the ongoing tree trimming and maintenance programs. In 2015, more than \$312,000 was spent on contracts for tree trimming, brush cutting, and herbicide treatments. We've experienced great cooperation of the members allowing the contractors to cut back trees and brush. This is paying dividends with reduced maintenance as we enter the next cycle of trimming around the system, and fewer outages.

[CEO note: during the more than 33 years I've worked at the Co-op, I can't recall ever having a month without overtime, until January 2016!]

Looking ahead to 2016

The 2016 capital budget calls for us to continue replacing and upgrading the electric delivery system in areas where needed, to the tune of just over \$1 Million. This includes replacing one bucket truck at around \$200,000 and to begin planning for replacement of the digger-derrick in 2017.

We are beginning to move to more energy-efficient lights for our



Michael Schaefer

rented yard light program with new, LED yard lights at the same monthly rental rates as the previous hi-pressure sodium lights.

The outage management system installed in 2015 helps our employees pinpoint outages, and determine where outages might remain after initial restoral has been made. In 2016 we will expand our use of technology with Mobile Workforce, which will put information about any service location at the lineman's fingertips, and a paperless processing and documentation of information about any electric account.

Taylor Electric Bright Horizons community solar is up and running. We still have participation units to sell, and look forward to talking with you if you are interested in being "green". In addition to our Bright Horizons project, we are working with our power supplier, Dairyland Power Cooperative, to install a much larger solar generating system in our territory. We will not have any ownership in this project, but look forward to providing more sources of clean energy for our members.

As I stated earlier, the 2016 budget does include an electric rate

more...

President & CEO Report (continued)

increase. Again, the last increase was put into effect on May 1, 2012. We're already working with our consultant to determine the amount and proper allocation of costs, to apply the needed increase fairly across any and all rate classes.

Thank you!

The reason that Taylor Electric Cooperative exists is to provide a safe,

reliable, continuous supply of electricity to meet the needs of our cooperative community today and into the future. Our 80-year history of service has built a network that provides electric power to more than 4,000 members in parts of 4 counties.

We have a proud history, and a bright future thanks to the dedication of the employees, the board of directors, and all of our members. Our

goal is to work diligently to remain a reliable source of energy, and to expand the services we offer to improve the quality of life of area residents.

We invite you to attend your annual meeting on March 12th. Thank you for the continued support you have given us during this past year.

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

TAYLOR ELECTRIC
Cooperative

Your Touchstone Energy® Partner



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.

Chairman's Report

While 2014 had the Polar Vortex and the corresponding spike in energy prices, 2015 was at the other end of the spectrum. The summer was mild, as to excessive heat and humidity; and so far winter has been relatively easy on us as well. For the most part that is very good news. It's very good to keep our linemen working on new construction and scheduled maintenance, and not having to call them in on storm damage where danger and threatening conditions exist. It's very good for our members to see lower usage on their monthly bills.

So why wouldn't mild weather always be good news? Is it possible for mild weather to have a downside? While your electric cooperative has been moving toward a rate structure that is less dependent upon weather and sales to meet margin requirements, Taylor Electric still very much depends on those hot humid summer days and bitterly cold winter nights to have the electric sales needed to meet budget. That is why for three months, a summer surcharge was added to our monthly bills.

Wouldn't it be nice if your cooperative could eliminate this downside to mild weather? Wouldn't it be wise and prudent to completely wean away from the dependence on kilowatt sales to keep your cooperative healthy? Your board of directors studied this as one of the topics of a Strategic Planning session last October. In February of this year, the board brought in a consultant to run scenarios and answer many of the "what-if's". Two paramount concerns govern this deliberation: first is the health of your electric cooperative; and second is fairness and equity to all of our members. Look for more information on this transition away from reliance on kilowatt sales in the near future.

Still speaking of weather, do you like bright sunny days? So does your cooperative and obviously, Taylor Electric's Bright Horizons Community Solar array does too! Many members have chosen this affordable means to buy their own solar generation. Beyond the benefits members began receiving when the array came on line in July, your cooperative

THE TAYLOR ELECTRIC COOPERATIVE BOARD OF DIRECTORS

			
<i>Dean Tesch Chairman</i>	<i>Charles Zenner Vice Chairman</i>	<i>Patricia Waldhart Secretary/Treasurer</i>	
			
<i>Brian Hallgren</i>	<i>Ray Henrichs</i>	<i>JoAnn Smith</i>	<i>Dennis Engel</i>

management and staff gained a firsthand knowledge and experience with solar installations. That, in part, helped Taylor Electric Cooperative join with other Dairyland member cooperatives to successfully be awarded a purchase power agreement to supply solar generation to Dairyland. A new 2MW installation will be constructed near Taylor Electric Cooperative's Medford substation. This would not be taking place had it not been for the initiative and expertise of our CEO, Mike Schaefer.

Earlier I mentioned the Strategic Planning session undertaken by your board of directors. And while the financial health of Taylor Electric Cooperative took center stage, a number of other topics were studied in depth. One topic related to the staffing needs of your cooperative. The staff of Taylor Electric, being very stable and highly experienced, is remarkably productive, dedicated and lean. As with the two sides of our mild weather, this has both positives and challenges. A lean staff means lower costs to the cooperative. But a lean staff also means there aren't the available hands or hours to devote to new initiatives and services to benefit our members. It means that succession planning is a necessity. Your board of directors is very concerned about this aspect for the health of the cooperative.

Finally, I want to close with a word about your board of directors. The Taylor Electric Board is a highly educated and engaged group of people. And they bring their experience and backgrounds to every meeting and discussion. Taylor Electric Cooperative is well represented at the various organizations and gatherings of cooperative leaders. Patricia Waldhart leads the legislative efforts on behalf of Taylor Electric Cooperative at the Wisconsin Electric Cooperative Association's Legislative Committee. And while all board members have attended actual Dairyland board meetings in LaCrosse, Chuck Zenner agreed to serve as the Alternate Dairyland board member along side me as the Dairyland Director. Our newly elected director, Brian Hallgren began his first week on the board attending two classes towards his Credentialed Cooperative Director designation. Finally, the three directors up for election this year, Ray Henrichs, Joanne Smith, and Dennis Engel, all bring years of experience and their personal passion for Taylor Electric Cooperative to your board.

The staff and board of Taylor Electric are dedicated to the health and success of your cooperative. "Our mission is to be our members' most valuable resource for energy and related services."

Dairyland Director Report

Living the Cooperative Advantage

While celebrating 75 years of serving cooperatives in the region, Dairyland Power Cooperative is focused on “Living the Cooperative Advantage.” Throughout 2016, Dairyland is honoring the legacy and strong foundation built by past cooperative leaders, while planning to meet members’ long-term needs.

As I highlighted the Strategic Planning your Taylor Electric board of Directors did in October, Strategic Planning took place at Dairyland as well. Beginning last summer, the Board of Directors and member cooperative CEOs worked together with management to identify key issues, challenges and priorities. These top areas of strategic focus are core to Dairyland’s integrated strategic and business plan which was approved by the Board in December 2015.

- ▼ **Cooperative Purpose:** Dairyland must leverage our strategic advantage as a cooperative to successfully navigate through this period of transition in the energy industry. Dairyland is committed to living the seven cooperative principles.
- ▼ **Employee Development:** Maintaining and improving organizational performance depends on a high performing work force. Dairyland is focusing on attracting, retaining and developing talented leaders who are focused on serving co-op members.
- ▼ **Resource Diversification:** Dairyland is striving to meet regulatory requirements and serve its members by developing a cost-effective response to the Clean Power Plan. Diversifying the energy resource mix and expanding the use of renewable energy are strategic priorities.
- ▼ **Competitive Service:** Ensuring rates and services are competitive is critical to the economic well-being of the region as well as the long-term viability of Dairyland and our cooperative members. Dairyland is focusing on efficiency improvements and wise management of controllable

costs and risk. Dairyland is also investing in prudent transmission opportunities that will improve reliability and add value for members.

- ▼ **Financial Strength:** Maintaining financial strength and competitive access to capital are critical to delivering on Dairyland’s Strategic Plans. However, the Board and management recognize that building Dairyland’s financial strength must be balanced with maintaining competitive rates and service for members.
- ▼ **Growth:** Opportunities to improve efficiencies and provide competitive costs and service can be created through growth of the system. Dairyland is pursuing a “smart growth” strategy to benefit the entire system.
- ▼ **Safety Culture:** The safety of employees, members and the general public remains a foundational value. Dairyland will continue to educate, promote and maintain the safety focus as they strive for an operational goal of “zero incidents.” These efforts are already showing improvements in safety metrics.
- ▼ **Operational Excellence:** Dairyland strives for high availability and reliable performance of its power plants and transmission system, as well as the overall performance of the organization. The expectation is that Dairyland’s operational performance will be 100 percent compliant and in the top tier for the industry.
- ▼ **Plant Decommissioning:** Dairyland must successfully complete decommissioning of the La Crosse Boiling Water Reactor (LACBWR) and the Alma Station in a manner that ensures public safety and compliance with all regulatory requirements while minimizing the cost impact on Dairyland’s members.

Dairyland’s Vision, Mission and Values statement was also updated to reflect the plan developed to meet the

evolving needs of Dairyland’s members including Taylor Electric Cooperative.

Evolving Generation Portfolio

Your Taylor Electric board of Directors attended Dairyland’s 2015 annual meeting, heard the theme “Evolving Cooperatively,” and a large focus was on the diversification of energy resources, including more renewable energy. At that time, Dairyland issued a request for proposals for up to 25 MW of solar energy resource which resulted in numerous competitively priced proposals. Beginning this spring, several solar installations will be built throughout Dairyland’s service area in 2016, the largest in our cooperative’s service territory!

Staff members are working to further diversify resources without stranding the assets and investments of members and a number of other options are being evaluated, including natural gas generation, additional wind and other renewable resources.

Power Delivery Projects

Dairyland continues to rebuild its backbone transmission network by focusing on its 161 kV transmission line between Genoa and Alma (known as the Q-1). Originally constructed circa 1950, the line’s wood structures needed replacement to maintain continued safe and reliable electric service in the area. Wood poles are replaced by steel poles, which are much less prone to deterioration.

In fall 2015, Dairyland completed the Holmen to Marshland segment of that line (that portion now known as Q-28). To protect the environment, Dairyland contracted for a heavy-lift helicopter to set poles for a portion of this segment in the Van Loon Wildlife Area (Black River Bottoms). I, along with a majority of the other Dairyland Directors, was able to view this monumental event in person. And, I’m happy to report that you’ll be able to view it too, at our Annual Meeting. Dairyland anticipates finishing this rebuild in 2017 from

Holmen to the La Crosse Tap through the heavily populated Onalaska and the Valley View Mall area.

Dairyland is an 11 percent owner of the CapX2020 Hampton-Rochester-La Crosse 345 kV line with an expected final completion in 2016. A segment of the 345 kV line from North Rochester to Briggs Road (La Crosse area) was completed and put into service in the fall of 2015. The line was built to serve local load in the area and is delivering expected results by reducing congestion, enhancing reliability and providing access to economic energy, including renewable resources. As part of the project, CapX2020 rebuilt approximately 24 miles of Dairyland's existing line as a double circuit 345/161 kV transmission line, saving Dairyland's members millions of dollars.

Two other regional 345 kV transmission projects are in various phases of approval. Dairyland is a 5 percent participant in a portion of the Badger Coulee Project (La Crosse to north Madison). Construction will begin in 2016 with the project in service in 2018. Dairyland also reached agreement to be a 9 percent participant in the Cardinal-Hickory Creek project (Madison to Dubuque). Both projects have MISO MVP (multi-value project) status which make them a good investment for Dairyland's members. As this status is something new, I will give a more detailed explanation at our annual meeting, with opportunities for you to ask questions.

Every year, Dairyland also rebuilds, constructs or upgrades approximately 50 miles of 69 kV transmission lines to improve service and reliability. Dairyland works closely with the local member cooperative, landowners, local officials and state departments of natural resources to meet their expectations during the construction of these projects.

Plant Decommissioning

Dairyland is taking steps to complete decommissioning of both the La Crosse Boiling Water Reactor (LACBWR) and Alma Station in a manner that ensures public safety and compliance with all regulatory requirements, while minimizing costs for Dairyland's members.

Dairyland and EnergySolutions, a national radioactive waste services

contractor, executed a "licensed stewardship" agreement in October 2015 for the final decommissioning of LACBWR.

LACBWR has not operated since 1987; however, the used fuel had remained on-site until it was transferred to the Independent Spent Fuel Storage Installation (ISFSI) on the south end of the Genoa Site in 2012. The fuel is monitored around the clock at the ISFSI, in accordance with NRC regulations.

Dairyland is currently pursuing the recovery of costs previously incurred for its shutdown nuclear facility, the La Crosse Boiling Water Reactor (LACBWR) from 2007-2012 totaling about \$85 million. This includes the cost of the Independent Spent Fuel Storage Installation (ISFSI) which was constructed to safely store the used fuel onsite. The federal suit, if successful, would recover a large percentage of costs associated with the project.

You may recall Dairyland was successful in recovering \$37.6 million in LACBWR costs that were previously incurred. One-half of that was returned to co-ops in January 2013, while the rest is being returned to members via rate relief through 2021.

Maintaining financial strength

Efficiency measures have been effective in helping hold rates steady in recent years with no rate increases for the past two years. Balancing the importance of long-term financial stability and keeping rates as low as practical, Dairyland's Management presented a 2016 budget with a 2.6% wholesale rate increase beginning May 1st. The largest contributing costs are associated with planned environmental improvements, local and regional transmission improvements/projects, the cost of fuel and transportation, purchased power and transmission costs from others.

Overall, Dairyland's year-end results were positive with an increase in margins, strengthening Dairyland's overall financial position. For 2015, net margins increased to \$26.7 million, up from 2014 margins \$22.9 million.

Dairyland's total net generation and purchased power decreased from 6.5 billion kWh in 2014 to 5.9 billion kilowatt-hours (kWh) in 2015. A mild winter and decreased energy use by

some commercial customers contributed to lower energy loads. Class A members showed a slight decrease from 4.9 billion kWh in 2014 to 4.8 billion kWh. Total operating revenues for 2015 decreased to \$418.3 million, as compared to \$447.7 million in 2014.

Fuel to operate its generating facilities continues to be Dairyland's largest annual expense, with barge and rail transportation of coal constituting a significant portion of that cost. Dairyland's plants used about 2.2 million tons of coal in 2015 including its 30 percent share of the Weston 4 power plant.

Looking Forward

As we reflect on Dairyland's strong 75-year history in 2016, we continue to plan for the future, and I am pleased that Dairyland is positioned financially and operationally sound. I assure you that the dedication of our cooperative founders endures today as Dairyland continues to help us all "live the cooperative advantage" by planning to meet our needs with reliable, safe, sustainable and competitively-priced electricity.

Taylor Electric Cooperative is one of 25 member distribution cooperatives that receive all of our 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 Cooperative for 10 years and have been honored to serve as your representative on the Dairyland Board this past year.

Learn more about Dairyland Power at www.dairynet.com. Here you will find a wealth of information about Dairyland's generating facilities, transmission system, renewable energy sources, project updates, energy efficiency, cooperative history, career opportunities and more. Also, follow Dairyland on Facebook, Twitter and YouTube.

-Chairman, Dean Tesch

Capital Credit Summary (12-31-15)

Year	Amount Assigned	General & Estates Retired	Balance Unretired
1987 & PRIOR	\$4,681,382.07	\$4,681,382.07	\$0.00
1988	257,893.31	200,622.83	57,270.48
1989	323,212.70	208,625.31	114,587.39
1990	333,021.14	228,200.48	104,820.66
1991	369,256.47	288,024.95	81,231.52
1992	236,034.08	168,231.54	67,802.54
1993	354,603.23	309,660.52	44,942.71
1994	481,457.29	157,731.33	323,725.96
1995	354,791.54	43,959.93	310,831.61
1996	534,890.46	59,338.19	475,552.27
1997	436,335.32	40,278.32	396,057.00
1998	258,541.17	20,642.92	237,898.25
1999	338,297.08	23,021.78	315,275.30
2000	193,534.53	11,821.17	181,713.36
2001	204,490.16	11,347.30	193,142.86
2002	183,971.17	8,846.07	175,125.10
2003	357,390.78	14,668.54	342,722.24
2004	261,348.87	7,989.18	253,359.69
2005	381,604.84	8,176.29	373,428.55
2006	284,189.98	5,344.06	278,845.92
2007	382,359.90	6,749.47	375,610.43
2008	391,535.30	6,109.88	385,425.42
2009	480,886.38	6,611.63	474,274.75
2010	317,526.86	4,163.44	313,363.42
2011	526,150.01	4,173.98	521,976.03
2012	371,401.55	2,380.06	369,021.49
2013	648,157.37	2,819.44	645,337.93
2014	569,129.38	1,229.22	567,900.16
	<u>\$14,513,392.94</u>	<u>\$6,532,149.90</u>	<u>\$7,981,243.04</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, 2015 by the auditing firm of Bauman Associates, P.O. Box 1225, Eau Claire, WI 54702

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 12/31/14 and 12/31/15)

December 31, 2014

December 31, 2015
(unaudited)

ASSETS

UTILITY PLANT

	\$25,852,662	
Less Depreciation Reserve	<u>(9,040,170)</u>	16,812,492

	\$26,472,781	
	<u>(9,551,919)</u>	16,920,862

CURRENT AND OTHER ASSETS

Cash-General	195,182	
Cash-Loan Funds	0	
Investment in Assoc. Organizations	3,907,787	
Investments-Economic Development Loans	0	
Investments-Other	12,661	
Farm Wiring-Notes Receivable	9,454	
Accounts Receivable (Inc. Dec. Bills)	908,460	
Materials and Supplies	264,534	
Prepaid Deferred Charges	532,524	

	143,065	
	0	
	4,111,393	
	0	
	6,800	
	6,853	
	811,664	
	231,232	
	<u>625,202</u>	

TOTAL CURRENT AND OTHER ASSETS 5,830,602

5,936,209

TOTAL ASSETS

\$22,643,094

\$22,857,071

LIABILITIES, CREDITS AND RESERVES

LONG TERM DEBT

CFC Loans	12,224,567	
REA Economic Development Loan	0	
DPC Economic Development Loan	0	
Balance Due on Long Term Obligations	<u>12,224,567</u>	

	12,701,314	
	0	
	0	
	<u>12,701,314</u>	

CURRENT AND OTHER OBLIGATIONS

Current and Accrued Liabilities	1,312,219	
CFC Line of Credit	172,671	
Other Liabilities	150,457	
Total Current and Other Obligations	<u>1,635,347</u>	

	1,182,343	
	0	
	110,535	
	<u>1,292,878</u>	

TOTAL LIABILITIES

13,859,914

13,994,192

MARGINS AND MEMBER EQUITY

Patronage Capital		
Taylor Electric Cooperative	9,365,941	
Dairyland Power	<u>4,578,323</u>	13,944,264
Capital Retired - Taylor	4,387,439	
Capital Retired - Dairyland	<u>1,843,093</u>	(6,230,532)
Net Patronage Assigned		<u>7,713,732</u>

	9,697,378	
	<u>4,816,015</u>	14,513,393
	4,614,562	
	<u>1,917,588</u>	(6,532,150)
		<u>7,981,243</u>

Patronage for year	588,668	
Donated Capital	4,087	
Other Margins	<u>476,693</u>	

	353,246	
	4,087	
	<u>524,303</u>	

Total Member and Patron Equity

1,069,448

881,636

TOTAL LIABILITIES, CREDITS AND RESERVES

\$22,643,094

\$22,857,071

Statement of Revenue and Expense

	YEAR ENDING 12/31/14	(Unaudited) YEAR ENDING 12/31/15
OPERATING REVENUE		
Electric Energy Revenue	\$8,918,960	\$8,774,321
Misc Electric Revenue	52,535	55,833
TOTAL REVENUE	8,971,495	8,830,154
OPERATING EXPENSES		
Cost of Purchased Power	5,227,035	5,214,732
Operating Expense	414,016	464,601
Maintenance Expense	669,493	633,371
Consumer Accounts Expense	262,550	271,253
Customer Service & Information	53,305	52,241
Sales Expense - Power Use	39,492	44,512
Administrative Expense	230,129	225,786
Outside Services Employed	47,478	56,558
Insurance, Safety & Benefits	96,986	110,842
Misc. General Expense	47,126	52,146
Directors Fees & Mileage	38,383	43,861
Maintenance of General Property	52,292	34,372
Depreciation Expense	787,674	846,656
Taxes - Property	119,915	115,791
TOTAL EXPENSES	8,085,874	8,166,722
Operating Margins before Interest	885,621	663,432
Interest on Long Term Debt	648,737	655,820
Other	5,581	2,891
TOTAL OTHER DEDUCTIONS	654,318	658,711
TOTAL OPERATING MARGINS	231,303	4,721
Other Interest Revenue	11,949	11,882
Other Non Operating Margins	107,723	91,016
TOTAL NON OPERATING MARGINS	119,672	102,898
TOTAL MARGINS - Taylor	350,975	107,619
TOTAL MARGINS - Dairyland	237,693	245,627
TOTAL MARGINS ASSIGNABLE AS CAPITAL CREDITS	\$588,668	\$353,246

Co-op Connections® Program Offers Value to Members

Taylor Electric Cooperative is offering a program that provides further proof that being a member of an electric cooperative has its advantages. The Co-op Connections program, a card-based member benefit program for Touchstone Energy® cooperatives, is designed to deliver added value to cooperative members. Taylor Electric Cooperative has implemented this program in conjunction with the other Touchstone Energy co-ops serving 17 million member-owners nationwide.

A free offering for co-op members and participating businesses, the program benefits cooperative members by offering valuable discounts at participating local and national businesses. At the same time, those businesses benefit from increased customer visits by co-op members participating in the program.

Co-op members can find which businesses are participating on

page 18 of this report or by logging on to Taylor Electric's website: www.taylorselectric.org.

It will be easy to pick out which local businesses are participating. Look for the Co-op Connections stickers in their windows or at the cash register. Whenever a Co-op Connections customer — whether from Taylor Electric Cooperative or from one of the hundreds of Touchstone Energy electric co-ops across the country — shows their card at a participating business, they receive a discount.

"The Co-op Connections card is a valuable tool that creates an even greater sense of membership and reinforces Taylor Electric Cooperative's longstanding commitment to community," said Mike Schaefer. "It adds value and increases customer loyalty at participating businesses. Simply put, the Co-op Connections program is another way our members benefit from being a part of their electric



cooperative," added Schaefer.

Touchstone Energy is a national alliance of local, consumer-owned electric cooperatives providing high standards of service to customers large and small. More than 600 Touchstone Energy cooperatives in 44 states are delivering energy and energy solutions to approximately 17 million customers every day. Touchstone Energy cooperatives serve their members with integrity, accountability, innovation and a longstanding commitment to communities.

What is load management?

Load management is a program used to control the power to residential water heaters, central air conditioners and off-peak electric heat.

To help reduce electric demand and control costs to our members, controlling is done when market prices are extreme or when peak electric demands are at their highest. As the demand for electricity increases, the ability to control loads is becoming more valuable to our members. By controlling electric loads during peak times, we are able to avoid purchasing power on the open market, which is considerably more expensive during demand periods. This in turn, helps Taylor Electric keep your rates lower.

Members who have radio receivers on their water heaters, also receive a \$4 monthly credit.

A load management control is a small radio receiver (about 6" square) that is connected to a water heater, electric heat or central air conditioner. A radio signal is sent by Dairyland Power Cooperative, our wholesale power provider, only when there is a need to control peak demand. The status of the receiver is shown by lights in a small window on the receiver. A red light indicates that the power to your water heater has been temporarily interrupted. If the light is yellow, that indicates the power is off to your electric heat or central

air unit. If at any time power to the radio receiver is interrupted, power is delayed 7 ½ minutes after power is restored to the receiver.

To check your load management status (example link below), go to www.taylorselectric.org and click on the Load Management link on the home page.

If you are interested in Load Management, give us a call at 715-678-2411.

LOAD MANAGEMENT

Check your load management status:
[Residential](#) | [Commercial](#)



2015 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 2015 graduates were awarded \$200 scholarships:

Congratulations!

Medford High School

Margaret Hamann
Brent Hartwig
Marissa Laher
Alyssa Loertscher
Zach Smola
Kelsey Vandenheuvel

Colby High School

RaeAnn Hoppe

Northland Lutheran

Savanna Jeppesen

2015 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.



Medford Area Senior High

Karyssa Gulish
Tessa Plautz

Colby High School

Konnor Denzine

Abbotsford High School

Aaron Leiby

Rib Lake High School

Jordan Cardey

Congratulations!

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



Please visit our website!

Check our website at www.taylorlectric.org to view and pay your bill, download incentive forms, and even perform your own energy audit. Go online today and take a look.



www.taylorlectric.org

TAYLOR ELECTRIC Cooperative
Your Touchstone Energy® Partner

Log in to my account

Products and Services ▾ Incentive and Programs ▾ Energy Savings ▾ My Co-op News ▾ About Us ▾ Outages Contact Us

Powering Human Connections »

BRIGHT HORIZONS - COMMUNITY SOLAR

CELEBRATING 80 YEARS MAR. 12TH ANNUAL MEETING

SAVE MONEY WITH 2016 INCENTIVES

Taylor Electric Cooperative | Your Touchstone Energy Partner

Taylor Electric Cooperative is a rural electric distribution cooperative, established under the USDA Rural Electrification Act. Electric service is provided to more than 4,300 customers in rural areas of Taylor County, plus portions of Marathon, Clark, and Lincoln Counties. Other services offered to members and the community at-large include electric grills, electric fireplaces and heating products, long distance telephone service, and more.

Taylor Electric Cooperative is proud to be a member of the Dairyland Cooperative. Taylor Electric Cooperative is a partner with the nearly 600 Touchstone Energy Cooperatives nationwide, who serve more than 16 million customers in 44 states, and strive for service excellence through accountability, integrity, innovation, and commitment to community.

Report Outages Call 715.678.2411 | View Outage Map>>

Together We Can Save >>

Medford, WI

FEB 15 - MON

23°F
broken clouds

DAY	COND.	TEMP.
MON 02/15		18/18°F
TUE 02/16		28/14°F
WED 02/17		21/19°F
THU 02/18		29/37°F
FRI 02/19		48/36°F

smarthub

mobile

The new way to pay online!

Now available!

There's a new and smarter way to 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
- Report an outage
- 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.



The Employees of Taylor Electric



Management Employees

(From left) Patti Nelson, Finance and Administration Manager; Michael Schaefer, President and CEO; and Kevin Comstock, Line Superintendent.

Line Crew

Front row (left to right): Ron Mayer, Justin Fuchs and Geoff Mueller.

Back row (left to right): Dan Fuchs, Wade Matyka and Brandon Ahrens.



Office Employees

(From left): Lainie Kellnhofer, Mary Lavin, Becky Rindt and Lisa Mencheski.

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.

2014-2015 Statistical Comparison

	2014	2015
Underground Construction	(2.62) Miles	0.63 Miles
Overhead Construction	5.29 Miles	1.70 Miles
Total Underground Miles	404.02 Miles	404.65 Miles
Total Overhead Miles	455.36 Miles	457.06 Miles
New Services	20	30
Total Services Billed	4,358	4,363
Total Kilowatts Purchased	75,280,380 KWH	71,830,309 KWH
Bright Horizons Kilowatts Generated		38,304
Total Kilowatts Sold	70,882,866 KWH	67,616,634 KWH
Total Kilowatts Unaccounted For	4,397,514 KWH	4,251,979 KWH
Percentage of Line Loss	5.84%	5.92%

Make Plans To Attend Your Annual Meeting

Saturday, March 12, 2016

9:30 AM

Medford Area Senior High School Registration begins at 8:30 AM

Election of three directors to succeed Dennis Engel, Ray Henrichs and JoAnn Smith. All are eligible for re-election.

GUEST SPEAKER

Stephen Freese, WECA Manager and Vice President of Cooperative Network Electric Division

One pound of butter and one pound of cheese will be given to each registered member.

Also, a special attendance gift!



You must bring the registration form from the back cover of this report to the annual meeting due to electronic registration process.



We hope to see you there!

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

A-Z Town & Country, Colby

Free suet cake with the purchase of any 20# or larger bag of bird seed.

Bearly Used Children & Maternity Consignment, Medford

\$1 off purchase of \$10 or more. Must present card at time of purchase. Not valid with any other discounts or promotions.

Broadway Theater, Medford

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

Carquest Auto Parts, Medford

10% discount on purchases up to \$200

C&D Lumber, Rib Lake

5% off single purchase over \$500, not good in conjunction with other coupons or other offers

Computer TR, Abbotsford

10% off on labor

Glass to Go, Inc., Medford

5% off in-shop windshield replacement. Buy 1 Rain-X Wiper Blade, get second blade 1/2 off.

Heartland Cooperative Services - Athens, Dorchester, Greenwood, Hamburg, Owen

10% discount on all dog and cat food

Holmes Studio East, Medford

10% off on studio family portraits including sessions.

Jack's Auto Repair LLC, Stetsonville

10% off exhaust repairs over \$50, 10% off any brake related parts & labor.

Life's High Points Photography, Medford

15% discount

McDonald's, Abbotsford, Medford, Stanley and Thorp

1 free biscuit sandwich with the purchase of a medium or large size McCafe beverage

Medford Health Mart Pharmacy, Medford

20% off any Health Mart label

Mertens Garage Inc. - (dba Mertens Chrysler Jeep Dodge Ram)

\$100 gas card with purchase of any new truck or car (must present coupon with 24 hours of purchase)

Meyer Auto Body, Medford

5% discount on any body repair over \$500. 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 off any passenger or light truck tire-not good in conjunction with any other coupons or offers.

Mypride Kennel, Medford

10% off grooming or boarding services

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.

Pernsteiner Carpets, Medford

Cost plus 10% on 10 yards per year of ordered in carpet or vinyl.

Ron's Auto Body Repair, Medford

10% off for anyone over 55 or older on labor

Schierl Tire & Service Center, Medford

\$5 off an oil change. \$10 off parts for service repairs.



Stetsonville Lumber, Stetsonville

5% off single purchase over \$500-not good in conjunction with other coupons or offers.

Stetsonville Oil Company, Stetsonville

\$5 off oil lube filter service.

Strama's Self-Serve, Medford

Buy one ice cream (cone or dish) and get the 2nd 1/2 price.

Subway, Medford & Colby

50¢ off any sub or salad

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 balance. Limit one per family.

Wanke Builders, Medford

Free foundation water proofing on your new home purchase

Willow Cottage Pet Grooming, Medford

\$5 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 for your use
- ◆ 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. Watch for exciting updates on new pricing options!!

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!



Your Touchstone Energy® Partner



TAYLOR REPORT Annual Report Issue

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Michael Schaefer, *President & CEO*
Lainie Kellnhofer, *Editor*



Clip and use as Annual Meeting Registration and Prize Eligibility. Bring this slip to the annual meeting to receive door prizes.



Notice of 2016 Annual Meeting Taylor Electric Cooperative

Saturday, March 12, 2016 - 9:30 AM

The 2016 annual meeting of the members of Taylor Electric Cooperative will be held at the Medford Area Senior High School in the City of Medford, Taylor County on Saturday, March 12, 2016, beginning at 9:30 AM. 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 to succeed Dennis Engel, Ray Henrichs and JoAnn Smith. Dennis Engel was elected to complete the term of the vacated seat held by Brian Kulas. Dennis is eligible for re-election. Ray Henrichs and JoAnn Smith have both completed three three-year terms and are eligible for re-election.
3. Any such other business as may come before said meeting and or adjournment thereof.

Dated this 24th day of February, 2016

Patricia Waldhart, Secretary