

# 2016 ANNUAL REPORT

**1**  
Voluntary  
and Open  
Membership

**2**  
Democratic  
Member  
Control

**3**  
Member's  
Economic  
Participation

**4**  
Autonomy and  
Independence

**5**  
Education,  
Training, and  
Information

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Cooperation  
Among  
Cooperatives

**7**  
Concern for  
Community

**The Seven  
Cooperative  
Principles**

***Achieving sustainable  
development for all.***

**TAYLOR ELECTRIC COOPERATIVE**

**ANNUAL MEETING**

**Saturday, March 25, 2017**

9:30 AM ▲ Medford Area Senior High School

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



# 2017 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 2016 minutes
  - Introduction of board
  - Board Chairman's report
  - President/CEO's report
  - Election of 2 board members
  - Dairyland Power Cooperative's 75th Anniversary video
  - WECA Director of Government Relations, Beata Wierzba
  - 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

In 2016 we celebrated the 80th anniversary of Taylor Electric Cooperative. It's rather amazing to review the history of our co-op, to reflect on what had to be done to get power to the homes and farms in the rural areas we serve, and to talk to some of the people who remember the day the lights came on in their home. We cannot imagine our lives without electricity; many do not appreciate the value it provides.

The struggle to provide competitive electric service continues in the face of increasing costs, especially in the ownership of assets for generation and transmission of electricity; meeting environmental and regulatory requirements; and, the cost of including renewable energy sources in the mix. As expected, the 2016 rate increase was unpopular, but necessary to maintain the financial health of the cooperative. Base rates increased slightly, to provide a proper contribution from each member for the cost of providing the local service. The price per kilowatt-hour for energy was broken down on members' retail electric bills, to allow the seasonal variance, and peak time rates to better reflect those from our power supplier. Probably the biggest advantage of the 2016 rate changes is that the power cost adjustment (PCA) is now directly reflective of any wholesale price variations. In fact, it proved useful in allowing us to pass thru two PCA credits to members in 2016, reducing your electric bills.

Overall, 2016 was a very successful year, allowing the Board of Directors to make some financial decisions which builds members' equity in the Co-op, and also to refund capital credits to those who patronized the Cooperative in prior years.

## The Bottom Line - Financial Performance

Kilowatt-hour (kWh) sales decreased another 1/2% in 2016 from 2015. Due to the rate increase, the average Revenue per kWh increased nearly 0.6¢ while the cost per kWh of Wholesale Power purchases remained constant.

Line loss improved again in 2016, indicating the continued success of brushing and tree trimming programs.

Local costs for Operations, System Maintenance, Billing, Accounting, and Administration increased \$120,000 (6%) for the year. In addition to the normal increases on labor and benefits (including an additional office staff employee in anticipation of a 2017 retirement), electric bill processing and collection costs increased, additional OCR (oil circuit reclosers, or breakers) maintenance was performed, and also underground cabinet inspections; these last two as we had gotten behind on our scheduled maintenance.

More than \$280,000 of capital credit refunds were made to members last year. With the 2016 capital credit retirement, the Cooperative has returned more than \$6.8 Million to the member-owners since the Co-op's inception.

## New Construction & Operations

Twenty-two new service installations were completed in 2016, a decrease from the 30 installed in 2015. Power line construction and replacements/upgrades in 2016 continued at a pace of just under \$1 Million.

## Maintaining Reliability

The 4.68 average hours per member of outage time in 2016, taken as a whole was well above average. However, with more than 2 1/2 hours of outage time attributed to trans-



*Michael Schaefer*

mission and substation causes, and another 1.3 hours due to major storm events, it leaves less than 1 hour of what would be deemed as controllable causes that can be effected by line maintenance, tree trimming and brushing. This stresses the importance of the ongoing tree trimming and maintenance programs. In 2016, more than \$293,000 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 does pay dividends with reduced maintenance and fewer outages.

## Looking ahead to 2017

The 2017 capital budget calls for us to continue replacing and upgrading the electric delivery system in areas where needed, at an approximate cost of \$800,000. We also plan to replace a 2003 model bucket truck and a flatbed dump truck at a total cost of \$275,000. An additional \$281,500 is budgeted for tools, security systems, meter upgrades, and power quality equipment.

The 2.0 megawatt SoCore Energy solar project located next to our Medford Substation, just north of State Highway 64 on County Highway Q

*more...*

## President & CEO Report (continued)

has been producing power since late February. Dairyland Power Cooperative purchases the output from this project; Taylor Electric has no current ownership in this project. In fact, all of the work and equipment we invested in to upgrade our system for making the interconnection with this project feasible, was 100% reimbursed to us by SoCore. This includes a signed promise for reimbursement of future repairs or replacement of the 2500 KVA transformer the site required (this is a transformer that is far larger than any other used on our system, and is not an item we stock).

Taylor Electric Bright Horizons community solar has been operational for more than a year and a half. We still have participation units to sell, and look forward to talking with you if you are interested in being

“green”. 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 from the unsold shares had a value of nearly \$4,300 in 2016.

The good news in all of this is that we anticipate no retail rate increase in 2017. Dairyland has indicated they plan no wholesale rate changes this year, so except for unforeseen circumstances, rates should stay as is. Taylor Electric’s budget projects another year of decreasing sales, much of which is due to energy-efficiency improvements by our members, other energy choices for heating and household chores like cooking, drying clothes, etc., and additional interconnection of member-owned solar and renewable energy

projects. By the way, we may be able to better help you with additional renewable energy choices in the not too distant future. Watch for upcoming information in the coming months.

### Thank you!

We appreciate the cooperation and involvement of all of our members in helping make Taylor Electric Cooperative a success during the past year, and for all of our 80+ year history. Let us not forget the hard work and dedication of the present workforce, and those who came before us. I’m sure they would all tell you, that it was, and still is, a pleasure to serve you.

We invite you to attend your annual meeting on March 25th. 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](http://www.focusonenergy.com) or call 800-762-7077.

# Chairman's Report

Last year this message addressed the health of your cooperative. 2015 operating margins were barely positive at \$4,721. A healthy cooperative has to generate enough margins to keep its system safe and reliable, while at the same time maintaining or growing equity, AND at the same time retiring capital credits to members – members who have provided this equity for over 20 years. Furthermore, a healthy cooperative doesn't depend on weather (extreme cold in winter and scorching heat and humidity in summer) either.

That's why your board of directors approved a new rate structure, one that separated the costs of energy from the local costs of operating your cooperative. This new structure appeared on your May of 2016 bill. As you can see in the financial report, your cooperative is much healthier financially. There are sufficient operating margins to retire capital credits, to maintain or even grow equity, and most importantly – to maintain a safe and reliable system.

The new structure also provides more transparency. Changes in the costs of power flow through directly to your bill. That means when Dairyland charges more for energy in the summer, you see that increase. Likewise, when Dairyland returns a power cost adjustment, you clearly see the credit (*or adder as the case may be*).

That spirit of transparency guided your board of directors when Taylor Electric received its portion of the Nuclear Waste Policy Act settlement. In October 2016, Dairyland accepted a settlement offer from the U.S. Court of Federal Claims for damages related to the government's breach of contract with LACBWR, Dairyland's shutdown nuclear facility. The settlement is the result of Dairyland's second round of litigation with the U.S. government covering the 2007-

## 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>

2012 time frame. During that period of time, Taylor Electric Cooperative members contributed to the costs of developing an Independent Spent Fuel Storage Installation (ISFSI), the costs of transferring the fuel to the casks, and the ongoing costs related to spent fuel storage. Therefore, your board of directors acted to return the settlement funds to those who were members in those years, 2007-2012.

The health of your cooperative isn't measured just with positive margins or growing equity levels. Safety and reliability are health measures too. And nothing factors into safety and reliability more than people. The management and employees of your cooperative are dedicated, skilled and knowledgeable. They are never satisfied with the status quo. They go through training and classes to hone their skills and deepen their knowledge in this ever-changing and increasingly technical industry. At the same time and at every level, efficiencies are sought to use every dollar wisely. Top of mind is this truth: "it's the members' money".

Finally, a measure of health relates to the people you've elected for the governance of your cooperative. You elected directors from a variety of walks of life. And yet from these varied backgrounds, they all dig in to learn as much they can about this industry, the issues facing Dairyland your power supplier, and about Taylor Electric Cooperative. To share one example, consider our all-requirements or wholesale power contract (WPC) with Dairyland. Periodically this contract is amended and modified. That time has come again and your board of directors is engaged in learning all they can about the current contract, as well as the costs and benefits of any changes to this contract. And as was said in the previous paragraph, it is top of mind that Taylor Electric is YOUR cooperative and it's YOUR money.

Thank you for the privilege of serving you.

*-Dean R. Tesch, Board Chairman*



# Dairyland Director Report

## *Dairyland maintains stable rates for 2017*

In recognition of its 75th anniversary, Dairyland Power Cooperative honored its legacy and the strong foundation built by past cooperative leaders during 2016. At the same time, Dairyland has been executing business plans that align with the strategic guidance of the Board and member cooperatives.

As your representative on the Dairyland Board of Directors, I am pleased to report that Dairyland's rates will remain stable for 2017. I assure you that Dairyland staff is dedicated to providing a **safe, reliable** and **sustainable** supply of electricity that remains **affordable** for members of Taylor Electric Cooperative.

Dairyland is implementing business plans in all areas of operations to achieve the cooperative's top strategic priorities.

**Cooperative Purpose:** Exceeding members' expectations is Dairyland's vision. Dairyland staff are committed to living the seven cooperative principles and leveraging the cooperative advantage. They are focused on improving communities and the quality of life in our region.

**Employee Development:** Dairyland is focusing on attracting, developing and retaining talented leaders who are focused on serving co-op members. Maintaining and improving performance depends on a skilled and motivated work force.

**Resource Diversification:** Diversifying the energy resource mix and expanding the use of renewable energy are strategic priorities. Dairyland staff have developed a long-term "preferred plan" for generation resources that diversifies intentionally and thoughtfully by using the best economic decisions for a sustainable resource mix.

In 2016, Dairyland announced agreements for 15 new solar installations with total solar generation of 20

MW. As a cooperative initiative, the solar facilities are being built in the service areas of Dairyland's member cooperatives, like Taylor's. The advantages of multiple projects in separate locations include: diverse weather patterns, distributed grid infrastructure impacts and locally-based renewable energy.

Together, the solar facilities will be able to produce enough renewable energy to power over 3,000 homes. The solar installations will range between .5 MW to 2.5 MW in scale. They will be tracking systems which follow the path of the sun to increase energy production. All are expected to be operational by summer 2017. The one near our Medford substation is 2 MW and became operational last month.

Although these projects constitute Dairyland's largest solar investments to date, Dairyland also purchases energy from other major solar installations (Westby, Wis., Oronoco, Minn., and Galena, Ill.). Dairyland's Solar for Schools renewable energy and education initiative is establishing solar generation at three high schools and one college campus in its western Wisconsin service territory. In addition, there are over 900 consumer-owned distributed generation solar installations in Dairyland's service area.

Dairyland's leadership role with solar energy supports is part of its strategy to diversify generation resources. Efforts continue to further diversify resources without stranding the assets and investments of members.

In addition to the solar projects, a power purchase agreement with EDP Renewables for the output of the Quilt Block 98 MW wind power project in southwest Wisconsin was announced at Dairyland's 75th Annual Meeting in June.

Dairyland's preferred plan is also designed to provide members value in

terms of costs, which can be a challenge. A number of other options are being evaluated, including natural gas generation, additional wind and other renewable resources.

**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. Stable rates for 2017 reflect Dairyland's focus 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, 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 grow and add businesses and jobs that benefit the entire system. Dairyland is also partnering with others to strengthen the transmission infrastructure in our region.

**Safety Culture:** The safety of employees, members and the general public remains a foundational value. Dairyland employees continue to educate, promote and maintain the safety focus as they strive for an operational goal of "zero incidents." These efforts are showing improvements in safety metrics. This is similar to an effort by Taylor's board and management to achieve safety accreditation.

**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.

The Genoa Station #3 (G-3) and John P. Madgett (JPM) coal-fired generating stations once again achieved "World Class Status" for their minimal forced outage rates due to boiler tube failures (BTFs) in 2016. As Dairyland tracks operational performance at its plants, lowering forced outage rates is a key objective. Safety is also enhanced, as a reduction in forced outage rates minimizes potential hazards that can be caused by BTFs.

A scheduled major turbine overhaul and maintenance outage was completed at G-3 in January 2017. These significant projects are contracted every eight years to ensure operational efficiency and reliability.

Dairyland is in the midst of rebuilding a vintage transmission line that extends 71 miles from Genoa through La Crosse to Alma, Wis. Known as the "Q-1" transmission line, this line is the primary provider of electricity for the City of La Crosse and the surrounding areas. It is in critical need of rebuilding from 65 years of use and exposure to the elements to ensure reliable power delivery. Wood poles are replaced by steel poles, which are much less prone to deterioration. Dairyland plans to finish the final segment of the line in 2017.

Partnerships in transmission infrastructure projects support our strategies for Operational Excellence as well as Growth. Dairyland is an 11 percent owner of the CapX2020 Hampton-Rochester-La Crosse 345 kV line which was completed in 2016.

Dairyland is participating in two other regional 345 kV transmission projects which are in various phases. Dairyland is a 5 percent participant in a portion of the Badger Coulee Project (La Crosse to north Madison). Construction is underway and the line is scheduled to be in service in 2018. Dairyland also is a 9 percent participant in the Cardinal-Hickory Creek project (Madison to Dubuque) which is going through the approval process. A study area from Dubuque County,

Iowa, to Dane County, Wisconsin, has been identified for the approximately 125-mile, 345-kilovolt line. Both projects have MISO MVP (multi-value project) status which make them a good investment for Dairyland's members.

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:** Projects are underway to 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 and reducing future liabilities.

Dairyland has contracted with EnergySolutions, a national radioactive waste services contractor for the final decommissioning of LACBWR. Under the agreement, EnergySolutions temporarily holds the license and assumes responsibility for the decommissioning of the LACBWR site. When completed, the license will return to Dairyland.

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.

In October 2016, Dairyland accepted a settlement offer of \$73.5 million from the U.S. Court of Federal Claims for damages related to the government's breach of contract with LACBWR, Dairyland's shutdown nuclear facility. The net proceeds of the settlement were returned to Dairyland's member cooperatives in February 2017. Your board of Directors

approved a plan to return these funds to those members paying electric bills during the period of the lawsuit, 2007 through 2012.

The Nuclear Waste Policy Act of 1982 gave the government responsibility for storage of the nation's spent nuclear fuel, with a deadline of Jan. 31, 1998, to begin accepting the fuel.

The settlement is the result of Dairyland's second round of litigation with the U.S. government regarding LACBWR. It represents the 2007-2012 time frame for expenses related to the development of the Independent Spent Fuel Storage Installation (ISFSI) dry cask storage site and the transfer of fuel to casks. It also includes Dairyland's ongoing costs related to spent fuel storage.

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 Dairyland's member co-ops, including Taylor Electric Cooperative, in January 2013, while the rest is being returned to member co-ops via rate relief through 2021. Dairyland plans to file a third claim for breach of contract damages incurred since 2013. This claim will primarily be comprised of costs related to the presence of the ISFSI at the Genoa Site.

I am pleased that Dairyland is positioned financially and operationally sound. I assure you that Dairyland continues to plan to meet our future energy needs.

Taylor Electric Cooperative is one of 24 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 11 years and have been honored to serve as your representative on the Dairyland Board for 2 1/2 years.

-Chairman, Dean Tesch

# Capital Credit Summary (12-31-16)

Year	Amount Assigned	General & Estates Retired	Balance Unretired
1987 & PRIOR	\$4,681,382.07	\$4,681,382.07	\$0.00
1988	257,893.31	249,301.03	8,592.28
1989	323,212.70	209,202.86	114,009.84
1990	333,021.14	228,648.44	104,372.70
1991	369,256.47	288,398.26	80,858.21
1992	236,034.08	168,610.73	67,423.35
1993	354,603.23	309,931.13	44,672.10
1994	481,457.29	362,222.96	119,234.33
1995	354,791.54	45,016.42	309,775.12
1996	534,890.46	60,887.93	474,002.53
1997	436,335.32	41,546.81	394,788.51
1998	258,541.17	21,398.24	237,142.93
1999	338,297.08	24,118.20	314,178.88
2000	193,534.53	12,508.71	181,025.82
2001	204,490.16	12,139.27	192,350.89
2002	183,971.17	9,577.26	174,393.91
2003	357,390.78	16,194.16	341,196.62
2004	261,348.87	9,226.19	252,122.68
2005	381,604.84	9,778.60	371,826.24
2006	284,189.98	6,489.25	277,700.73
2007	382,359.90	8,168.65	374,191.25
2008	391,535.30	7,595.39	383,939.91
2009	480,886.38	8,251.38	472,635.00
2010	317,526.86	5,260.90	312,265.96
2011	526,150.01	5,964.36	520,185.65
2012	371,401.55	3,455.94	367,945.61
2013	648,157.37	4,449.34	643,708.03
2014	569,129.38	2,563.75	566,565.63
2015	329,509.03	690.85	328,818.18
	<u>\$14,842,901.97</u>	<u>\$6,812,979.08</u>	<u>\$8,029,922.89</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, 2016 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 12/31/15 and 12/31/16)

	December 31, 2015		December 31, 2016 (unaudited)	
<b>ASSETS</b>				
<b>UTILITY PLANT</b>	\$26,472,781		\$27,110,510	
Less Depreciation Reserve	<u>(9,551,919)</u>	16,920,862	<u>(9,996,829)</u>	17,113,681
<b>CURRENT AND OTHER ASSETS</b>				
Cash-General	143,065		256,122	
Cash-Loan Funds	0		0	
Investment in Assoc. Organizations	4,111,393		4,274,422	
Investments-Economic Development Loans	0		0	
Investments-Other	6,800		161,197	
Farm Wiring-Notes Receivable	6,853		4,173	
Accounts Receivable (Inc. Dec. Bills)	811,664		900,507	
Materials and Supplies	231,232		205,471	
Prepaid Deferred Charges	<u>625,202</u>		<u>538,266</u>	
<b>TOTAL CURRENT AND OTHER ASSETS</b>		<u>5,936,209</u>		<u>6,340,158</u>
<b>TOTAL ASSETS</b>		<u>\$22,857,071</u>		<u>\$23,453,839</u>
<b>LIABILITIES, CREDITS AND RESERVES</b>				
<b>LONG TERM DEBT</b>				
CFC Loans	12,701,314		12,934,534	
REA Economic Development Loan	0		0	
DPC Economic Development Loan	<u>0</u>		<u>0</u>	
<b>Balance Due on Long Term Obligations</b>		<u>12,701,314</u>		<u>12,934,534</u>
<b>CURRENT AND OTHER OBLIGATIONS</b>				
Current and Accrued Liabilities	1,182,343		1,232,601	
CFC Line of Credit	0		0	
Other Liabilities	<u>110,535</u>		<u>95,381</u>	
<b>Total Current and Other Obligations</b>		<u>1,292,878</u>		<u>1,327,982</u>
<b>TOTAL LIABILITIES</b>		<u>13,994,192</u>		<u>14,262,516</u>
<b>MARGINS AND MEMBER EQUITY</b>				
Patronage Capital				
Taylor Electric Cooperative	9,697,378		9,781,260	
Dairyland Power	<u>4,816,015</u>	14,513,393	<u>5,061,642</u>	14,842,902
Capital Retired - Taylor	4,614,562		4,835,819	
Capital Retired - Dairyland	<u>1,917,588</u>	(6,532,150)	<u>1,977,160</u>	(6,812,979)
Net Patronage Assigned		<u>7,981,243</u>		<u>8,029,923</u>
Patronage for year	353,246		594,520	
Donated Capital	4,087		4,087	
Other Margins	<u>524,303</u>		<u>562,793</u>	
<b>Total Member and Patron Equity</b>		<u>881,636</u>		<u>1,161,400</u>
<b>TOTAL LIABILITIES, CREDITS AND RESERVES</b>		<u>\$22,857,071</u>		<u>\$23,453,839</u>



# Statement of Revenue and Expense

	<b>YEAR ENDING 12/31/15</b>	<b>(Unaudited) YEAR ENDING 12/31/16</b>
<b>OPERATING REVENUE</b>		
Electric Energy Revenue	\$8,774,321	\$9,120,944
Misc Electric Revenue	<u>55,833</u>	<u>52,472</u>
<b>TOTAL REVENUE</b>	8,830,154	9,173,416
<b>OPERATING EXPENSES</b>		
Cost of Purchased Power	5,214,732	5,165,785
Operating Expense	464,601	525,453
Maintenance Expense	633,371	623,784
Consumer Accounts Expense	271,253	331,683
Customer Service & Information	52,241	36,027
Sales Expense - Power Use	44,512	41,485
Administrative Expense	225,786	243,155
Outside Services Employed	56,558	56,322
Insurance, Safety & Benefits	110,842	117,345
Misc. General Expense	52,146	51,734
Directors Fees & Mileage	43,861	40,641
Maintenance of General Property	34,372	42,196
Depreciation Expense	846,656	817,150
Taxes - Property	<u>115,791</u>	<u>128,333</u>
<b>TOTAL EXPENSES</b>	<u>8,166,722</u>	<u>8,221,093</u>
Operating Margins before Interest	663,432	952,323
Interest on Long Term Debt	655,820	656,105
Other	<u>2,891</u>	<u>6,774</u>
<b>TOTAL OTHER DEDUCTIONS</b>	<u>658,711</u>	<u>662,879</u>
<b>TOTAL OPERATING MARGINS</b>	4,721	289,444
Other Interest Revenue	11,882	11,937
Other Non Operating Margins	<u>91,016</u>	<u>88,278</u>
<b>TOTAL NON OPERATING MARGINS</b>	<u>102,898</u>	<u>100,215</u>
<b>TOTAL MARGINS - Taylor</b>	107,619	389,659
<b>TOTAL MARGINS - Dairyland</b>	<u>245,627</u>	<u>204,861</u>
<b>TOTAL MARGINS ASSIGNABLE AS CAPITAL CREDITS</b>	<u>\$353,246</u>	<u>\$594,520</u>

# 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](http://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](http://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](#)

# 2016 Director Scholarship Winners

The Taylor Electric Cooperative Board of Directors approved a motion on July 26, 2011, that each director of the cooperative donate one day's per diem to be used to fund Director Scholarships. The following 2016 graduates were awarded \$200 scholarships:

*Congratulations!*

## **Medford High School**

*Cody Brost  
Sydney Emmerich  
Lakyn Kummer  
Colton Nelson  
Brandon Rudolph*

## **Colby High School**

*Jordyn Halopka*

## **Northland Lutheran**

*Rebekah Edelburg*



# 2016 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**

*Sydney Elsner  
Heidi Flihs*

## **Colby High School**

*Dylan Brusky*

## **Abbotsford High School**

*Talon Laabs*

## **Rib Lake High School**

*Joe Scheithauer*

*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](http://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](http://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**

**KNOW WHAT'S BELOW CALL 811 BEFORE YOU DIG**

**2017 INCENTIVES: SAVING MONEY IN THE NEW YEAR**

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**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. If are unable to access any information on this website or have additional questions, please contact us at: [tayelec@taylorlectric.org](mailto:tayelec@taylorlectric.org), 715.678.2411 or N1831 State Highway 13, Medford, WI 54451.

**Report Outages Call 715.678.2411 | View Outage Map>>**

**Together We Can Save >>**

**Medford, WI**

FEB 14 - TUE

**35°F**  
clear sky

DAY	COND.	TEMP.
TUE 02/14		40/17°F
WED 02/15		21/9°F
THU 02/16		24/26°F
FRI 02/17		45/36°F
SAT 02/18		44/27°F

# The <sup>mobile</sup> 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



## 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](http://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.



## Questions?

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



# The Employees of Taylor Electric



## Management Employees

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

## 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: Lisa Mencheski, Becky Rindt, Sheena Johnas and Lainie Kellnhofer.*

# ACH– Recurring Payment Plan

**D**on'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](http://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.

## 2015-2016 Statistical Comparison

	2015	2016
Underground Construction	0.63 Miles	(0.91) Miles
Overhead Construction	1.70 Miles	1.41 Miles
Total Underground Miles	404.63 Miles	403.72 Miles
Total Overhead Miles	457.08 Miles	458.49 Miles
New Services	30	22
Total Services Billed	4,363	4,369
Total Kilowatts Purchased	71,830,309 KWH	71,340,043 KWH
Bright Horizons Kilowatts Generated	38,304	114,048
Total Kilowatts Sold	67,616,634 KWH	67,262,878 KWH
Total Kilowatts Unaccounted For	4,251,979 KWH	4,191,213 KWH
Percentage of Line Loss	5.92%	5.87%



# Make Plans To Attend Your Annual Meeting

**Saturday, March 25, 2017**

**9:30 AM**

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

Election of two directors to succeed Patricia Waldhart and Charles Zenner. Both are eligible for re-election.

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.**

## 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

### **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 \$200.00

### **C&D Lumber, Rib Lake**

5% off single purchase over \$500.00, 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 \$50.00, 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

### **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.

### **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**

\$5.00 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 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 \$5.00 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

**T**aylor 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



## 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 \$886 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!*



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U.S. Postage  
**PAID**  
DPC

N1831 State Highway 13  
Medford, WI 54451



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




# Notice of 2017 Annual Meeting Taylor Electric Cooperative

**Saturday, March 25, 2017 - 9:30 AM**

The 2017 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 25, 2017, 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 two directors for three-year terms to succeed Patricia Waldhart and Charles Zenner. Patricia has completed three three-year terms and is eligible for re-election. Charles has completed two 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 24th day of February, 2017

  
Patricia Waldhart, Secretary



## **SPECIAL NOTICE:**

**Were you an active member of Taylor Electric Cooperative between 2007-2012? If so, pick up your check at the annual meeting for your share of the \$733,000 nuclear refund.**