

Since 1940

# WISCONSIN ENERGY

*Cooperative*

March 2018 NEWS



**82<sup>nd</sup> Annual Meeting**  
**Monday, March 26**

## 82<sup>ND</sup> ANNUAL MEETING PROGRAM

Doors Open.....4:30 p.m.

Annual Meeting .....5:30 p.m.

Children's Room\* ..... 5-7:15 p.m.  
Ages 3-12 Fun Games and Activities

*\*Includes snack and dinner of Pizza, Vegetables and Dip, Cookies, Milk, Juice, Water*

Adult Dinner .....6:45 p.m.

*Menu: Tossed Garden Salad, Baked Herb Chicken, Garlic Smashed Potatoes, San Francisco Blend Vegetables, Dinner Rolls, Chocolate Cake with Raspberry Drizzle, Coffee, Tea, Milk, Water*

## NOTICE OF ANNUAL MEETING

Rock Energy Cooperative

March 26, 2018 • 5:30 p.m.

NOTICE IS HEREBY GIVEN that the annual meeting of Rock Energy Cooperative will be held at the Eclipse Center, Beloit, Wisconsin, on Monday, the 26th day of March, 2018, at 5:30 p.m. for the purpose of transacting whatever business may lawfully come before it. The order of business pursuant to the Bylaws shall be as follows:

1. Call to Order. Quorum Determination
2. Reading of Notice of Meeting
3. Approval of Minutes of Previous Annual Meeting
4. Reports of Officers, Directors, and Committees
5. Action on Proposed Bylaws Amendment (see accompanying text on back cover)
6. Election of Three (3) Directors
7. Unfinished Business
8. New Business/Questions
9. Adjournment

Dated this 26th day of February, 2018.

*Marian Trescher, secretary, Rock Energy Cooperative*

Members must attend this meeting if they wish to vote on co-op business items. Only one ballot per member will be issued at time of registration. Proxy and absentee voting are not allowed.

## MEET YOUR REC BOARD CANDIDATES

### District 1

**Barbara Miller**, who lives at 9925 W. County M in Porter Township, was elected to the board in 2017. She grew up on the family farm in Center Township and has lived on co-op lines for more than 30 years.



"I know from that experience the value of this cooperative's service to the rural community and appreciate its dedication to meet the needs of its members," she said.

Miller is retired after serving as a Brodhead School District teacher for 30 years. She received a bachelor's degree in education from UW-Whitewater and a master's degree in environmental education from the College of Natural Resources at UW-Stevens Point.

"I am impressed with REC's interest in our youth through the leadership opportunities offered as well as celebrating their academic success by awarding scholarships within its membership," said Miller, who has served on the co-op's scholarship committee.

She said she feels strongly about the cooperative business model and wishes that more co-ops existed in the area. "I realize the challenges any utility company faces with providing quality economical service, yet being environmentally sustaining."

### District 3

**Darrel Weber** lives at 2708 N. County M in Johnstown Township and has been a director for 27 years. He has been involved in farming for more than 70 years and auctioneering for 58 years.



Weber has been a Rock Energy member for 58 years, and the Weber farm has been on co-op lines from the beginning.

He is an active member of the Johnstown Cemetery Association and the Rock County and Walworth County 4-H Fur and Feather Auction. He is a lifetime member of the FFA Alumni.

"I have enjoyed the challenges that being a director has given me for the past 27 years," Weber said. "My hope is to help maintain the high quality of service to our customers for the lowest possible price. It has been a real pleasure and learning experience working with all the directors, staff at REC, and all the patrons of the REC Cooperative."

### District 5

**William "Bill" Fischer** lives in Turtle Township at 6651 E. County P, has lived on Rock Energy lines for more than 40 years, and has served as a director for 14 years.



Fischer is a former farmer, raising crops, hogs and beef, and he is journeyman electrician. He has served as past president and past treasurer of the Clinton Kiwanis Club and has been active in many volunteer organizations in the Clinton area, including the Clinton After-School Program.

"I am thankful to the Rock Energy members for allowing me to serve as a director," he said. "I would feel privileged to represent you for another three years. Good decisions made today will bring great rewards for the co-op tomorrow."

## Report from the Chief Executive Officer and the Chairman



# COOPERATIVE PRINCIPLES GUIDE US



Shane L. Larson,  
Chief Executive Officer

As a Rock Energy Cooperative member, you can count on your co-op to deliver safe and reliable energy at an affordable cost. It's what we do 24/7, and we do it well.

But our commitment to you extends far beyond providing the energy that powers your life. We are guided by the seven cooperative principles highlighted on the front cover of this magazine. These principles illustrate how we conduct business and interact with our members, our suppliers, and each other.

As we look back on the co-op's accomplishments of 2017, we want to highlight how our practices demonstrate our commitment to these principles.

**Members' Economic Participation** Financially, the cooperative is in good shape. All obligations in 2017 were satisfied, and another positive year is forecast for 2018. We encourage you to review the financial statements on page 16.

Because you're a member, you have equity in Rock Energy in the form of capital credits. That money is used as working capital to operate, maintain, and upgrade the co-op's energy distribution system. When the co-op's financial situation allows, some of that capital is returned. In 2017, Rock Energy distributed more than \$1 million to current and past members. Since the co-op was founded 82 years ago, more than \$16 million has been paid back.



Bill Dietsch,  
Chairman of the Board

Your economic participation in Rock Energy is one of the many qualities that make energy co-ops different from other types of utilities. We don't need to make profits for out-of-town investors. We exist solely for you—our members.

Looking ahead, our investment in the West Riverside Energy Center, which we discussed at last year's annual meeting, will represent a unique opportunity for our membership to benefit financially for many years. In January, Rock Energy finalized an agreement with Alliant Energy, our power supplier, that gives the co-op 3.4 percent ownership of the new, highly efficient natural gas power plant being built in Beloit Township. It is expected to go online in 2020 and will help us control electric power costs, which represent nearly 77 percent of our total electric expenses.



Justin Busfield, left, and Brent LaBuy were eager to join the Wisconsin group.

### How Do Capital Credits Work?

Because Rock Energy Cooperative operates at cost, any excess revenues, called margins, are returned to members in the form of capital credits.

1 Eligible members see their capital credit amount applied as a credit on their bill.

5

2 REC tracks how much energy you buy and how much money you pay for it throughout the year.

1

Rock Energy has paid back **\$16 million** to members over the years.

3 At the end of the year, REC completes financial matters and determines whether there is excess revenue, called margins.

2

4 When REC's financial condition permits, the board of directors decides to retire, or pay, the capital credits.

3

4 REC allocates the margins to members as capital credits based on their use of energy during the year.

**Cooperation Among Cooperatives** Energy cooperatives have a long history of working together toward a common goal. That spirit of cooperation was demonstrated in September after Hurricane Irma hit the southeast United States.

Two Rock Energy linemen—Justin Busfield and Brent LaBuy—joined crews from 17 other Wisconsin co-ops to help restore power to Clay Electric Cooperative members in northern Florida. They were among about 2,000 co-op workers from various states participating in the relief effort. The mission was like one in 2005 when we sent crews to Louisiana after Hurricane Katrina.

It's also similar—on a larger scale—to the ROPE (Restoration of Power in an Emergency) program in which Wis-

(Continued on page 17)



## Statements of Revenue & Patronage Capital

(subject to audit)

	Years Ended December 31,	
	2016	2017
<b>Operating Revenue</b>	<b>\$52,302,879</b>	<b>\$56,765,597</b>
<b>Operating Expenses:</b>		
Cost of Power	37,472,545	39,741,697
Distribution – Operations	1,930,621	1,848,143
Distribution – Maintenance	1,863,655	2,158,798
Member Accounts	1,038,991	1,062,249
Member Service & Information	375,078	365,777
Administrative & General	2,124,662	2,247,627
Depreciation	3,479,581	3,566,345
Taxes	338,464	367,258
Other Deductions	11,686	8,052
<b>Total Operating Expenses</b>	<b>48,635,283</b>	<b>51,365,946</b>
<b>Operating Margins – before Fixed Charges</b>	<b>3,667,596</b>	<b>5,399,651</b>
<b>Fixed Charges:</b>		
Interest on Long-Term Debt	1,871,456	1,789,273
Interest on Short-Term Debt	95,088	107,763
<b>Total Fixed Charges</b>	<b>1,966,544</b>	<b>1,897,036</b>
<b>Operating Margins – after Fixed Charges</b>	<b>1,701,052</b>	<b>3,502,615</b>
<b>Patronage Capital Allocations</b>	<b>261,518</b>	<b>243,067</b>
<b>Net Operating Margins</b>	<b>1,962,570</b>	<b>3,745,682</b>
<b>Non-Operating Income:</b>		
Interest Income	221,686	220,110
Equity Investments & Other	151,008	199,975
<b>Total Non-Operating Income</b>	<b>372,694</b>	<b>420,085</b>
<b>Net Margins for Period</b>	<b>2,335,264</b>	<b>4,165,767</b>
<b>Patronage Capital – Beginning of Period</b>	<b>31,308,346</b>	<b>32,518,652</b>
	<b>33,643,610</b>	<b>36,684,419</b>
<b>Retirement of Capital Credits</b>	<b>1,124,958</b>	<b>1,257,739</b>
<b>Patronage Capital – End of Period</b>	<b>\$32,518,652</b>	<b>\$35,426,680</b>

## Balance Sheets

(subject to audit)

	As of December 31,	
	2016	2017
<b>ASSETS</b>		
<b>Utility Plant:</b>		
In Service	\$106,543,116	\$108,578,637
Construction Work in Process	1,043,071	3,473,892
	107,586,187	112,052,529
Less: Accumulated Depreciation	40,957,501	43,416,536
<b>Net Utility Plant</b>	<b>66,628,686</b>	<b>68,635,993</b>
<b>Investments:</b>		
Associated Organizations	4,110,795	4,201,823
Other Investments	1,992,678	2,170,470
<b>Total Investments</b>	<b>6,103,473</b>	<b>6,372,293</b>
<b>Current Assets:</b>		
Cash & Temporary Investments	98,855	25,281,940
Accounts Receivable	4,682,644	4,912,234
Inventory, Materials & Supplies	1,122,482	1,244,835
Other current assets	439,292	503,043
<b>Total Current Assets</b>	<b>6,343,273</b>	<b>31,942,052</b>
<b>Deferred Debits</b>	<b>899,438</b>	<b>1,103,926</b>
<b>Total Assets</b>	<b>\$79,974,870</b>	<b>\$108,054,264</b>
<b>EQUITIES &amp; LIABILITIES</b>		
<b>Equities:</b>		
Patronage Capital	\$32,518,652	\$35,426,680
Other Equities	1,138,737	1,270,994
<b>Total Equities</b>	<b>33,657,389</b>	<b>36,697,674</b>
<b>Long-Term Obligations</b>	<b>32,438,107</b>	<b>56,193,966</b>
<b>Current Liabilities:</b>		
Current Maturities of Long-Term Debt	2,655,752	1,229,317
Notes Payable – Line of Credit	1,707,013	4,248,991
Accounts Payable	4,241,954	4,343,718
Member Deposits	444,224	437,934
Accrued Taxes	538,093	584,090
Other Current Liabilities	1,983,379	2,167,851
<b>Total Current Liabilities</b>	<b>11,570,415</b>	<b>13,011,901</b>
<b>Deferred Credits</b>	<b>2,308,959</b>	<b>2,150,723</b>
<b>Total Equities &amp; Liabilities</b>	<b>\$79,974,870</b>	<b>\$108,054,264</b>



Crews from 18 Wisconsin co-ops traveled to northern Florida on a relief mission to help restore power after Hurricane Irma.

## CEO & Chairman's Report

(Continued from page 15)

consin co-ops help each other shorten outages after storms. Whenever we can, we lend a helping hand because you never know when it will be our turn to need assistance.

**Concern for Community** Assuring that our members have reliable and safe energy continues to be our priority. During 2017, we continued to maintain and make improvements to our electric and natural gas distribution infrastructure, including 1,265 miles of energized power line and 175 miles of natural gas pipeline.

On the electric side, work is continuing on the Townhall Substation, which

will be located on Townhall Road near Colley Road in Turtle Township. When the new substation is energized later this year, it will increase the capacity, reliability, and integrity of service in that area and serve as a backup for substations in South Beloit and Clinton.

Rock Energy's natural gas department was busy last year upgrading our distribution system in South Beloit and Rockton. The project involved installing new gas mains and replacing some older natural gas mains. In addition, service pipes to members' homes were replaced when necessary.

Providing energy is our primary purpose, but we also show our concern for the communities we serve by sponsoring electronics recycling, document shredding, back-to-school supplies

drive, scholarships, youth programs, and energy assistance.

Since we started the electronics recycling and document shredding program for our members in 2012, we have recycled more than 72 tons of electronics and 16 tons paper, keeping those items out of our community landfills.

Our back-to-school supplies drive each summer helps less fortunate students in 15 area school districts start the school year off with the tools they need to succeed. Ten deserving high school students receive college scholarships each year. Since 1989, Rock Energy has awarded more than \$97,000 in financial aid to deserving students. Our youth programs help build strong citizens by supporting the youngest members of our co-op family, not only to enrich their ▶



Rock Energy's annual meeting gives members a chance to spend time with friends and neighbors.



lives, but also to instill in them the importance of co-op membership. One day, these young people will become community and possibly co-op leaders.

Rock Cooperative Care assists co-op members who are having difficulty paying their energy bills. Since 2010, more than \$180,000 has been awarded to members who might otherwise fall through the cracks because their incomes are too high to qualify for federal assistance but too low to make ends meet.

As a cooperative, we have a responsibility to support the communities we call home. From sponsoring high school scholarships to providing reliable energy needed to support business and industry, we are a driving force in the communities we serve. We support policies and promote projects that are good for the areas we serve because what's good for the communities is good for the co-op.



The annual Back-to-School Supplies Drive provides essential items to less fortunate students in 15 area school districts.

**Democratic Member Control** Members participate in the democratic process by electing fellow members to represent them on the board of directors. At the March 26 annual meeting, you will elect directors in three districts and consider a change in the bylaws. Incumbents are uncontested this year because no other member expressed an interest in becoming a director. In October, the nominating committee will begin seeking potential candidates in districts 2, 4, and 9. If you live in one of these districts and believe you can devote the time necessary to becoming a director, consider contacting us in the fall.

On behalf of the co-op directors and employees, we'd like to invite you to join us on Monday, March 26, at the Eclipse Center in Beloit for the co-op's 82nd annual meeting. We look forward to spending time with you—members of our co-op family—to catch up, learn more about the co-op, and enjoy some good food and fellowship. Complete details are available on the inside front cover of this magazine.

We truly appreciate the opportunity to be your energy provider and hope to visit with you on March 26. 

## DON'T MISS YOUR ANNUAL MEETING

Did you know every cooperative is required to conduct an annual meeting of the membership to elect the board of directors and share important financial information?

Rock Energy Cooperative's annual meeting on Monday, March 26, is a community gathering where neighbors can meet new neighbors—or catch up with old acquaintances. (See inside front cover for details.)

As our lives get busier and more of our interactions with others are online, your co-op tries to renew the value of face-to-face human connections. Few organizations are uniquely positioned like Rock Energy to bring together local community residents.

Rock Energy's annual meeting is designed to take care of the important business of your co-op and the equally important business of building a real sense of community. All cooperatives serve both an economic and social purpose. While safe, reliable, and affordable energy is crucial to our mission, improving the quality of life for all members is at the core of what we do every day.

If you have not attended the annual meeting in the past or if it has been a few years, we urge you to take the time to be with your fellow co-op members.

We get out of life what we put into it. We are your neighbors, and we look forward to seeing you at your annual meeting



*Happy Easter!*

Rock Energy Cooperative offices will be closed on Friday, March 30, in observance of Good Friday. We will reopen at 7:30 a.m. Monday, April 2. Members can make payments in the drop boxes at both offices throughout the holiday weekend. Even though our offices are closed, crews are always available 24 hours a day. If you need to report a power outage, please call 608-752-4550 or toll-free 866-752-4550.

### Shane Larson, CEO

P.O. Box 1758, 2815 Kennedy Rd., Janesville, WI 53547  
P.O. Box 126, 15229 Willowbrook Rd., South Beloit, IL 61080  
608-752-4550 • 866-752-4550

### Barbara Uebelacker, Editor



**ROCK ENERGY  
COOPERATIVE**  
Empowering Members Since 1936

# 81<sup>ST</sup> ANNUAL MEETING MINUTES

Chairman William Dietsch welcomed all in attendance for the 81st annual meeting of Rock Energy Cooperative at the Eclipse Center in Beloit. He introduced many special guests, including representatives and senators from Wisconsin and Illinois, officers of Wisconsin Energy Cooperative Association and Association of Illinois Electric Cooperative, Alliant Energy managers, REC board of directors, attorney Niles Berman, CEO Shane Larson, and spouses.

Chairman Dietsch called the meeting to order at 5:30 p.m. Monday, March 27, 2017, and declared a quorum with 278 voting members present. The total attendance for the evening was 551.

Secretary Marian Trescher read the official notice of the annual meeting. The minutes of the 2016 annual meeting were printed in the March edition of the co-op magazine. A motion was made, seconded, and carried to approve the 80th annual meeting minutes as printed.

Treasurer James Quade presented the financial report of the 2016 business year. He reported revenues of \$52.3 million, with a net margin of \$2.3 million. The cooperative is in good shape financially. No questions were asked. A motion was made and seconded to accept the report. Motion carried.

A video entitled "Energy is Us" from NRECA was shown. Chairman Dietsch

reported on efforts to be true to our theme to "Build Better Communities." He thanked members for taking part in the many events helping our communities. Collection of back to school supplies, participating in local parades, successful recycling collections of electronics and paper are a few of the events during the past year.

CEO Larson complimented the co-op for the outstanding achievement on the American Customer Satisfaction Index survey. REC scored 88, which outperformed major national companies like Google (84), Coca Cola (81), and Walmart (72). He also stated that the co-op had returned more than \$1.1 million in capital credits to the membership during 2016. During the co-op's 81-year existence \$16 million has been repaid to members. Larson noted that Feb. 6 was the 10th anniversary of REC's acquisition of the Illinois territory from Alliant Energy, which entered us into the natural gas business and greatly increased our number of electric meters in Illinois. Looking to the future, Larson informed the membership that REC will participate in ownership of the new West Riverside Gas Generation Plant being built by Alliant Energy in southern Rock County. It is expected to be operational in 2020.

A tribute was given in honor of District 1 Director Morris Nelson, who

passed away in September. The Nelson family was recognized for their dedication to the co-op. Morris served for 19 years from 1997 to 2016. He had followed his father, Wayne Nelson, onto the board. Wayne served from 1962 to 1997.

Attorney Niles Berman reviewed the minutes of the Nominating Committee, which were accepted. He introduced the candidates: Barbara Miller, District 1; Clark Schoonover, District 6; Bill Dietsch, District 7; and Ronald Richards, District 8. Each candidate was given the opportunity to address the membership.

WECA Manager Steve Freese delivered brief remarks from the statewide organization.

Ten \$500 college scholarships were presented by the board committee—Marian Trescher, chair; Ron Richards; and Bill Fischer. The 2017 high school recipients were Jackson Elliott and Jake Negus, Craig High School; Emily Moccerro, Evansville; Colleen Toberman, Parkview; Catherine Vickerman, Milton; Cole Walker, Beloit Turner; Brandon Wells, Hononegah; and Bobby Wolter, Brodhead. Erin Seichter, Parker High School, and Dylan Witte, Clinton, were unable to be present due to school functions.

Youth Tour representatives accepting certificates to travel for a week in June to Washington, D.C. were Ian Isley, South

(Continued on back page)



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## 2018 PROPOSED CHANGE TO BYLAWS OF ROCK ENERGY COOPERATIVE

The Board of Directors has voted to recommend the following modifications to the members in order to avoid the time and expense of written ballots in uncontested director elections. New text is underlined.

### Article II. Membership Meetings

Section 3. Terms and Election: ... The election of the directors shall be by ballot and each voting member shall be entitled to cast one (1) vote for each director to be elected from each expiring district. The candidate for each district receiving the highest number of votes cast shall be declared elected. In the event there is only one nominee who is qualified and willing to run for election from a district, election for that position may be by unanimous consent, voice vote, or similar means without the need to cast written ballots.

## 81<sup>ST</sup> ANNUAL MEETING MINUTES (Continued from previous page)

Beloit High School, and Brett Jones, Hononegah.

There was no unfinished business or new business.

The results of the four board seats up for election were announced. Incumbent directors Bill Dietsch, District 7; and Ron Richards, District 8, were re-elected to new three-year terms. Incumbent Clark Schoonover, appointed to the board in 2014 to fill the seat vacated by the death of Mike Duffy, was elected to a full three-year term. In a special election, Barbara Miller was elected to serve the one year remaining in the term of Morris Nelson, who died last September.

Three members each received a door prize drawing of an \$81 credit on their Rock Energy bill in honor of the co-op's 81st annual meeting.

The meeting adjourned at 6:30 p.m. Director Ron Richards gave the invocation, which was followed by a delicious meal served by Best Events Catering.

Respectfully submitted,  
Marian Trescher, secretary

## NOMINATING COMMITTEE MINUTES

The nominating committee of the Rock Energy Cooperative met at Cooperative Headquarters on Jan. 3, 2018, at 10:00 a.m. Board Chairman Bill Dietsch called the meeting to order.

Those in attendance were Bill Dietsch, board chairman; Shane Larson, CEO; Larry Oberdeck, District 1; Theresa Huber, District 3; Jerald Kroning, District 5.

A motion was made, seconded, and carried unanimously to elect Jerry Kroning as committee chairperson.

A motion was made, seconded, and carried unanimously to elect Theresa Huber as committee secretary.

CEO Larson and Chairman Dietsch reviewed cooperative policies dealing with board positions and nominations. A handout was previously mailed to each committee member outlining director duties and qualifications.

Names placed in nomination were:

- District 1: Barbara Miller.
- District 3: Darrel Weber.
- District 5: William Fischer.

Being no further business for the committee, the meeting adjourned at 10:53 a.m.

Respectfully submitted,  
Theresa Huber, secretary

## Annual Meeting RSVP

Use this card to RSVP for the Annual Meeting & Dinner. Please respond no later than March 14, 2018.

Name \_\_\_\_\_

Address \_\_\_\_\_

Account No. \_\_\_\_\_ E-mail address \_\_\_\_\_

(if available)

*(When filling out this form, please print)*

\_\_\_\_\_ # of Adults for Dinner

\_\_\_\_\_ # of Children 8-12 for Children's Dinner

\_\_\_\_\_ # of Children 3-7 for Children's Dinner

Please mail this card back at your earliest convenience or drop it off at either our Janesville or South Beloit offices. You also may call (608) 752-4550 or (866) 752-4550 between 7:30 a.m. and 4 p.m. Monday through Friday or e-mail BarbU@rock.coop.