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WISCONSIN ENERGY

Cooperative

March 2017 NEWS

Cooperatives
BUILD
BETTER COMMUNITIES



81st Annual Meeting
Monday, March 27

81ST ANNUAL MEETING PROGRAM

Doors Open 4:30 p.m.

Annual Meeting 5:30 p.m.

Children's Rooms* 5-7:15 p.m.

Ages 3-12 Pickles the Clown,
Videos, Games

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

Adult Dinner 6:45 p.m.

Menu: Tossed Garden Salad; All-American Yankee Pot Roast Dinner served with carrots, celery, and Idaho red potatoes; Buttered Green Beans; Dinner Rolls; Fudge Brownie or Lemon Bar; Coffee, Tea, Milk, Water

NOTICE OF ANNUAL MEETING

Rock Energy Cooperative

March 27, 2017 • 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 27th day of March, 2017, 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. Election of Four (4) Directors
6. Unfinished Business
7. New Business/Questions
8. Adjournment

Dated this 24th day of February, 2017.

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.

80TH ANNUAL MEETING MINUTES

Chairman William Dietsch welcomed all in attendance and introduced special guests. The list included six state legislators; managers and staff representing WECA, AIEC, and Alliant Energy; REC board of directors; Attorney Niles Berman; CEO Shane Larson; and spouses.

Dietsch called the meeting to order at 5:30 p.m. Monday, March 28, 2016, and declared a quorum with 320 voting members present. The total attendance was 634.

Secretary Marian Trescher read the official notice of the annual meeting. The minutes of the 2015 annual meeting were printed in the co-op magazine. A motion was made and seconded to approve the minutes as printed. Motion carried.

Treasurer James Quade presented the financial report. The cooperative is in good shape financially. No questions were asked. A motion was made and seconded to accept the report. Motion carried.

Dietsch addressed the membership about life in the 1930s, when the cooperative was founded. The cooperative brought electricity to people in rural areas to improve the quality of their lives.

Larson spoke about events in the timeline since the cooperative began in 1936. He stated that challenges still lie ahead with technological changes, business opportunities, legislation, and regulation issues. The cooperative mission will remain the same: to "empower the members."

Berman reviewed the minutes of the Nominating Committee meeting, which were accepted, and conducted the election. Candidates introduced were Marian Trescher, District 2; James Quade, District 4; and Wendell Boyer, District 9. Each candidate was given the opportunity to address the membership. Ballots were cast, collected by the youth attendees, and counted by appointed tellers.

Dietsch gave a tribute to Jo Miller, retiring director from District 9, who was recognized with a plaque honoring her dedication and 24 years of service. She made history by becoming the first woman to serve on the board when she was elected in 1992.

A video from House Speaker Paul Ryan was shown. Ryan saluted the work of electric cooperatives ensuring their members with safe, reliable, and affordable electricity to areas that others ignored.

Statewide managers Stephen Freese of WECA and Duane Noland of AIEC delivered brief remarks congratulating Rock Energy for delivering electricity to members for 80 years.

WECA's Beata Wierzba presented awards recognizing Rock Energy's contributions to the local cooperative pages of *Wisconsin Energy Cooperative News*. The co-op won the human interest and photography categories and received an honorable mention in the co-op news category.

Scholarships were presented by committee Chair Marian Trescher, Ron Richards, and Bill Fischer. Recipients were Carson Brauer and Hanna Kearns, Parkview; Katherine Butler, Erika Gustafson, and Collin O'Sullivan, Hononegah; Emma Hahn, Clinton; Jake Hermanson, Milton; Heather Messling, Evansville; Amber Pickel, Brodhead; and Jessica Pozzani, South Beloit.

Leah Knaul, Thunder Valley School; Nathan Stevens, Stevens Academy; and Seth Trickel, Parkview High School, were introduced as Youth Tour representatives who will travel to Washington, D.C., in June.

There was no old or new business.

Results of the election were announced. Members re-elected incumbent directors Marian Trescher of District 2 and James Quade of District 4. Newcomer Wendell Boyer was elected to represent District 9.

Two door prizes were awarded in honor of the co-op's 80th anniversary. The winners were each given an \$80 credit on their Rock Energy bill.

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

Respectfully submitted,
Marian Trescher, secretary

MEET YOUR REC BOARD CANDIDATES

District 1

Barbara Miller, who lives at 9925 W. County M in Porter Township, is a candidate to fill the vacancy in District 1 created by the death of Morris Nelson. The District 1 term is for one year.

Miller 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.

She has been a teacher in the Brodhead School District for 30 years, receiving 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. I would appreciate to learn more if given the opportunity as a member of the REC Board of Directors."



District 6

Clark Schoonover, who lives at 830 Westerfield Way in South Beloit, has been a co-op member since 2007. He has served on the board since October 2014, when he was appointed to fill the vacancy created by the death of Michael Duffy.

"I have learned a great deal about the energy distribution business as well as the co-op business model," he said. "Each month the board is apprised of the financial and operational condition of the cooperative. I look forward to ensuring that Rock continues to remain fiscally strong, while providing reliable service to our members."

Schoonover has taken the necessary classes to become a Credentialed Cooperative Director. If elected, he would like to advance to the next level, Board Leadership Certificate.

He is a lifelong South Beloit resident and has worked as an engineering test technician at United Technologies Aerospace (formerly Sundstrand) in Rockford for 44 years.

"As a past board member and president on the South Beloit Library Board, I can say that serving on this board is similar to a public board," he said. "We create and form policies which best serve our members' interests while keeping an eye on the big picture. We depend on the industry expertise of our CEO and department heads to aid us in these efforts."



(Continued on back page)



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MEET YOUR REC BOARD CANDIDATES

District 7

Bill Dietsch lives at 7050 W. St. Lawrence Ave. in Newark Township and has been a co-op member since 1965. He has served on the board of directors since 1999 and currently is chairman.

He is a graduate of the National Rural Electric Cooperative Association director certification program and serves on the board of directors for the Association of Illinois Electric Cooperatives.

Dietsch studied marketing and education at the University of Omaha and UW-Whitewater and served in the Air Force for four years. He retired from Chrysler after 30 years and is now self-employed refurbishing homes. He also served as a volunteer basketball coach for fifth- through eighth-graders at Brother Dutton School in Beloit for 25 years.



District 8

Ronald Richards lives at 133 Lake Summerset Road in Davis, Ill., with his wife, Diana. He has been a co-op member since 2007, has served as a director on the REC Co-op Board since 2011, and is currently vice chairman.

Richards is an accountant with more than 40 years of business experience, about 20 years in the not-for-profit sector and the balance in manufacturing. He served eight years in the Indiana National Guard as company commander. He is an active member of Faith Community Church in Davis.

During his six years of service, Richards has completed the necessary National Rural Electric Cooperative Association training to receive the Cooperative Director and Board Leadership Credentials and Director Gold Program Certificate. In addition, he has served on the legislative and scholarship committees.

“I believe that as your representative on the board and with my accounting experience, I can assist in guiding Rock Energy into the future with strength and integrity, and provide quality services to our members,” he said. “I would appreciate the opportunity to continue to serve as your representative from District 8.”



Members must attend the March 27 annual meeting to vote for the director positions. One ballot per membership will be issued at registration.

Annual Meeting RSVP

Use this card to RSVP for the Annual Meeting & Dinner. Please respond no later than March 15, 2017.

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.

Report from the Chief Executive Officer and the Chairman



BUILDING BETTER COMMUNITIES



Shane L. Larson,
Chief Executive Officer

Rock Energy Cooperative's annual meeting on Monday, March 27, is a community gathering of co-op members where neighbors can meet new neighbors or catch up with old acquaintances. 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.

The 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.

The theme for this year's annual meeting—Cooperatives Build Better Communities—exemplifies the work your co-op has done since it was formed 81 years ago.

Area farmers knew that electricity was necessary to build a better rural community and asked the local investor-owned utility to provide them with the same conveniences city residents had enjoyed for years. They were told it wouldn't

be profitable to construct power lines in rural areas. But that didn't stop them. They banded together, founded the co-op, signed up members, borrowed money, and hired workers. They brought electricity to the countryside so their rural friends and neighbors could have a better life.

This community-driven business model has thrived through the years, and Rock Energy is proud to be involved in the communities we all call home. As a cooperative, we have a special responsibility to the communities in which our members live and work. In this annual report, we'll highlight some things we're doing at Rock Energy to build better communities.

We continually maintain and make improvements to our electric and natural gas distribution infrastructure. These enhancements not only provide our members with needed energy, but they also help officials attract new business and industry to our communities.

On the electric side, preliminary work has started on the Townhall Substation, which will be located on Townhall Road

(Continued on page 17)



Bill Dietsch,
Chairman of the Board



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



Statements of Revenue & Patronage Capital

(subject to audit)

	Years Ended December 31,	
	2015	2016
Operating Revenue	\$53,584,952	\$52,302,879
Operating Expenses:		
Cost of Power	37,134,916	37,472,544
Distribution – Operations	1,969,768	1,930,623
Distribution – Maintenance	1,728,023	1,863,658
Member Accounts	999,847	1,038,994
Member Service & Information	357,515	375,074
Administrative & General	1,984,629	2,124,661
Depreciation	3,326,269	3,479,581
Taxes	368,103	338,464
Other Deductions	10,810	11,686
Total Operating Expenses	47,879,880	48,635,285
Operating Margins – before Fixed Charges	5,705,072	3,667,594
Fixed Charges:		
Interest on Long-Term Debt	1,949,267	1,871,456
Interest on Short-Term Debt	77,316	95,088
Total Fixed Charges	2,026,583	1,966,544
Operating Margins – after Fixed Charges	3,678,489	1,701,050
Patronage Capital Allocations	260,678	261,519
Net Operating Margins	3,939,167	1,962,569
Non-Operating Income:		
Interest Income	232,496	221,687
Equity Investments & Other	160,680	151,009
Total Non-Operating Income	393,176	372,696
Net Margins for Period	4,332,343	2,335,265
Patronage Capital – Beginning of Period	28,237,145	31,308,346
	32,569,488	33,643,611
Retirement of Capital Credits	1,261,142	1,124,959
Patronage Capital – End of Period	\$31,308,346	\$32,518,652

Balance Sheets

(subject to audit)

	As of December 31,	
	2015	2016
ASSETS		
Utility Plant:		
In Service	\$102,505,995	\$106,543,115
Construction Work in Process	2,141,311	1,043,071
	104,647,306	107,586,186
Less: Accumulated Depreciation	39,748,057	40,957,501
Net Utility Plant	64,899,249	66,628,685
Investments:		
Associated Organizations	3,998,131	4,110,795
Other Investments	1,870,454	1,992,678
Total Investments	5,868,585	6,103,473
Current Assets:		
Cash & Temporary Investments	190,266	98,856
Accounts Receivable	3,643,750	4,682,644
Inventory, Materials & Supplies	1,237,021	1,122,483
Other current assets	341,884	439,292
Total Current Assets	5,412,921	6,343,275
Deferred Debits	981,205	899,438
Total Assets	\$77,161,960	\$79,974,871
EQUITIES & LIABILITIES		
Equities:		
Patronage Capital	\$31,308,346	\$32,518,652
Other Equities	1,080,016	1,138,737
Total Equities	32,388,362	33,657,389
Long-Term Obligations	33,091,453	32,438,106
Current Liabilities		
Current Maturities of Long-Term Debt	2,560,042	2,655,753
Notes Payable – Line of Credit	2,017,209	1,707,013
Accounts Payable	3,610,496	4,241,954
Member Deposits	387,156	444,223
Accrued Taxes	582,934	538,203
Other Current Liabilities	1,988,401	1,983,270
Total Current Liabilities	11,146,238	11,570,416
Deferred Credits	535,907	2,308,960
Total Equities & Liabilities	\$77,161,960	\$79,974,871

CEO & Chairman's Report

(Continued from page 15)

near Colley Road in Turtle Township. The new substation, expected to be online in 2018, will increase the capacity, reliability, and integrity of service in that area and serve as a backup for our substations in Clinton and South Beloit.

With the addition of Townhall, the co-op will operate 15 substations strategically located throughout our service territory and interconnected in a way that allows nearby substations to back each other up if a problem arises at one of them. That interconnectivity ensures the reliability of our electrical distribution system.

Rock Energy's natural gas department finished work last year on a multiyear project of replacing distribution pipe in the Rockton area. The co-op replaced about 17,000 feet of gas main and replaced or transferred close to 300 services in 2016. This work was part of a three-year project to help reinforce the natural gas distribution system, improve reliability to members, and ensure safety. A similar project is scheduled for this year in South Beloit.

Financially, the cooperative is in good shape. All obligations in 2016 were satisfied, and a positive 2017 is forecast. We encourage you to review the financial statements on page 16.

As a cooperative, we operate on a not-for-profit basis. That means we're



Regular maintenance keeps the electricity flowing. Here, line workers learn the steps required to re-energize the Shirland Substation.

not in business to make money, but to provide a service to our members. As a member, you share in the profits in the form of capital credits. The co-op works hard to keep your rates as low as possible. But when there are profits, they go back to you.

In 2016, Rock Energy distributed about \$800,000 in capital credits to current members on their May statements and about \$200,000 to past members. Since the co-op was founded, about \$15 million has been paid back to past and current members.

Members' financial participation in

Rock Energy is part of what we call "the cooperative difference," one of the many qualities that make energy co-ops different from other types of utilities. We don't need to worry about making a profit for out-of-town investors. We exist for you—the people we serve. That's why we refer to you as members, not customers.

As members, you can participate in the democratic process of the co-op by electing fellow members to represent you on the board of directors. At the 2016 annual meeting, the membership elected Wendell Boyer of Janesville Township as a new director in District 9. He replaced Jo Miller, who retired from the board after 24 years of dedicated service to the co-op. Miller made history in 1992 when she became the first woman to serve on the board.

Generally, three directors are elected at every annual meeting, but this year members will choose representatives in four districts. See the back cover for details.

In addition to electing directors for the three-year terms in Districts 6, 7, and 8, members will vote to fill the vacancy in District 1 created by the death of Morris Nelson. Our co-op family was saddened in September when we learned of Nelson's passing. He served on the board for 19 years, but his association with the cooperative started long before that. His father, Wayne, had been a co-op director for 35 years. This year's annual



The natural gas crew replaces distribution pipe in Rockton to improve reliability and ensure safety.




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

meeting will mark the first time since 1962 that the board of directors is without a member of the Nelson family.

The cooperative difference we mentioned earlier doesn't just apply to providing safe and reliable energy at affordable prices. Our members also receive special benefits through programs like our Co-op Connections Card. In addition to discounts at local merchants and savings on prescription drugs, the card provides a Healthy Savings package with price reductions on vision, dental, hearing, lab imaging, and chiropractic care. We're proud to report that the Connections Card has saved Rock Energy members about \$132,000 on prescriptions since the program started.

The Co-op Connections Card is brought to you through Rock Energy's partnership with Touchstone Energy, an alliance of cooperatives dedicated to providing members with reliable, high-quality service at competitive prices. Touchstone Energy also operates the TogetherWeSave.com website, which is built on the concept that members can control their energy costs through simple measures. These easy, energy-saving actions can turn into big savings.

Rock Energy also undertakes projects that benefit the areas we serve because what's good for the communities is good for the co-op. We award scholarships to graduating high school seniors, sponsor youth leadership programs, coordinate electronics recycling and document shredding for our members, and organize a Back-to-School Supplies Drive that allows less fortunate students in our 15 area school districts to start the school year off with the proper tools.

On behalf of the co-op's directors and employees, we invite you to join us for the 81st Annual Meeting on Monday, March 27, at the Eclipse Center in Beloit. Registration starts at 4:30 p.m. with the program beginning at 5:30 a.m. and dinner served afterward. By uniting neighbors and friends to meet common needs, cooperatives like Rock Energy build better communities. 

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

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Healthy Savings Discounts

The same program that offers discounts at local merchants and has saved Rock Energy members about \$132,000 on prescriptions also offers significant savings on dental, vision, hearing, lab and imaging services, and chiropractic work. To locate participating providers in your area, call 800-800-7616 or go to www.rock.coop, click on the Co-op Connections Card, and look under the Healthy Savings tab. Be sure to have your Co-op Connections Card handy.

Current Deals

For a complete listing of current deals, visit www.rock.coop and click on the Co-op Connections Card.



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