

Since 1940

WISCONSIN ENERGY *Cooperative* March 2020 NEWS

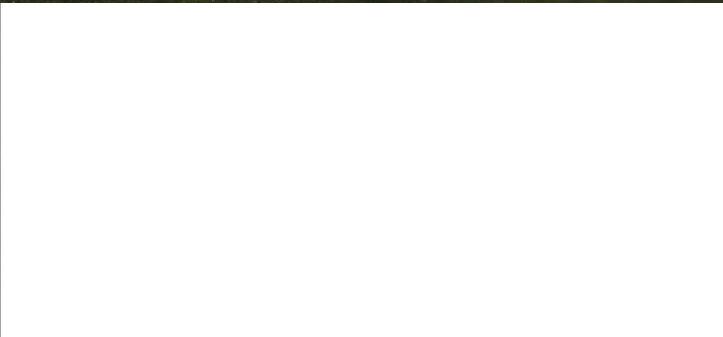
83rd ANNUAL MEETING
Saturday, April 4

Youth & Ag Building, Lancaster



CENIC RIVERS ENERGY COOPERATIVE

Your Touchstone Energy® Cooperative 



Please bring this annual report with you to the meeting; the mailing label will be used for registration.



CHAIRMAN'S REPORT

Chuck Simmons



Chuck Simmons,
Chairman

Those of us who are privileged to serve Scenic Rivers Energy Cooperative as directors or employees understand very well that our co-op is only as strong as the foundation formed by the members who own it. We also understand that the key to a strong membership is communication. Members who are well informed of what's happening right at their cooperative, as well as the outside issues that affect it, are much more likely to be engaged in the cooperative's activities and operations, and an engaged membership is a strong one.

That's why we've always employed a number of methods of communicating with our members. For the co-op's entire existence, we've held an annual meeting each year open to

I encourage our members to utilize all the online tools we've made available that provide a wealth of information.

all members, who are welcome to come and hear about how the co-op has fared over the previous year, as well as plans and goals for the year ahead. We've also been communicating monthly with our members through this very publication, providing news about your co-op, tips for holding down energy costs, and in-depth stories about issues in Madison

and Washington, D.C., that could have an impact on the price you pay for electricity.

But we're also mindful of our members' changing lifestyles and expectations, and we've adjusted or expanded our communication platforms to meet those changing needs and wants. In addition to our traditional—and still very effective—methods of communication, we've added several that fit our members' increasingly busy lifestyles.

I encourage our members to utilize all the online tools we've made available that provide a wealth of information on the spot, at the touch of a screen. The first is our Facebook page. If you haven't already "liked" us on Facebook, we encourage you to check out the page and "like" us. We've recently refocused our efforts with our Facebook page, which is now constantly refreshed with new information including energy-saving tips, safety announcements, and information about scholarships and other co-op programs. Our Facebook page is also a great source to turn to for updates during major storm restoration and other real-time events.

I also encourage you to utilize SmartHub, SREC's free online bill-paying service. You can set up your secure account and enjoy the convenience and ease of having your energy bills paid automatically. However, SmartHub is so much more

than a bill-paying service. You can also use this app to check your usage on a regular basis and see when you're using the most energy, down to the hour. This will not only help you understand your power bill, but it will also help you identify patterns of high usage and determine where you can make some adjustments and save on your bill. I use SmartHub myself and am amazed at how much information is available there. If you haven't signed up for this free service already, I encourage you to do so. Just visit our website at sre.coop and follow the prompts. If you have questions, don't hesitate to call our office and one of our employees will be happy to help you.

Speaking of hub, I want to also encourage you to visit our website, which serves as the hub of our entire online communication toolbox. You'll find an abundance of information on our website, including a live outage map that will show you where there's a power interruption; back issues of SREC's magazine pages and monthly newsletters; rebate forms for the purchase or installation of certain energy efficient products; news about youth programs, including information about our scholarship program or the annual Youth Leadership Congress at UW-River Falls; and links to various sources that offer information about how to save energy and how to stay safe around electricity.

I encourage you to keep checking in at our website, as it will be undergoing a redesign in the coming year that will make it even more useful and user-friendly.

Of course, through all these efforts to enhance our online presence we haven't abandoned what is still the best kind of communication around, and that's the personal touch provided by our great employees. I am very proud of the employees who serve you, both in the office and out on the lines. They work efficiently, keeping our day-to-day operational costs as low as possible; safely, working once again this past year with no lost-time accidents; and with great dedication, sometimes working through nights and weekends, in the worst weather possible, all to keep your lights on and provide you with the best service possible.

Together, we are keeping our co-op strong.

CEO'S REPORT

Steve Lucas

This isn't your grandparents' electric cooperative. Or your parents', for that matter. And when it comes time for your kids to become head of the household, their co-op won't resemble what you own right now either.

It's not just electric cooperatives—it's the entire electric utility industry, which is undergoing major and rapid changes due to a diverse energy market, technological developments, and changes in member/customers' expectations. All of these changes affect the price you pay for electricity, a commodity that none of us can live without.

So, how do you steer through all these changes that are linked to such an essential element of daily life? Actually, consumers are already in the driver's seat. They've been the force behind much of the change that's occurring nationwide in the energy industry.

For example, over the years consumers have pushed for more renewable energy to be entered into the grid, which has

Learning what factors have an impact on the cost of electricity empowers you to make the kinds of choices that can make a difference in the cost of your power.

resulted in more and more investment in renewable energy production, an ever-changing fuel mix, and regulatory changes. The rise in renewable energy has also contributed to a shift toward more distributed generation, which has a huge impact on the economics of power delivery. In addition, consumers increasingly

expect more convenience and control when it comes to their energy usage, and utilities have had to adjust their services accordingly.

So, as a consumer you're already positioned to navigate these changes. All you need is the knowledge to decide which direction is best for you. Learning what factors have an impact on the cost of electricity delivered to your home empowers you to make the kinds of choices—and if need be the kinds of changes—that can make a difference in the cost of your power.

The knowledge can be attained with the growing array of digital tools and platforms that are now available to our member/customers. At Scenic Rivers Energy Cooperative, we have tools to help you access and break down this information that our increasingly sophisticated electric system provides. On the facing page, Chuck Simmons, chairman of the SREC board of directors, outlines some of the digital tools we have to help you, including SmartHub, our free online bill-paying and bill-management system.

SmartHub puts the power of the data gleaned from the grid right into your hands. You can check your energy usage at any time, right from your phone, and see when and where you've been using the most electricity. This kind of knowledge is more valuable than you might think. It helps you understand why a certain bill might be higher than expected. It also helps you determine where to take the necessary steps to prevent another surprise.

And you won't just be helping yourself. The information available through SmartHub can help save energy costs on a greater scale as well. The cost of wholesale power fluctuates with the demand for it, and with the energy that's available on the market at any given time. So by simply shifting some of your electricity-intensive activities to times when the demand for electricity is lower, you can help the co-op save significantly on the price it pays for the power that is distributed to your homes and businesses.

We preach this concept every summer when our wholesale power provider, Dairyland Power Cooperative, begins promoting its Summer Shift program. Energy costs in our part of the nation are typically highest in the summer, when central air conditioners are operating full steam. When the Summer Shift program is in effect—throughout the months of June, July, and August—we ask that our members delay tasks such as running the dishwasher or washing machine until later at night, past the peak hours of energy usage when market costs for wholesale power are highest. By lowering our peak usage, we can lower the amount at which our rate schedule is set.

The same concept applies all year long. By keeping track of your usage through SmartHub you can help spot the times of peak demand, which correlates with how our rates are set. If you can think outside the box a bit and move some of your activities around, you can do a lot to lower your costs not just for your family, but for everyone in SREC's service territory. In short, understanding your electricity use can actually help set your rates.

The energy industry is in a state of rapid evolution, becoming more digital, flexible, and individual. Keeping yourself informed about these changes in how energy is produced, distributed, and used is a powerful tool in controlling your own costs. Empower yourselves by keeping informed.



Steve Lucas, CEO



SCENIC RVERS ENERGY COOPERATIVE

Unaudited

COMPARATIVE BALANCE SHEET

	<u>12-31-18</u>	<u>12-31-19</u>
Total Utility Plant	\$ 78,121,590	\$ 80,508,115
Less Reserve for Depreciation	<u>19,525,000</u>	<u>20,485,359</u>
Utility Plant—Less Reserve	\$ 58,596,590	\$ 60,022,756
Inv. In Associated Organizations	\$ 14,080,931	\$ 14,420,170
Other Investments	<u>7,296,159</u>	<u>10,671,343</u>
Total Investments	\$ 21,377,090	\$ 25,091,513
Account Receivables	\$ 2,646,263	\$ 2,909,100
Materials & Supplies	597,684	440,165
Other Current Assets	<u>743,451</u>	<u>604,221</u>
Total Current Assets	\$ 3,987,398	\$ 3,953,486
TOTAL ASSETS	<u>\$ 83,961,078</u>	<u>\$ 89,067,755</u>
Long Term Debt-RUS	\$ 35,453,930	39,703,123
Long Term Debt-CFC & Co Bank	2,342,299	1,875,803
Current & Accrued Liabilities	4,269,137	4,026,861
Consumer Deposits	<u>269,336</u>	<u>234,117</u>
	\$ 42,334,702	\$ 45,839,904
Patrons Capital & Oper. Margins	\$ 38,501,551	\$ 39,541,103
Other Margins & Equities	<u>3,124,825</u>	<u>3,686,748</u>
	\$ 41,626,376	\$ 43,227,851
TOTAL LIABILITIES & EQUITY	<u>\$ 83,961,078</u>	<u>\$ 89,067,755</u>

SCENIC RVERS ENERGY COOPERATIVE

Unaudited

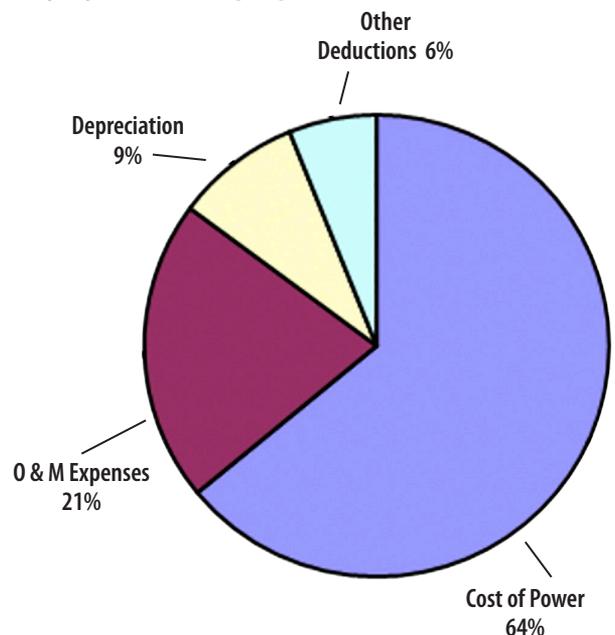
COMPARATIVE OPERATING STATEMENT

	<u>12-31-18</u>	<u>12-31-19</u>
Operating Revenues	\$ 30,098,980	\$ 30,225,020
Cost of Power	\$ 18,526,919	18,880,644
Operations and Maintenance	3,646,818	3,561,283
Consumer Accounts	289,111	307,738
Consumer Service & Information	336,766	301,125
Sales Expense	318,461	175,456
General & Administrative	<u>1,858,428</u>	<u>1,886,261</u>
Total Operations & Maintenance Expense	\$ 24,976,503	\$ 25,112,507
Depreciation	\$ 2,501,026	\$ 2,572,086
Taxes	369,149	435,955
Interest	1,348,252	1,367,643
Other Deductions	<u>4,163</u>	<u>870</u>
Total Cost of Electric Service	\$ 29,199,093	\$ 29,489,061
Operating Margins	\$ 899,887	735,959
Non-operating Margins	551,642	599,882
Income from Equity Investments	2,100	80
Dairyland & Other Capital Credits	<u>956,367</u>	<u>1,367,793</u>
Total Margins	<u>\$ 2,409,996</u>	<u>\$ 2,703,714</u>

HIGHLIGHTS

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Members served	11,432	11,466	11,509
Miles of distribution line	3,500	3,501	3,512
Number of substations	23	23	23
Connected meters	14,086	14,175	14,274
Density – meters per mile of line	4.00	4.05	4.06
kWh sold	215,605,479	229,391,642	227,164,846
Total energy sales	\$28,363,477	\$29,919,474	\$30,053,887
Avg. kWh usage per member, per month	1,572	1,667	1,645
Avg. bill per member, per month	206.75	217.45	217.61
Full-time employees	35	38	36
Capital Credits returned to date (including estate settlements)	\$33,103,205	\$34,284,056	\$35,490,570
Service area	Grant, Lafayette and Crawford counties; part of Green, Iowa, Richland, Vernon in Wisconsin; Jo Davies and Stephenson in Illinois		
Board meeting day	Usually the last Thursday of the month		
Number of director districts	Nine		

2019 EXPENSES



EMPLOYEE SERVICE RECOGNITION



Barb Murphy
30 years



Tory Henkel
10 years



Steve Lucas
10 years



Matt Rasmussen
10 years



Robert Tank
5 years

NON-DISCRIMINATION STATEMENT

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs).

Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audio-tape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202)720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800)877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by:

- (1) mail: U.S. Department of Agriculture
Office of the Assistant Secretary
for Civil Rights
1400 Independence Avenue, SW
Washington, D.C. 20250-9410;
- (2) fax: (202) 690-7442; or
- (3) email: program.intake@usda.gov

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SREC recently increased its digital presence by expanding on our Facebook page. It's a quick and easy way to share information with our members.

The page is steadily gaining followers! We're using it to share information about topics such as electrical safety, energy efficiency, cooperative events, and peak energy alerts. We will also provide members with information when major outages or system maintenance occurs. Please check us out!



DAIRYLAND POWER REPORT

Sandra Davidson

Dairyland focused on being #FutureReady

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

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

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

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

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

Cooperative Purpose – Dairyland reorganized in late 2019. The new structure supports Dairyland’s mission to be responsive to members and to efficiently achieve sustainability goals.

Employee Development – Dairyland is concentrating on attracting, developing, and retaining talented leaders who are focused on serving co-op members.

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

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

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

As Dairyland transitions to a low-carbon future, safety, reliability,

and competitiveness will remain at the forefront. The proposed Nemadji Trail Energy Center is integral to the Sustainable Generation Plan. It will serve as the “power behind the power” supporting our renewable energy investments. It will provide reliable and competitively priced power when the wind isn’t blowing and the sun isn’t shining. The project was approved in January by the Public Service Commission of Wisconsin.

Competitive Service – Ensuring rates and services are competitive is critical to the economic well-being of the region. A task force spent most of 2019 reviewing the current wholesale rate, which is nearly 10 years old. The wholesale rate is what Dairyland charges to generate and deliver power. In December, the board approved a new wholesale rate design, which will go into effect in May 2021. The Task Force developed a Future Ready rate that will affect how Scenic Rivers Energy Cooperative and the rest of Dairyland’s members serve our consumer-members.

By working with other utilities, regional transmission infrastructure has been strengthened to absorb changing generation sources and strengthen reliability.

Financial Strength – Maintaining financial strength and competitive access to capital is critical to delivering Dairyland’s strategic plans. Dairyland’s board and management work to balance building financial strength with competitive rates and sound operations.

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

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

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

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

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

Dairyland will have a significant transition in mid-2020 with the retirement of Barb Nick, president and CEO. As the board seeks Dairyland’s next leader, thoughtful strategic planning will guide Dairyland to be Future Ready and provide **safe, reliable, and sustainable** electricity that remains **affordable** for members of Scenic Rivers Energy Cooperative.



Sandra Davidson

MEET YOUR DIRECTOR CANDIDATES

District 1

Marcus Saegrove

15120 Saegrove Drive
Gays Mills, WI 54631



Mark and his wife, Diana, have owned and resided on a small farm in Utica township in Crawford County, for nearly 46 years. They have one son, David, married to Shelly, and one 10-year-old grandson, John. Mark was born and raised on a next-door dairy farm, which at the time it was owned by his grandmother became one of the charter members of Crawford Electric Cooperative, now part of Scenic Rivers. He graduated from Gays Mills (now North Crawford) High School and Luther College. After earning various graduate degrees, he taught college-level mathematics, statistics, and computer science courses for over 45 years, retiring nine years ago after 36 years at Viterbo University in La Crosse. Mark has been an active life-long member of the Mount Sterling Lutheran Church, and has served on numerous committees and boards of the church. He served on the North Crawford Board of Education for two terms. Fishing and collecting and pulling antique tractors are his favorite hobbies.

“My interest in cooperatives probably began in high school when I served on the Crawford Electric Cooperative Junior Board of Directors,” he said. “I have enjoyed serving as your District 1 representative on the SREC Board of Directors during the past six years. If re-elected, I would continue working to assure that SREC members have access to reliable electrical energy at reasonable rates. I would appreciate your vote. Thank you.”

District 5

Delbert Reuter

10713 Borah Road
Lancaster, WI 53813



Delbert and his wife, Barb, of 49 years have lived in the North Lancaster Township for 43 years. They have two sons and a daughter that live and work in the area. They farmed, milked 60 dairy cows and owned 430 acres. Now he spends his time working for the Economy Feed Mill in sales. He has been with them the last couple years. He has been on the township board since 1984 and has been chairman for the past 15 years. Delbert was president of the Lancaster Sports Boosters for three years and was active in the Jaycees. He was in the United States Army and is a Viet Nam vet.

“I have been to NRECA meetings and have completed a director leadership course. It has been a good learning experience and hope to learn more. I have enjoyed serving the members of District 5 these last eight years and ask for support and votes to help serve you for the next three years.”

District 9

Jack Larson

7240 E. Lamont Road
Argyle, WI 53504



I have been privileged to be the District 9 board member at Scenic Rivers Energy Cooperative for the past three years. It has been a pleasure to represent the members and the cooperative. I would appreciate your continued confidence in me representing you for another term by voting for my re-election to the board.

As a director I have input into decisions that are important for the members and the sustainability of the cooperative. The board's responsibility is to review the financials of the cooper-

ative and supervise the CEO. It brings me great pleasure to say that our cooperative meets and exceeds the financials that co-ops are measured by. We have an excellent CEO who is dedicated to the cooperative effort, and he is surrounded by many dedicated employees who also are dedicated to the cooperative.

My background as a retired financial officer for Farm Credit Services has served me well in being a board member. I have also been fortunate to attend important educational classes provided by Scenic Rivers that contribute to my ability to serve you and the cooperative.

My pledge to you is to continue to make board decisions that will provide you with reliable, dependable, and safe energy at an affordable price while making sure that the cooperative maintains its solid financial position.

Your support and vote for my re-election is greatly appreciated. Thank you!



MINUTES OF THE ANNUAL MEETING

Scenic Rivers Energy Cooperative Held on April 13, 2019

The 82nd annual meeting of the Scenic Rivers Energy Cooperative (SREC) was held on Saturday, April 13th at the Youth & Ag Building in Lancaster, WI. Chairman Simmons called the meeting to order at 9:30 a.m.

Pastor Mary Ann Floerke from BMZ United Methodist Church at the Bloomington campus gave the invocation.

Attorney Niles Berman from Wheeler, Van Sickle & Anderson, S.C. proceeded with the business portion of the meeting. It was determined that there was a quorum, as 131 members had registered.

Attorney Berman stated the Notice of Annual Meeting was printed in the annual report and posted at each SREC office. We received notarized proof of mailing from *Wisconsin Energy Cooperative News (WECN)* that the March 2019 issue of the *WECN* magazine contained a printed notice of the annual meeting and was mailed to each member on March 15, 2019.

The meeting rules of order, which were printed on page 15 of the annual report, were adopted by unanimous consent.

Attorney Berman asked for a motion to approve the previous annual meeting minutes held on April 14, 2018, as printed in the annual report on page 18. Motion was duly made and seconded to approve the minutes. Motion carried.

The election process was handled by Attorney Berman. The ballot committee was instructed to collect all ballots and carry on with the tally of votes for Director Districts 2, 6, and 7.

Audit Committee member David Stute, reported on the fiscal year 2018 Audit Committee Meeting held on March 28, 2019.

Secretary-Treasurer Davidson presented the treasurer's

report that highlighted key points of interest in 2018 for SREC.

CEO Lucas acknowledged the retirees. CEO Lucas answered questions presented by the members. He reported that there will be a 10% increase to the fixed charges effective May 2019. (For residential members the charge was \$1.00 per day and will increase to \$1.10 per day.)

Attorney Berman explained that there was not any unfinished business from the previous annual meeting. He asked if there was any other new business—there was none.

Chairman Chuck Simmons shared the announcements for the 52 recipients of the \$1,000 scholarships along with the recipients for the \$100, \$50, and \$25 door prizes.

Attorney Berman announced the results of the director elections, indicating that incumbents Sandra Davidson (District 2), Don Schaefer (District 6) and Larry Butson (District 7) were re-elected.

District 2

Sandra Davidson received 219 votes.

District 6

Don Schaefer received 292 votes.

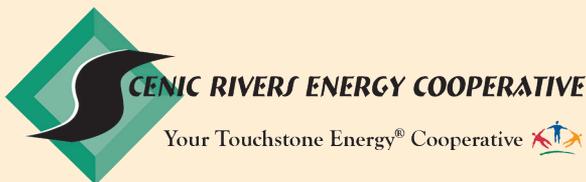
District 7

Larry Butson received 357 votes.

Cindy Bonilla received 94 votes.

All registered members who were present at the Annual Meeting will receive a \$5 credit on their next bill.

Chairman Simmons asked for any further business—hearing none, the meeting was adjourned at 10:38 a.m.



Steve Lucas, CEO

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Board of Directors

Chuck Simmons, Chairman
Donald Schaefer, Vice Chairman
Sandra Davidson, Secretary-Treasurer
Ellen Conley, Asst. Secretary-Treasurer
Larry Butson, Director
Steve Carpenter, Director
Delbert Reuter, Director
Jack Larson, Director
Marcus Saegrove, Director

SREC DIRECTOR DISTRICTS



Marcus Saegrove
District 1



Sandra Davidson,
Secretary-Treasurer
District 2



Chuck Simmons,
Chairman
District 3



Ellen Conley,
Asst. Secretary-Treasurer
District 4



Delbert Reuter
District 5



Don Schaefer,
Vice Chairman
District 6



Larry Butson
District 7



Steve Carpenter
District 8



Jack Larson
District 9

