

ANNUAL MEETING RECAP

General Manager's Report

April is always a busy month at Clark Electric Cooperative, culminating with the annual meeting of the members. This year marked the 71st annual meeting of the cooperative. This year's meeting was once again held at the Loyal American Legion Hall, with more than 350 members and guests in attendance. The following is an excerpt from CEO/GM Tim Stewart's report to the members.

Financial Report

The year ended December 2007 was indeed a challenging year. Total electric sales remained level as compared to last year, increasing 0.38 percent. Operating revenue increased 4.80 percent over the 2006 level. This increase is primarily due to the wholesale power cost adjustment that is a component of the electric bill. Cost of purchased power, which comprises 68.50 percent of our total cost in 2007, increased 10.64 percent over the 2006 level. You may recall that at last year's annual meeting, I indicated that costs were escalating, pressure on margins was mounting, and a price adjustment was in the near future. Effective November 1, 2007, the cooperative adjusted prices approximately 5.5 percent of total annual revenues. This was the first price adjustment to base rates since 2003. As indicated by the financial statements, the adjustment was necessary as operating margins decreased from \$636,672 to \$114,515.

Total utility plant grew 2.50 percent over last year's level. The cooperative invested in excess of \$1,400,000 in new distribution plant last year. This represents new construction and replacement of electric lines. Total assets increased a net of \$1,268,027. Total equity decreased from 77.66 percent of total assets to 74.63 percent of total assets. Our equity position remains one of the strongest in the state and one of the strongest in the nation. This slight decrease in equity occurred due to asset growth, lower earnings, and continued capital credit



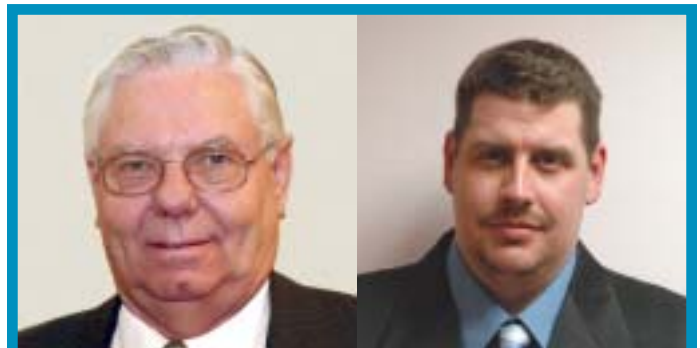
Tim Stewart, CEO/General Manager addressed the membership at the 71st Annual Meeting of Clark Electric Cooperative.

retirements. We continue to make investments into distribution plant. Long-term debt increased \$1,169,824 as compared to last year. The cooperative refinanced our short-term borrowing via our line of credit with lower-cost long-term debt options. We were able to capture historically low rates and cut our cost of capital for these funds by nearly 50 percent. The cooperative will continue to rely on internally generated funds and short-term/long-term financing to fund operations in a manner that helps keep the price of electricity as low as possible.

I then reviewed the results of benchmarking analysis that we do annually that compares Clark

Electric Cooperative to state and national medians in the cooperative segment of the electric utility industry. I examined blended cost of capital, operating and maintenance expense per kwh sold, purchased power cost trends, how the average dollar collected was spent, total cost of providing electric service per kwh sold, and various revenue measurements such as revenue per kwh sold, and residential revenue per kwh sold as it relates to others in the industry. Overall, our costs are very comparable — lower in many cases — with other electric providers.

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Board President Wilmer Griepentrog and Director Jeremy Baxter were re-elected at the annual meeting this year.

SCHOLARSHIPS ANNOUNCED

Local Students Awarded Scholarships

Thirteen graduating seniors from schools located in our area have each been awarded a \$1,000 scholarship from Clark Electric Cooperative. The scholarships are funded by the unclaimed capital credits of our members and disbursed through the Federated Youth Scholarship Program.

Clark Electric CEO/General Manager Tim Stewart said, “The Federated Youth Scholarship Program is another highlight of Clark Electric’s commitment to its communities.” Since the inception of the scholarship program, Clark Electric has provided over \$100,000 to local youth for their education. ■



*Sarah Feldbruegge
Abbotsford High School*



*Megan Feldbruegge
Colby High School*



*Aaron Gorst
Granton High School*



*Jennifer Krultz
Greenwood High School*



*Nathan Wolf
Loyal High School*



*Makayla Krueger
Marshfield Senior High*



*Marta Knodle
Neillsville High School*



*Jessica Gilbert
Owen-Withee High School*



*Stacy Halama
Pittsville High School*



*Rhea Brown
Spencer High School*



*Nathan Price
Stanley-Boyd High School*



*Scott Lawcewicz
Thorp High School*



*Anna Drietz
Home Schooled*

2008

Annual Meeting Recap

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Manager's Report

Looking back we can say that 2007 was another positive and eventful year. I would like to review a few of the significant events that occurred last year, specifically, in terms of system reliability, capital credit retirements, subsidiary operations, the 2007 price adjustment, and future power supply costs.



Members register before this year's annual meeting starts.

Reliability

I am glad to report that in 2007, Clark Electric Cooperative experienced the lowest System Average Interruption Duration Index (SAIDI) score in the previous seven years. Continuity of service and reliability is basically made up of three components: operations and maintenance programs, construction programs, and a little bit of luck. While we can't control the weather, we can be proactive in how we approach operations. The cooperative has a very extensive maintenance program that covers a host of operations aspects. The major programs include pole testing/replacing, breaker maintenance, tree and brush control, and line inspections. By taking a proactive approach to maintenance, we strive to keep outages and interruptions to a minimum.

Capital Credit Retirements

One of the most tangible evidence of true ownership in your electric utility is through the retirement of capital

credits. I am pleased to report that Clark Electric Cooperative retired in excess of \$811,000 in 2007, bringing the total dividends retired to date to over \$15,094,000. Not-for-profit operation and capital credit retirements make Clark Electric Cooperative a truly unique organization in the electric industry.

Subsidiary Operations

Clark Electric Appliance and Satellite, Inc. completed its 13th year as a subsidiary of Clark Electric Cooperative. We continue to be a leader in the HVAC, satellite, and appliance marketplace by offering quality products and services to our customers. We continue to experience growth in our electro-technologies solutions. Customers' demand for geothermal heating and cooling systems, storage heat systems, and mini-boiler systems remain strong as consumers strive to eliminate a dependency on fossil fuel heating. Homeowners are turning to safe, energy-efficient sources of electric heat, coupled with off-peak rates, to provide an economic solution to high heating costs. With the increasing costs of fossil fuels, 2008 shows promise for future growth in the heating area.

Wildblue, a high-speed Internet access via satellite system, was first introduced to the marketplace in 2005. Since the initial offering, response has been strong. Clark Electric Appliance and Satellite, Inc. is one of the largest providers of the Wildblue platform in Wisconsin.

Price Adjustment

Clark Electric Cooperative implemented a price adjustment to base rates effective November 1, 2007. This was the first such adjustment since 2003. Increasing costs, which put pressure on margins, made the increase necessary. For example, since 2003, we've seen fixed costs increase 21 percent, operations and maintenance costs increase 34 percent, and some material costs double. We all know what gas has done at the gas pump. I wish that the cooperative were immune from inflationary pressures, but we're not. The cooperative strives to keep rates as low as possible while maintaining the cooperative in a sound financial position.

Future Power Supply Costs

Dairyland Power Cooperative (DPC) is facing a period of tremendous challenges and upward cost pressures. Unprecedented cost increases in coal transporta

tion, coal supply, and purchased power has accounted for wholesale price increase of 8.2 percent over the 2006 wholesale rate that Clark Electric Cooperative pays to provide your electric needs. In addition, capital projects in generation, renewables, transmission, and environmental improvements will continue to put pressure on power costs. Historically, prices increased at a slower rate than inflation. Going forward, this is probably not the case.

With fuel costs rising, transportation costs escalating, climate change around the corner, and increasing need for capital programs, it all seems pretty daunting. The question is, what can we do about cost? In addition to the legislative solutions, we continue to invest in our load management system. Our load management program enhances reliability for all members during extraordinary times. Load management helps reduce costs for all cooperative members with additional savings for participating members. DPC and its members achieved a total savings of over \$10.4 million last year through this program.

Clark Electric Cooperative will initiate a new load management program this year that targets summer seasonal demand reduction through central air conditioning. The program will provide an incentive of \$8 per month for the months of June, July, and August to all allow cycling of your air conditioning unit. Some restrictions do apply, so contact our business office for more

details. The cooperative also offers Time of Use rates that may save your money.

Finally, I would like to spend a little time talking about compact fluorescent lighting (CFL). Installing CFLs is a good way to save energy. Here is an example of replacing two 100-watt light bulbs with two 23-watt CFLs. Assuming these lights were on three hours per day, you would save approximately \$15.54 per year. The annual savings of 20 CFLs would be approximately \$154. The benefit to Dairyland Power Cooperative on a systemwide basis over the lifetime of the bulbs is enough energy would be saved to power more than 1,200 homes for a year, save more than \$20 million in energy costs, reduce demand by almost 8 megawatts, and prevent greenhouse gases equivalent to the emissions of over 21,800 cars in one year. Please consider changing to compact fluorescent bulbs. ■



Special guest Brian Boettcher, director of information technology from Dairyland Power Cooperative, updates the membership on Dairyland Power concerns and initiatives.

Need Help With Summer Cooling Costs?

To help reduce the electric demand during the summer season, Clark Electric Cooperative is now offering to its members a \$8/month credit for those who choose to participate in our new air conditioner load management program. During the summer cooling months of June, July, and August, members who sign up will be able to receive this credit on their electric bill.

The air conditioning program will work just like our water heater load management program. During a high-usage day when the system demand for electricity is high, Dairyland Power Cooperative will cycle the air conditioners to relieve the demand on the electric system.

Members who participate will be helping tremendously in keeping the cost of purchasing electricity down. When Dairyland Power has to purchase additional power to meet the demands of the members, the extra electricity is very expensive. Participating in the load management program is just another way of helping your cooperative.

Call Clark Electric's office to sign up; certain restrictions do apply. Once you've signed up, a Clark Electric employee will come out to the home and install a control device on the outside air conditioner. The device operates just like the water heater controls, only it's about half the size. The device will allow for the air conditioner to be cycled on and off during the high-demand days of the summer. ■



**\$8/month
credit on your
electric bill
during the
summer
season**