

GENERAL MANAGER'S REPORT

From the Annual Meeting March 27, 2002

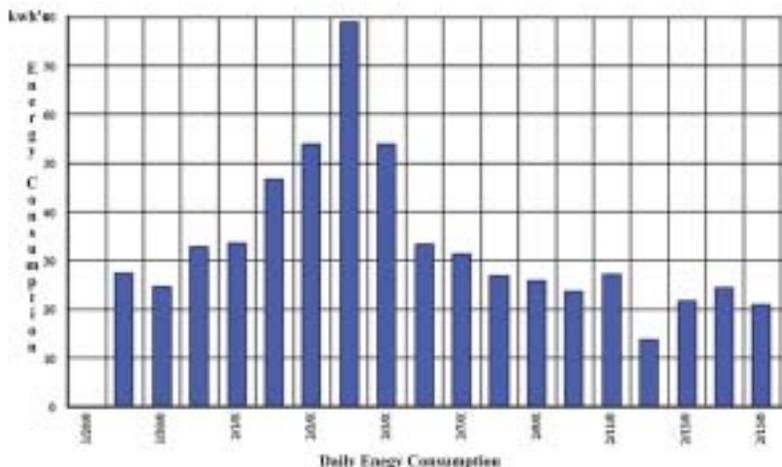


Dick Adler
CEO / General Manager

Last year I reported that we were about to embark on a new automated meter reading system for those consumers who have Time-of-Use meters. We currently have about 400 accounts installed and working very well.

I would like to show you some of the information we get from our AMR meters.

First of all, there is a daily chart of consumption,



and then we can break it down and show a whole week by each hour of the day.

This has been very helpful in determining when higher usage occurs, to the date and time. At this time, we don't anticipate doing the rest of the system with this type of metering as it uses a telephone hookup to report to our computers. The main problem is many people are disconnecting their phones and using cell phones, where they get better rates.

These new meters will call into our office or the Cooperative Response Center if there is a power outage. Hopefully all meters will have this feature some day. We will be continuing our efforts to study the expansion of the automated meter system so eventually we will replace all meters.

Last spring, during May and June, severe storms occurred through most of our system, and much of our area was declared a disaster area. As a result, we received nearly \$90,000 from the state and federal government to cover expenses caused by the storms. We were able to repair our damages with our crews and then sent some of our people to northern Wisconsin to assist other systems. This is part of our Restoration of Power in Emergencies program.

As we look to the future, a considerable amount of planning is ongoing with Dairyland Power Cooperative. Dairyland conducts periodic workshops for managers and Dairyland directors to study the need for future plant additions and replacements. As we celebrate 65 years this year, Dairyland's generation is also aging and will need replacement.

This past year, Dairyland has seen considerable increases in the cost of coal supplies. This cost increase is continuing into 2002, and in May Dairyland's rates will increase about 4 mills per kilowatt-hour, or \$4 per thousand. This will be about \$6 more per thousand than last year at this time.

Our costs need to be adjusted also, as we have not raised our own rates since December 1999. At that time, the cost went up an average of 4 percent, and the average inflation in the past three years has been nearly 4 percent each year.

We, of course, will try to stretch this as long as possible, but it looks now that this fall we will have to adjust our rates, maybe 5 percent.

Our new loans, although at good low rates, will need to be paid. We just exchanged \$2,000,000 of short-term, line-of-credit loans to long-term. We are also applying for another \$2,000,000 from Rural Utilities Service (formerly REA). By borrowing, we save about a 40-percent rate increase for 5 to 7 percent in interest cost, plus a payback over 25 to 35 years.

This sounds like a lot of money to borrow, but our last long-term loan ran out in 1982 and that was for \$1.75 million. Let's look at some statistics since 1982.

(Figure 1)

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More Local News on Pages
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Long-Term Loans

The cooperative is a much higher capitalized organization than our subsidiary or other normal businesses, and therefore needs more long-term debt.

Higher labor costs force us to contract out non-high skilled jobs and therefore limit our staff to high skills (which are generally higher when contracted). Our crew is about the same as it was 10 years ago.

We do need some replacement employees as we will be hiring apprentice linemen this summer, hopefully to replace retirements coming in 2005. Eight employees will be retiring over a two-to-three-year period.

I have also been working on a child-care facility in our CECO business center. We have extended offers to Clark County child-development agencies to become part of the project. Hopefully we will have more news in the coming months.

The CENEX alliance I mentioned last year has been on hold and we expect to begin talks again this summer. This would be a joint propane gas business to prepare us for the coming of the fuel cells.

This year was a great year for our Appliance & Satellite subsidiary. This group was organized in 1994 and has only one shareholder—that being Clark Electric. The foresight of your board of directors in 1994 brought

Figure I	1982	2001	Difference
Total Utility Plant	\$8,163,000	\$21,819,000	\$13,656,000
Revenues	6,535,000	10,371,000	+ 3,836,000
Debt Level	2,000,000	3,000,000	+ 1,000,000
Revenue to Assets	80 %	47.5%	
Meters Served	6,486	8,147	
By contrast, let's look at our Appliance & Satellite subsidiary			
Assets		2,531,000	
Revenue		4,551,000	
Revenue to Assets Ratio	180%	vs	47.5% for the cooperative

the Digital Broadcast System to our area. We are rapidly expanding into the satellite internet-business to provide high speed, broadband service. At last week's board meeting the subsidiary board declared a \$150,000 dividend to the cooperative payable as of April 1, August 1, and December 1 in the amount of \$50,000 each. As president of the subsidiary board, it is with great pleasure that I present the first dividend to your cooperative president, Tony Jarocki.

With that, if anyone has a question, please feel free at this time or use the question box for answers later today.

In closing, we need to acknowledge happy birthday to Clark Electric Cooperative as it becomes 65 years old next Monday, April 1. ■

Dick Adler
CEO / General Manager

25 YEARS OF SERVICE

Working Her Way Through the Ranks

Rita Sladich, executive vice president of Clark Electric Cooperative and manager of Clark Electric Appliance & Satellite, received her 25-years-of-service award from Board President Tony Jarocki.

She began her career in 1977 as an office clerk and transferred to the Appliance & Satellite Division; she has been the executive vice president since 1996.

Rita has been instrumental in developing our DirecTV & satellite system, enhancing our ground source heating units, and now working with the DirecWay Broadband Satellite Internet Services. Stop by the Appliance & Satellite store and learn about our many products from Rita and the rest of the staff. ■



MORE LOCAL NEWS

SPRING SAFETY

Things to be Aware of

Spring is here. And that means it's time to do some work around the yard, such as planting shrubs and digging. Another fun pastime for our kids is kite flying. At Clark Electric, we would like to make sure that you plan a few things this spring.

If you're going to do any home improvement that involves electricity, think of us. Do you or your electrician need the electricity turned off? Make sure that we are contacted to do so. Setting up an appointment ahead of time will make the project go a lot safer and faster.

Thinking along the lines of home improvement, are you considering landscaping or any type of digging? If you are, there is one very important thing that you need to do. You are required by law to call **Diggers Hotline** at **1-800-242-8511**. Diggers Hotline will send out messages to all utilities to come out and locate all buried services. The utilities have three working days to come out and locate. Clark Electric contracts with Triple E Locating Services to locate all of our underground services.

Kids like flying kites and flying model airplanes, and yes, even adults like doing these things. Electric power lines and these toys don't mix well. Each year, someone gets electrocuted because they flew a kite into the power line. Please don't fly your kite or let anyone else fly toys around the power lines.

All of these notes here deal with safety around our

power lines. We at Clark Electric Cooperative consider you to be very important and do not want to see anyone get hurt or killed. So please use common sense and remember to call Diggers Hotline at 800-242-5811. ■

Stay Safe Around Electricity - Follow These Safety Rules -

- Never fly kites or model airplanes near power lines.
- Never climb trees near power lines.
- Never overload outlets.
- Stay away from electric substations and equipment.
- Stay away from downed power lines; call for help.
- Water and electricity don't mix! Never use electric appliances near water.
- Never climb electric poles or electric towers.



USED VEHICLES OUT FOR BID

Sealed bids are now being accepted for the following used vehicles. Address bids to Dick Adler, Clark Electric Cooperative, 124 N. Main St., P.O. Box 190, Greenwood, WI 54437. Bids must be received by noon on Tuesday, May 6, 2002. We reserve the right to accept or reject any or all bids.

Vehicles are chassis only, no box. They can be seen in the parking lot in Greenwood. ■



#137 1994 3/4-ton Chevy truck, reg cab, chassis only, 2-wheel drive, V6 4.3L gas engine, automatic transmission, AM/FM radio. Mileage at beginning of March 133,314.



#144 1997 3/4-ton Chevy truck, reg cab, chassis only, 2-wheel drive, V8 350ci gas engine, automatic transmission, AM/FM radio. Mileage at beginning of March 139,837.

MORE LOCAL NEWS

Clark Electric 2002 ANNUAL



Former General Manager Harland Bergemann with the 65th anniversary cake.



Members of Clark Electric Cooperative listen as many speakers



Bill Berg, President & CEO of Dairyland Power Cooperative, informed members about issues that will affect all cooperative members in the future.



Former board president and other members listen intently to the speakers and their messages to the cooperative members.

Clark Electric Cooperative ANNUAL MEETING



Jill Hinrichsen, Jr. Board Member and Youth Leadership Delegate, explains to the members the importance of the YLC and how the students learn about cooperatives, and also the leadership skills they acquire.



Speakers inform them of matters pertaining to their co-op.



State Senator Dave Zien addresses the membership on political issues that are important to all citizens.



Ruthann Nelson, WFC, explains the proposed mercury rules and how they will affect all utilities in the state in the future.



Board President Tony Jarocki addresses the membership about issues involving the cooperative.



Dick Adler presents the Safety Accreditation Award to Bob Moseley, Director of Operations. This award is the result of a lot of hard work by all the employees.

MORE LOCAL NEWS

2002 INCENTIVES

Energy-Efficiency Programs Help Save Energy

Here are the recommended rebate/incentive programs as proposed by Dairyland with additions by Clark Electric Cooperative.

Energy-Efficient Retrofit Lighting Program

Only on refitting of lights now; no new construction.

- | | |
|--|-----------------|
| 1. Electronic Ballasted Fluorescent Fixtures | \$ 6.50/ballast |
| 2. Metal Halide Fixtures | \$10.00/fixture |
| 3. Sodium Vapor Fixtures | \$10.00/fixture |



Dehumidifiers

Incentive to members only

Sold at cost to member, \$25 rebate to Appliance & Satellite for handling charges.



Electric Thermal Storage

To replace uncontrolled electric heat with ETS and to acquire new electric load.

ETS replacing uncontrolled electric heat (2-1) on storage units	Dairyland	CEC	Total
	\$25/kw	\$25/kw	\$50/kw
For all other installations of ETS		\$50/kw	\$50/kw

Efficient Central Air Conditioner Program

To reduce summer peak controls—controlled.

	Dairyland	CEC	Total
1. Seer 12	\$40/ton		
2. Seer 13	\$50/ton		
3. Seer 16	\$60/ton		
4. All Earth Coupled Heat Pumps	\$60/ton	\$60/ton	\$120/ton
5. Heat Pumps installed w/backup or T.O.D. controlled		\$60/ton	\$60/ton



Agricultural Ventilation System

Retrofits Only

To get farms to install more energy-efficient fan motors; retrofits only.

\$1.00/inch of blade diameter
36" = \$36
48" = \$48



Water Heater

To increase water heater market share; must be controlled or on T.O.D. with electric clock.

	50 gal	80 to 99 gals	100 gals and larger
Dairyland			
	\$100	\$50	\$50
	\$1.50/gal	\$1.50/gal	\$200
			\$3.00/gal



Milking System Variable Speed Drives

\$30/horsepower 4-wire systems only

DO YOU HAVE A CLUE

Can You Help us Locate These Members for their Unclaimed Capital Credits?

ADER DANIEL C.
ALIX MAYME
AUNE ROBERT N. & NANCY K.
BACH VINCENT
BACH-NOWACK BETTY
BAILEY MICHAEL
BALDYS LARRY
BASSETT ROBERT & JOANN
BATTERTON WILLIAM
BAUMANN WILLIAM S.
BENAS JEAN
BOHN GERALD
BOHN PHYLLIS J.
BORLAND BUDDY & ELAINE
BUNNELL DELBERT C. & VERA M.
CARNAHAN VIDA M
CASSIDY GERALD T.
CHANEY RANDALL H.
CHECKIE PETER
COUILLARD PERRY & LINDA
CRAMER DAVID M.
DALLMANN CORWIN C.
DINKEL BRAD
DUCSAY MARIAN
DUELLMAN RANDAL F.
DUELLMAN ROBIN
FRITSCH BONITA J.
GALLESKE WILMER
GARBISCH VIOLA
GOLL PAUL R. & JEAN E.
GURSKE PHYLLIS M.
HAENI BILL
HAMMEL CHARLES D. & DELORES
HAYWORTH FRED F.
HILLESTAD ERIC L.
HOLMES CHRISTINE P. & K.A. TIM
INGLES JACK G.
JANKOWSKI ROBERT J & FRAN M
KOCH KENNETH
KORN CHERYL
KRAMER JOHN
KROENING JOYCE
LAKEY PAUL & MARJORIE
LANG ROBERT J. & COLETTE J.
LENZEN LAWRENCE G & ROSE MARY
LEPAGE JEROME E. & DARLENE A.
MANTIK JERALD & CAROLYN
MATEJA GARY
MATRIX CONSTRUCTION CO
MCCORMICK JAMES R. & THERESA R

MCKENZIE CYNTHIA
MEER DARLYNE
MENGEL JOHN ALEN
MEYER SUSAN K.
MILLER GARY
MORGAN ARTHUR T.
MORRISON MARK M. & REBECCA R.
NELSON CAROL L.
NICHOLLS DALE
NYGARD JOHN
OBERLE WILLIAM R. & PATRICIA A
OESTREICH BILL
OLSON FLOYD W. & BEVERLY J.
OPELT RANDY & DARLENE M.
PAPE MICHAEL J. & MARY R.
PENSHORN NEIL
PETERSON H. J.
PETKOVSEK FRANCES M
PHILIPPS BRYAN
PILZ ROBERT F. JR.
PIOTROWSKI DAVID C.
PLASZKIEWICZ JEFFREY
POEHNLEIN BRUCE
POLSTER JAMES
POPE STEVE L.
PORTER LEO W.
PORTER SUSAN
PRECHEL HAROLD
PROCHAZKA JACK & KIM
RAHN, JR. ROBERT J. & JEAN
ROEHL JOANN (MRS.)
ROLLINS F. M.
SALAMON C. M. & S. H. SMITH
SALISBURY BRUCE L.
SCHAFFER ALNA
SCHERWINSKI RONALD J. & LISA J
SCHIPPEL PAUL D. & LOIS A.
SCHULTZ BONNIE
SCHULTZ RANDY J.
SCHUMACHER DOUGLAS B.
SERBIN KENNETH A.
SHEMS ROBERT
ST. PIERRE JERE D. & JUDITH H.
STIEGLITZ GILBERT R. & KAREN M
STREY ALLEN R. & BARBARA J.
STREY PETER
SUECHTING RALPH R. & SUSAN H.
TENNANT WILMA
TOLTZMAN DELMER
TRANETZKI M. G. & LUPE



If you know where these members are, please contact our office or have them contact us so that they may receive their unclaimed capital credits

VANDORWEGEN EILEEN
VETTERKIND HARO
VOJTASEK JOSEPH
WARGOLET CLARA
WEATHERHEAD PETER C.
WERLINGER ADAM L. & MARCELLA M
WEST JAMES C.
WING RUSSELL L.
WOHLD LAVERN
YODER JACOB N.
YSTAD RALPH
YUSTEN LYNNE
ZETTLER CAROL
ZUGIER PAUL & ALFRED



**Dick Adler, Manager
John J. Knox, Editor**

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Your Touchstone Energy® Partner 

e-mail us at info@cecoop.com or at jknox@cecoop.com

WWW.CECOOP.COM



“When the Internet hit our house at high speed, we all felt the impact!”

Clark Electric Appliance & Satellite, Inc.
111 E. Miller St. Greenwood, WI 715-267-6544 or 866-279-6544

OOPS—EGG ON OUR FACE

Help Us Clean Up

Wow, we really did a bad one this time. At our annual meeting, we planned to give away two DirecTV satellite dishes with two months of Total Choice Programming. So, to rectify this we are going to hold a drawing for all members who read this article and send in the coupon at right. No other notices will be sent, nor will this be advertised, other than right here in the *Wisconsin Energy Cooperative News*. Drawing will be held at 9 a.m. at our June 6 board meeting. You do not have to be present; just send in the coupon. The two winners will receive a certificate in the mail from our Appliance & Satellite Division. Please, one entry per membership. (For use only in the Clark Electric DirecTV viewing area: Clark, Wood, Taylor, Western Marathon, and Stanley in Chippewa counties.) If you already have a dish and you win, you may choose five months of Total Choice Programming instead. ■

Cut out and send in to our office

Yes, please enter my name in the DirecTV satellite dish drawing.

Name _____

Address _____

Phone # _____