



**Tim Stewart,**  
CEO/Manager

### DPC Hits All-Time Peak Load in July

July certainly got off to a hot start! In fact, it was one of the hottest weeks of July (the week of July 1–July 7) on record. As the dog days of summer dragged on, my thoughts were centered on peak electrical load and the value of our load management system.

The heat wave that encompassed our region the first week of July has resulted in significant demand for energy and energy usage. Of course a large portion of that is attributed to air conditioner use in homes and businesses. On Monday, July 2, Dairyland Power Cooperative, Clark Electric’s power supplier, set an unofficial all-time peak high with an average load of 1,066 megawatts (mw). This compares to the 979 mw peak that was set just the previous year on June 20, 2011. The increase of 87 mw is a change of 8.89 percent in just under one year. While this doesn’t seem like a large number, it is the rough equivalent of 87,000 homes coming online. To further illustrate just how hot July was, the DPC hourly load continued to

exceed our prior peak of 979 mw on Tuesday, July 3, with an unofficial peak of 1,030 and again on July 4 with 1,052 mw. Today, the date of this writing, we may exceed all of these levels.

Once again, the DPC load management system proved extremely valuable in curtailing load during peak periods. The load management program helps balance electrical supply and demand. We estimate the system saves approximately 70 mw in the summer and 160 mw in the winter — the equivalent size of a small power plant. Through the load management program, DPC saves money and resources, which helps keep our power costs as low as they can be for everyone on our system. Without load management, our new unofficial peak demand would have been even higher!

I would like to thank all of our members who participate in the load management system and urge members who currently do not participate to consider doing so. By allowing the cooperative to install a load control device on your electric water heater or heat pump, you can help keep your costs down. Just call our office at 715-267-6188 or 1-800-272-6188 for more information. ■

### Pine Valley Substation Upgrade

Due to increasing loads, Clark Electric Cooperative along with Dairyland Power Cooperative recently had to increase capacity on the cooperative’s Pine Valley Substation.

The substation upgrade includes a bigger station transformer, larger voltage regulators, and increased capacity on the substation buss work. The newly upgraded Pine Valley substation will have approximately twice the capacity that the old one had.

While a substation upgrade is rare, it’s part of Clark Electric Cooperative’s long-range plan and commitment to provide reliable electricity both for today and into the future. ■



# MOMENTS IN TIME

## A History of Clark Electric Cooperative

The United Nations has designated 2012 as the International Year of Cooperatives, the theme of which is “Cooperative enterprises build a better world.” Cooperatives are a model of self-reliance and an example of people working together to improve their quality of life.

It is indeed appropriate that the United Nations has designated 2012 as the year of cooperatives because at Clark Electric Cooperative, we are celebrating our 75<sup>th</sup> anniversary of providing electric service to our members this year. “Cooperative enterprises build a better world” is certainly true of rural electrification and Clark Electric Cooperative. We are celebrating our 75<sup>th</sup> anniversary all year long with this monthly column, *Moments In Time*, to tell our story and to provide some history and insight into your organization, Clark Electric Cooperative. We have



so far covered a lot of history (between 1937 to 1968) and are up to 1969.

In 1969, a number of key decisions were made that proved to be some of the most successful, long-reaching, and visionary decisions that our board of directors has made. On August 2, 1969, the cooperative became a member of the National Rural Utilities Cooperative Finance Corporation (better known as CFC) to help in

*(Continued on page 28 ►)*

1969–1972		1969–1972	
<p><b>June 7, 1969</b> – The Board of Directors approve the purchase of stock in Federated Rural Electric Insurance Corp. (This is the first investment in our insurance company).</p> <p><b>August 2, 1969</b> – The board of directors approve membership in the National Rural Utilities Cooperative Finance Corporation.</p> <p><b>September 1969</b> – Rates are changed to reflect a 4% Wisconsin Sales Tax. The manager reports that Westinghouse is again proposing to send out 150-watt electric light bulbs to our members and that Dairyland Power Cooperative has agreed to pay half the cost. Board accepts the proposal. Installation of 1,000 security light is announced in the <i>R.E.C. News</i>.</p> <p><b>November 1969</b> – The board accepts a bid for a new FWD digger truck at a cost of \$25,916.20. (Today a digger truck would cost approximately \$275,000). It is reported in the <i>R.E.C. News</i> that Marty Hillert is a member of junior board. (Marty later became a Clark Electric employee and is current the CEO of Adams-Columbia Electric Cooperative in Friendship, Wisconsin.)</p>	<p><b>June 6, 1970</b> – The board authorizes the manager to purchase the Mary Vrkljan property, which adjoins the Marden property. (This is the proposed site for a new garage/warehouse building).</p> <p><b>July 6, 1970</b> – Board authorizes service to the Stevens subdivision in the Village of Spencer.</p> <p><b>September 5, 1970</b> – By a vote of 6 to 3, the board approves the capital term certificate investments in the National Rural Utilities Cooperative Finance Corporation. The board also approves the savings bond deduction program for employees interested in the payroll deduction method. The board approved an incentive of \$100 for new electrically heated homes.</p> <p><b>October 7, 1970</b> – Board approves a large power contract with Bock Industries of Spencer.</p>	<p><b>March 6, 1971</b> – Board adopts a resolution to become a member of the Wisconsin REA Youth Foundation, Inc. (This organization is to become the Federated Youth Foundation in later years). Board also approves an adjustment in retail rates to reflect the increase in power cost from DPC. Minimum goes from \$2 to \$4 (kWhs also go from 20 to 40 for the minimum) and about 1 mill is added to the last step of the rates. Commercial rates that had been higher are eliminated as well as irrigation rates that no members were being billed on.</p> <p><b>May 1, 1971</b> – Board approves a large power contract with Dwight Treankler, president of the Central State Speedway. A resolution of thanks and appreciation is adopted for Vern G. Howard, attending his last board meeting. (He is ineligible to run again under provisions of the bylaws).</p> <p><b>May 22, 1971</b> – Retired Manager W.A. Dallman passes away at his retirement home in Brandon, Florida.</p> <p><b>July 7, 1971</b> – Board approves a large power contract with Clark County Central Cheese Factory. After discussion, a motion is passed to abandon the finance committee because it duplicates work performed by the board of directors.</p> <p><b>October 2, 1971</b> – Attorney Floyd Wheeler is authorized to intervene on behalf of the cooperative in the Stevens Subdivision matter before the Public Service Commission – even if it means taking the matter before Circuit Court.</p> <p><b>December 1971</b> – Board authorizes payment of \$1,000 to N.S.P. for underground lines in the Stevens Subdivision in the area we were allowed to serve.</p>	<p><b>May 6, 1972</b> – Board approves a large power contract with Ralph Benson for his saw mill. Board authorizes the installation of 12-15 miles of underground lines to be done by a contractor (our first underground primary lines).</p> <p><b>June 2, 1972</b> – President Ralph Woik conducts the note-burning ceremony of the first loan made to Clark Electric Cooperative in the amount of \$700,000 for the construction of the first 700 miles of line. Members approve the re-stated Articles of Incorporation but instruct the board to hold a public hearing with a bylaws committee and bring back any changes to next year's annual meeting.</p>

## Moments in Time

*(Continued from page 5)*

obtaining capital. In June of that year, the board also approved investment in Federated Rural Electric Insurance Corp. (This was the first investment in our insurance company) to help meet our insurance needs.

### The National Rural Utilities Cooperative Finance Corporation Story

For most of the approximately 1,000 electric distribution cooperatives, generation and transmission cooperatives (G&Ts), statewide associations, and affiliated cooperative organizations operating in 47 states, the National Rural Utilities Cooperative Finance Corporation (CFC), based in Dulles, Va., serves as their premier private market lender—pumping critical lifeblood into cooperative systems and, in turn, local rural economies. More than 200 electric cooperatives, in fact, rely on CFC as their sole source of financing.

CFC's creation flowed from the same qualities—a desire to find a common solution—that led farmers and their rural neighbors, in partnership with the federal government, to organize electric cooperatives to provide themselves with central station electric service.

In 1967, with electric cooperative demand for capital exceeding the amount available (\$300 million annually in 2 percent loans) through the federal Rural Electrification Administration (REA), NRECA formed the Long-Range Study Committee to analyze future financing requirements and develop an alternate funding strategy to meet them. The panel was made up of chief executives from distribution systems, G&Ts, and statewide associations representing all 10 NRECA regions. J.K. Smith, general manager of the Louisville, Ky.-based Kentucky Association of Electric Cooperatives (statewide), chaired the group.

The committee reached out to the existing network of financial entities—banks, insurance companies, and the Farm Credit System—over the next year. All expressed unwillingness to assist electric cooperatives.

Consensus then centered on a cooperative self-help approach—creating an independent, not-for-profit organization endowed with a solid financial base that would make loans only to electric cooperatives that owned it. The NRECA Board of Directors approved the concept in January 1969; on March 17 of that year, during the 27th

NRECA Annual Meeting in Atlantic City, N.J., delegates overwhelmingly approved formation of CFC. The “supplemental cooperative lender,” as CFC was known at the time, was incorporated on April 10 in Washington, D.C. Smith became its first governor, and served until 1979.

Within 18 months of CFC's inception, 700 cooperatives had joined as members and inked 15-year commitments to provide “subscription capital” for establishing an initial equity pool. In December 1970, CFC began making loans, with each borrower pledging collateral—just as they did with loans from REA. Within a year CFC had approved more than 400 loans totaling \$130 million.

To raise more capital for long-term lending, CFC went to Wall Street with collateral trust bonds, backed by mortgages of member cooperatives and their solid three-plus-decade record of paying bills on time. CFC officially entered the bond market in late 1972—connecting Wall Street to Main Street.

The first bond issue got an “A” rating, a show of strength that indicated the CFC concept was solid.

On December 29 of that year, three weeks after CFC had issued its first collateral trust bonds, President Richard Nixon abruptly terminated the REA direct loan program that had been in place since 1936. The action instantly transformed CFC into a vital financing institution for electric cooperatives, and it quickly advanced \$45 million to meet critical capital needs.

During the electric cooperative power plant construction boom of the mid-1970s through early '80s, CFC developed innovative programs for G&Ts. On January 26, 1981, it formed National Cooperative Services Corporation (NCSC) to help cooperatives reduce the cost of new generation facilities through tax-advantaged financing vehicles (such as leverage leases) available at the time. Today, NCSC offers services that CFC can't, such as financing for-profit electric cooperative ventures, loans to cooperative consumers for home energy efficiency improvements, and acquisitions of investor-owned utility service territories.

As the only financial institution created and owned by electric cooperatives, CFC continues to provide its members with innovative financing services and industry expertise. CFC's senior secured debt is rated at the equivalent of an “A+” level with Wall Street credit rating agencies, and its loan portfolio (loans and guarantees outstanding) stands at \$20 billion (as of Nov. 30, 2011).

Today, Clark Electric Cooperative still utilizes CFC to help meet our capital needs, and it has proven to be a very valuable financial partner. ▶



## Federated Rural Electric Insurance Exchange Story

Beginning in 1955, rural electric leaders began holding a series of meetings to explore the feasibility of forming a self-insurance program. The goal was to secure long-term coverage at reasonable premiums. In 1956, a detailed study under the direction of the University of Wisconsin School of Commerce found savings could be achieved if cooperatives were to adopt a self-insurance plan.

In 1958, an organizational meeting of Federated was held in Madison, Wisconsin, with 15 cooperatives subscribing to capital stock. On March 24, 1958, Bill Thomas, Federated's firm general manager, in his report to Wisconsin Electric Cooperative membership made the following statement: "A few years from now, we will regard the formation of Federated as one of our greatest assets to our cooperative members." History has proven Mr. Thomas correct.

On July 20, 1959, the Wisconsin State Insurance Commissioner issued Federated a license to do business in Wisconsin. This was the first license in the nation's history issued to an organization of electric cooperatives. On September 1, 1959, Federated issued the first policy to the Wisconsin Electric Cooperatives for Workers' Compensation coverage, the first policy written. Fourteen other cooperatives announced they would subscribe as their Workers' Compensation coverage expired.

In 1964, Federated expanded into Iowa, South Dakota, and Kansas and, by 1983, Federated was writing business in 17 states. Today, Federated has an 84.6 percent market share of core electric cooperatives in 42 states.

In 1999, shareholders of Federated voted to amend the Articles of Incorporation to re-domesticate to Kansas and convert from a Wisconsin stock insurer to a Kansas reciprocal insurance exchange—a cooperative owned and operated insurance company. Since becoming a cooperative in 1999, Federated has allocated \$117 million in patronage capital to its members and has returned over \$45 million in retired patronage capital and return of capital previously invested in Federated.

In the beginning, the overall goal in the formation of Federated was to secure long-term coverage at reasonable premiums. The best way to control insurance costs is to minimize losses and the expenses tied to them. That focus continues today. ■

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**Clark Electric Cooperative**

Your Touchstone Energy<sup>®</sup> Partner



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