

Since 1940

WISCONSIN ENERGY *Cooperative* NEWS

March 2016

**Focused on your street.
Not Wall Street.**



CENIK RIVERS ENERGY COOPERATIVE

Your Touchstone Energy® Cooperative 

NOTICE OF ANNUAL MEETING

Scenic Rivers Energy Cooperative
April 9, 2016

GRANT COUNTY YOUTH AND
AGRICULTURE BUILDING
LANCASTER, WISCONSIN

The 79th Annual Meeting of the members of the Scenic Rivers Energy Cooperative will be held at the Grant County Youth & Agriculture Building in the City of Lancaster, Wisconsin, beginning at 9:30 o'clock a.m. on Saturday, the 9th of April 2016, to take action upon the following matters:

1. Determination of quorum.
2. Approval of minutes of 2015 annual meeting.
3. Election of three (3) directors, they being the directors to represent Districts 2, 6 and 7.
4. Presentation, consideration of, and acting upon, reports of officers, directors and committees.
5. Unfinished business.
6. New business.
7. Adjournment.

Dated this 9th day of March, 2016.



Chuck Simmons, Chairman

If you're interested in riding on a bus to the annual meeting from either Crawford or Lafayette County, please contact the SREC office, 800-236-2141.

VOTING INSTRUCTIONS

for members in Districts
2, 6, and 7

As a member of Scenic Rivers Energy Cooperative, you have the opportunity to elect a director for your district to represent your interests on the board of directors. The ballot will be sent to your billing address with the names of all candidates. For the ballot to be counted, please follow the step-by-step instructions below. If you mail in your ballot, you will automatically be entered in a drawing to win a \$50 credit on your energy bill! The drawing will take place during our annual meeting (you do not have to be present to win) where we will draw the six (6) winners.

Mail-in Ballot Instructions:

- 1) Mark which candidate you want to represent your district.
- 2) Place the ballot inside the "Mail Ballot Envelope". (Please do not include your electric bill payment in this envelope since it will not be opened until April 9.)
- 3) Seal the envelope.
- 4) Then insert that small envelope inside the return envelope with the co-op's address.
- 5) Seal the envelope.
- 6) On the outside of the envelope, SIGN your name on the line stating "Member Signature" located at the upper lefthand corner of the envelope.
Ballots are only counted if you SIGN your outer envelope!
- 7) All ballots must be mailed or delivered so that the cooperative office has received them by 4 p.m. on Friday, April 8, 2016.

Advance authorization must be given for non-individual members of the cooperative, such as churches, schools, cooperatives, governmental bodies or corporations, to vote at the annual meeting. Please contact our office if you did not receive/return a proxy notice.

Thank you for taking interest in the activities of your cooperative.



REGISTRATION CARD

Please bring this Annual Report with you to the meeting; the mailing label on the opposite side will be used for registration.

ANNUAL MEETING PROGRAM

April 9, 2016

9:00 a.m.

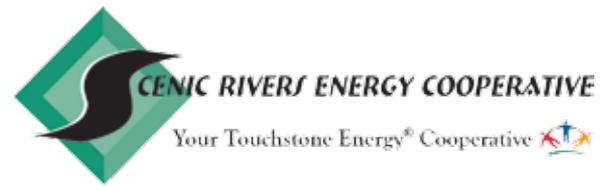
- Registration Begins
- Informational Booths are open.

9:30 a.m.

- Meeting called to order
- Invocation
- Introduction of Directors and Guests
- Determination of Quorum
- Minutes of the last Annual Meeting
- Election of Directors
- Audit Committee Report
- Treasurer's Report
- CEO Report
- Question and Answer Session
- Unfinished Business
- New Business
- Election Results
- Scholarship Winners
- Prize Drawings
- Adjournment
- Lunch served by Rooster Andy's

We will be drawing the scholarship and prize winners throughout the meeting.

- **Scholarship Drawing**
Winners *must* be present to win and be present for a picture that takes place after the meeting adjourns.
- **Prize Drawing**
This is for members who mailed in their ballots. They do not need to be present to win. The winners will have their certificate applied directly to their electric bill.
 - o Six (6) \$50 certificates.
- **Prize Drawing**
To enter, members must bring registration card that is on the back cover of this report. You must be present to win. The winners will have their certificate applied directly to their electric bill.
 - o One (1) \$100 certificate
 - o Three (3) \$50 certificates
 - o Ten (10) \$25 certificates



RULES OF ORDER FOR OFFICAL BUSINESS MEETING

1. The meeting will be conducted in accordance with the current edition of Robert's Rules of Order Newly Revised and under the following special Rules of Order.
2. Members wishing to speak are to give their names and the districts in which they are members.
3. Only members will be allowed to speak for two minutes on each issue and for one time only, except that an additional two minutes may be granted with the approval of the membership.
4. No signs or handouts will be permitted within the building of the place of the meeting, except such handouts as required for the official conduct of the annual meeting. No handouts made available outside of the building will use the name of the cooperative, its letterhead or logo to imply that the cooperative supports or opposes any candidate for director or resolution.
5. No demonstrations shall be held within the building of the place of the meeting.

VISION STATEMENT

Scenic Rivers Energy Cooperative is committed to being the area's most reliable provider of energy and related services. Our cooperative will strive to identify ways to improve the quality of life for our community.

MISSION STATEMENT

Scenic Rivers Energy Cooperative strives to be a reliable and innovative provider of energy and related services. Our cooperative will proudly serve our customers by:

- Encouraging member involvement
- Promoting appropriate growth for our cooperative and community.
- Serving as a strong advocate for effective policy at all levels of government.
- Educating the community, especially youth, about cooperatives.



CHAIRMAN'S REPORT

Chuck Simmons

On behalf of the board of directors of Scenic Rivers Energy Cooperative, I cordially invite you to the 79th annual meeting of Scenic Rivers Energy Cooperative on Saturday, April 9, at the Youth and Ag Building in Lancaster.

This meeting is more than just a gathering to conduct official business; it's a celebration of cooperatives, and that means it's a celebration of people.

Cooperatives are a unique form of business. Unlike investor-owned utilities, which are owned by sometimes distant stockholders who likely have no stake in the communities their utilities serve, co-ops are owned by the very people who live in the community and use the co-op's services.

Also, investor-owned utilities are about profit; they aim to generate the greatest possible reward for those far-away folks who invest in it. Cooperatives, on the other hand, are not-for-profit; rates are set just high enough to put sound operating capital back into the cooperative to fund expenses.

Co-ops like ours, however, do profit greatly from the investment we make in human capital. Cooperatives are about people—those who own the co-op, and also those who work tirelessly to keep the co-op operating.

At SREC, we are fortunate to have a staff of 38 dedicated and skilled employees, all of whom live in the communities we serve. Of that group, 27 work outdoors in every kind of weather, while the remaining 11 work in the offices. These 38 people bring a broad base of experiences to the job and they serve a variety of different functions inside and outside the offices, but our employees do share a few common traits.

One of them is longevity. The average career length of our outdoor crew is about 20 years; many of our office personnel have logged close to 10 or more years. Retirement celebrations tend to be pretty meaningful around here, since many of our staff members hang up their hats after 25 or 30-plus years of service. That's a lot of time to hone skills, gain a deep understanding and knowledge of SREC's operations, and develop personal relationships with many of our members. The latter is especially noteworthy considering SREC serves roughly 11,358 members—that makes for an impressive ratio of approximately 355 members for each employee.

Another common trait of all of our employees is dedication. When a major storm hits, our entire staff goes into action, putting in the hours necessary no matter what time of day or what kind of weather to keep the power going. That includes the office employees who remain on site for the duration of an outage to field phone calls. But it doesn't take a major event to illuminate our staff's dedication to the members: Their careful attention to the day-to-day work is evidence of their dedication to the job.

So what does all this mean for you? As members, you benefit from the steady, reliable electric service that a skilled and dedicated workforce ensures. As member-owners, you benefit from the responsible care the staff takes to keep your cooperative running smoothly, smartly, and soundly.

For example, SREC strives to keep the system maintained to the highest possible level while preserving the rates. In recent years we've paid special attention to our tree-trimming and maintenance program. Those efforts have paid off immensely; from 2013–2015 the number of annual outages dropped 16.2 percent. Much of that large drop can be attributed to our brush-clearing and maintenance program, plus a little help from the weather.

We also brought our equipment maintenance in-house in recent years by hiring our own mechanic. In the four years since we've made this change, we've lowered maintenance costs considerably from the years when we contracted this work out. An added benefit is that with a skilled mechanic on hand, our equipment can be repaired much more quickly, which helps our crews respond to situations more efficiently.

In short, we do everything possible at SREC to operate as efficiently as possible, holding our own costs down wherever we can. However, as we move forward we are facing many regulatory challenges that could have a negative impact on our rates. We are doing everything we can to face these challenges and keep our rates affordable.

Here's what you can do to help: Take a look at your own household and find ways where you can conserve energy. We offer a lot of resources to help you do that, from our energy rebate program, which helps members with the cost of installing new, energy-efficient appliances and systems, to sources like Focus on Energy and our free online energy-saving newsletter, Questline, both of which provide concrete solutions for managing your household energy use. If you want to learn more about our rebate programs or other resources, please visit our website, www.sre.coop, or call our office.

Our greatest strength as a cooperative is our people—the members who own it, the employees who operate it, and the directors who help guide it. By working together, cooperatively, we keep SREC strong.



Chuck Simmons,
Chairman

CEO'S REPORT

Steve Lucas

Here at Scenic Rivers Energy Cooperative, we've all been very busy making plans and preparations for the co-op's 79th annual meeting on Saturday, April 9, at the Youth & Ag Building in Lancaster. Among our tasks is to prepare the co-op's year-end financial statements.

This isn't the most glamorous job we have to do; budgeting in general is not exactly fun. However, just as you have to carefully monitor your own family's budget to make sure

We manage the cooperative's budget in much the same way that you manage your household budget.

you're meeting your household needs without spending more than you can afford, we have to watch the co-op's budget carefully. It's not fun, but it's extremely important.

Not too long ago as I sat down at my kitchen table to balance my checkbook and pay some bills, it occurred to me that

we manage the cooperative's budget in much the same way that you manage your own household budget. Like you, we have a certain amount of money to spend each month. And also like you, we have a certain amount of expenditures that have to be met, no matter what. The key, of course, is striking a balance—making sure the amount of money you spend is not more than the amount of money you have available.

Our mission at SREC is to provide reliable electric service at the lowest possible cost. That's our number-one goal—keeping the power flowing, safely and steadily. But we also have the responsibility of providing that electric service at a cost our members can afford, and this requires careful attention to the budgeting process.

Just like you, we have some expenses that are beyond our control. But that just means we have to make a huge effort to control the expenses in areas that are within our control. We take advantage of every opportunity available to control costs where we can, which is something I know all of you likely have to do as well.

For example, housing is a necessity for every family, but housing comes at a cost. If you own your house you have a mortgage to pay, and you can't do anything about that. However, you might be able to hold down your mortgage costs by making the effort to refinance your home when interest

rates are favorable. It takes a little work, but the result is you'll be able to stretch your household dollars a little further.

We've done the same. In the last five years, we've made a major effort to refinance as much of the cooperative's long-term debt as possible. Thanks to these efforts, we have driven the weighted average interest rate of the cooperative's total debt portfolio down to 3.08 percent. This puts SREC among the co-ops with the lowest weighted average interest rate in the nation. It took some effort, yes, but the result is we've saved a tremendous amount of money for our members.

We look for any other ways to save as well. We are constantly evaluating the way we do business to determine which tasks can be done more economically and more efficiently. Our crews work hard keeping the system well maintained, which helps us achieve our mission of providing reliable service, but also saves money in the long run by cutting down the number of service interruptions that can be costly to fix.

Long story short—our efforts to save money, whether by refinancing our debt portfolio or holding down operating costs—mean our members are saving money. In fact, we've been so successful in controlling costs wherever we can that we've been able to postpone any rate increases for the coming year.

The board of directors and I are extremely proud of the efforts the employees of SREC have made on behalf of the membership. They work tirelessly to keep the power flowing, reliably and affordably, and you can rest assured they're watching the cooperative's checkbook as closely as you're watching your own.

Please come to the annual meeting April 9 for a chance to visit with the staff and board members and also to learn more about your cooperative's operations. We look forward to seeing you there!



Steve Lucas, CEO



DAIRYLAND POWER REPORT

David Stute

During 2016, Dairyland Power Cooperative will be celebrating 75 years of serving electric cooperatives by honoring the legacy and strong foundation built by past cooperative leaders, while also planning to meet members' long-term needs. As Scenic Rivers' representative on the Dairyland Board of Directors, it is my privilege to discuss Dairyland's operations and significant events of the past year with you.

Strategic Focus – Recently, the board of directors and member cooperative managers/CEOs worked with management to identify key issues, challenges, and priorities. These top areas of strategic focus are core to Dairyland's integrated strategic and business plan, which was approved by the board in December 2015. Elements are:

- **Cooperative Purpose:** Dairyland must leverage our strategic advantage as a cooperative to successfully navigate through this period of transition in the energy industry, and continue to live the seven cooperative principles.
- **Employee Development:** Dairyland must focus on attracting, retaining, and developing talented leaders who are focused on serving co-op members.
- **Resource Diversification:** Diversifying the energy resource mix and expanding the use of renewable energy are strategic priorities for Dairyland.
- **Competitive Service:** Ensuring that rates and services are competitive is critical to the long-term viability of Dairyland and our cooperative members, and requires focus on efficiency improvements and management of controllable costs and risk.
- **Financial Strength:** Maintaining financial strength and competitive access to capital, while maintaining competitive rates and services, are critical to delivering on Dairyland's strategic plans.
- **Growth:** Dairyland must actively pursue a "smart growth" strategy. Opportunities to improve efficiencies and provide more competitive costs and service can be created through system growth.
- **Safety Culture:** The safety of employees, members and the general public remains a foundational value. Dairyland will continue to strive for an operational goal of "zero incidents."
- **Operational Excellence:** Dairyland will continue to strive for reliable performance of its power plants, transmission system, and the overall organization.
- **Plant Decommissioning:** Dairyland must successfully complete safe decommissioning of the La Crosse Boiling Water Reactor (LACBWR) and the Alma Station.

Evolving Generation Portfolio – In response to Dairyland's 2015 request for proposals, several solar installations will be built throughout Dairyland's service area in 2016. A number of other options are currently being evaluated, including natural gas generation, additional wind, and other renewable resources.

Power Delivery Projects – Dairyland continues to rebuild its 1950s-era backbone transmission network by focusing on its 161 kV transmission line between Genoa and Alma. In fall 2015,

Dairyland completed the Holmen to Marshland segment of that line and anticipates finishing this rebuild in 2017 from Holmen to the La Crosse Tap.

Dairyland is an 11 percent owner of the CapX2020 Hampton-Rochester-La Crosse 345 kV line, expected to be completed in 2016. The line was built to serve local load in the area and a completed section is delivering expected results by reducing congestion, enhancing reliability, and providing access to renewable resources.

Two other planned regional 345 kV transmission projects are in various phases of approval. Dairyland is a 5 percent participant in a portion of the Badger Coulee Project (La Crosse to north Madison) and a 9 percent participant in the Cardinal-Hickory Creek project (Madison to Dubuque).

Plant Decommissioning – Dairyland is taking steps to complete decommissioning of both LACBWR and the Alma Station. Specifically, Dairyland and EnergySolutions, a national radioactive waste services contractor, executed a "licensed stewardship" agreement in October 2015 for the final decommissioning of LACBWR.

Rates; Maintaining Financial Strength – Efficiency measures have been effective in helping hold rates steady recently, with no rate increases for the past two years. Dairyland's Board of Directors approved a 2016 budget with less than 2 percent average wholesale rate increase over 2015. Major cost drivers of the increase are environmental improvements, local and regional transmission improvements/projects, fuel and transportation costs, purchased power, and transmission by others.

Overall, Dairyland's year-end results were positive with an increase in margins, strengthening Dairyland's overall financial position. For 2015, net margins increased to \$26.7 million, up from 2014 margins of \$2.9 million.

Dairyland's total net generation and purchased power decreased from 6.5 billion kilowatt-hours (kWh) in 2014 to 5.9 billion kWh in 2015. A mild winter and decreased energy use by some commercial customers contributed to lower energy loads. Total operating revenues for 2015 decreased to \$418.3 million, as compared to \$447.7 million in 2014.

Fuel to operate its generating facilities continues to be Dairyland's largest annual expense, with barge and rail transportation of coal constituting a significant portion of that cost. Dairyland's plants used about 2.2 million tons of coal in 2015 including its 30 percent share of the Weston 4 power plant.

Looking Forward – As we reflect in 2016 on Dairyland's strong 75-year history, I am pleased that Dairyland is in a financially and operationally sound condition. The original dedication of our cooperative founders endures today as Dairyland continues to help us all "live the cooperative advantage" by planning to meet our needs with reliable, safe, sustainable and competitively priced electricity.

This completes my report. I very much appreciate the opportunity to represent Scenic Rivers on the Dairyland Board of Directors. Thank you!



David Stute

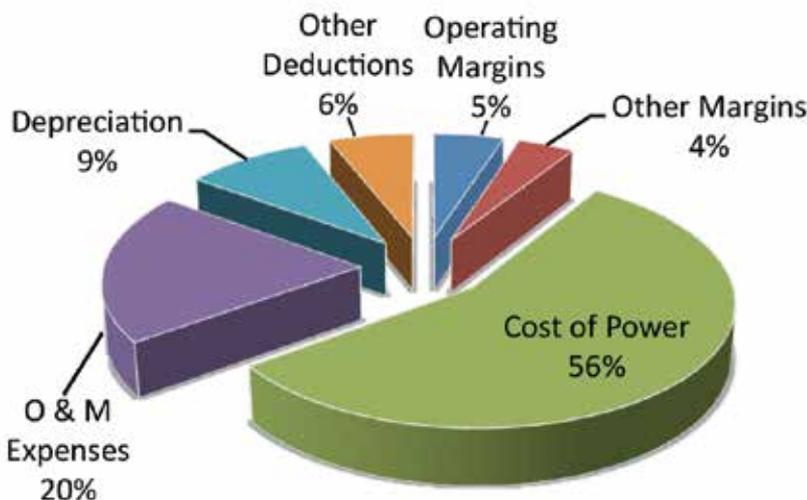
Unaudited COMPARATIVE BALANCE SHEET

	<u>12-31-14</u>	<u>12-31-15</u>
Total Utility Plant	\$ 68,732,146	\$ 70,889,385
Less Reserve for Depreciation	14,937,485	16,521,303
Utility Plant—Less Reserve	\$ 53,794,661	\$ 54,368,082
Inv. In Associated Organizations	\$ 12,526,513	\$ 13,093,600
Other Investments	5,332,590	6,564,640
Total Investments	\$ 17,859,103	\$ 19,658,240
Accounts Receivable	\$ 2,816,513	\$ 2,594,629
Materials & Supplies	596,239	610,467
Other Current Assets	1,395,112	1,224,291
Total Current Assets	\$ 4,807,864	\$ 4,429,387
TOTAL ASSETS	\$ 76,461,628	\$ 78,455,709
Long Term Debt – RUS	\$ 31,639,629	32,937,834
Long Term Debt – CFC & Co Bank	4,120,331	3,655,011
Current & Accrued Liabilities	3,706,709	3,195,597
Consumer Deposits	229,398	232,374
	\$ 39,696,067	\$ 40,020,816
Patrons Capital & Oper. Margins	\$ 34,591,928	\$ 35,911,281
Other Margins & Equities	2,173,633	2,523,612
	\$ 36,765,561	\$ 38,434,893
TOTAL LIABILITIES & EQUITY	\$ 76,461,628	\$ 78,455,709

Unaudited COMPARATIVE OPERATING STATEMENT

	<u>12-31-14</u>	<u>12-31-15</u>
Operating Revenues	\$ 28,924,187	\$ 28,633,453
Cost of Power	\$ 17,093,333	16,895,050
Operations and Maintenance	3,534,322	3,495,324
Consumer Accounts	338,453	349,178
Consumer Service & Information	246,466	251,600
Sales Expense	271,571	219,352
General & Administrative	1,710,760	1,561,128
Total Operations & Maintenance Expense	\$ 23,194,905	\$ 22,771,632
Depreciation	\$ 1,999,043	\$ 2,603,869
Taxes	377,404	374,455
Interest	1,239,038	1,441,447
Other Deductions	1,004,021	2,681
Total Cost of Electric Service	\$ 27,814,411	\$ 27,194,084
Operation Margins	\$ 1,109,776	1,439,369
Non-operating Margins	217,691	497,489
Income from Equity Investments	2,195	0
Dairyland & Other Capital Credits	934,148	865,087
Total Margins	\$ 2,263,810	\$ 2,801,945

2015 EXPENSE REPORT



NON-DISCRIMINATION STATEMENT

This institution is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.



MEET YOUR DIRECTOR CANDIDATES

District 2

Sandra Davidson

10118 Skrede Road
Readstown, WI 54652

Sandy and her husband, Ken, own a 200-acre certified organic crop and beef farm in Clayton and Kickapoo townships and have been members of Scenic Rivers Energy Cooperative since 1978. They have two daughters, Heidi and Heather (Chad) Christianson, and two grandsons, Alden and Olen.

Sandy is a dietary manager at Sannes Skogdalen Heim (a long-term care facility in Soldiers Grove) and is a member and pianist of the Soldiers Grove United Methodist Church, which is part of the BMZ (Boscobel/Mount Zion) campus. She serves as the church secretary/treasurer and is active in the UMW (United Methodist Women). And she serves on the Care Transitions Coalition committee with emphasis on nutrition.

Sandy has been a director of Scenic Rivers Energy Cooperative since the merger in 1999 with Crawford Electric, of which she was elected as a director in 1984. Currently, she serves as the secretary/treasurer. She is an alternate to the Dairyland Power Cooperative board. Sandy serves on the Executive and Bylaws/Policy Committees. She is actively involved with the Operation Round-Up Program at the cooperative. And she has attended a number of educational courses for directors through NRECA.

Sandy commented, "I continue to be committed to providing reliable power at the lowest possible cost for you, the members. I will base my decisions on what is best for the members during these challenging times. I would appreciate your vote. Thank you!"

District 2

Ken Cornish

28595 Kickapoo Valley Rd.
Steuben, WI 54657

Ken and his wife of 51 years, Jean, are retired and live in Marietta Township, Crawford County, and have been members of Scenic Rivers Energy Cooperative since 2002. They have two sons and four grandchildren. Ken was employed in the health-care field as the chief financial officer of small rural hospitals in Wisconsin, Minnesota, and Pennsylvania. With extensive experience in finance, he was also a leader in every facet of hospital operations. Ken held a license as a nursing home administrator and served as a multi-location clinic manager.

Ken currently is an active member on the Board of Directors of ContinuUs (formerly Southwest Wisconsin Care Alliance) where he is on the executive committee and chairs the audit committee. Although not a firefighter himself, Ken is the president of the Boscobel and Rural Fire District Board and an EMT on the Boscobel Rescue Squad. Ken is a fellow in the Healthcare Financial Management Association and past president of the 650-member Minnesota Chapter, and he served on the board of directors of the Wisconsin Chapter as well as several national committees. He is a graduate of Viterbo University.

He said, "I enjoy my retirement because it gives me the opportunity to give back by serving my community where I have something meaningful to contribute. I am a change advocate and concerned about the future of our environment and the availability of clean, efficient, affordable energy. As your representative on the board, I will work to balance affordable energy and a safe clean environment. I ask for your vote and appreciate your support."

District 6

Don Schaefer

5777 Stanton Road
Platteville, WI 53818

Don has served on the board since April of 2010. During his tenure, Don has served as a board member and most recently the vice chairman. He has taken his position very seriously and has participated in several continuing education classes to expand his knowledge. In 2014, he received his Credentialed Cooperative Director Certificate. Don believes it is essential to learn as much as possible in order to make informed decisions to serve the Scenic Rivers Energy Cooperative members in an effective manner.

Don is a graduate of Potosi High School as well as Southwest Tech in the Farm Business Management Short Course. He served in the U.S. Navy during Vietnam. Don was raised on a dairy farm in Potosi and continues his passion for farming by raising Holstein steers. For the past 30 years (five of them as manager), Don has worked as an insurance agent at The Insurance Center in Platteville. He specializes in Life, Health, Accident, Cancer/Critical Illness and Medicare Supplement.

Don and his wife, Linda, reside in the Harrison Township in Grant County. They have three children and four grandchildren. In his free time, Don enjoys golfing, boating, and traveling. If re-elected, Don stated that "I will continue to put forth extra effort to help the cooperative grow and be cost effective. It has been a pleasure to serve the community as a member of this board, and I welcome the opportunity to continue this position."

District 7

Larry Butson

7838 Sand Hill Road
Platteville, WI 53818

Larry and his wife, Sheryl, reside on the Butson Family farm, established in 1913 in Grant County, Town of Lima. They are the fourth generation to live on and work this land. They have two children. Dan (Valinda) Butson is an electrical engineer in Portage, Wisconsin, and Jennifer (Mark) Eldredge is an electrical engineer in Franklin, Wisconsin. Larry and Sheryl have five beautiful grandchildren who they love spending time with.

Larry graduated from Platteville High School and earned his bachelor of science degree in civil engineering from UW-Platteville in 1970. He worked for the Wisconsin Department of Transportation as a civil engineer for 34 years. The last 15 of those years he supervised a team of engineers, technicians, and consultants responsible for designing and building highways in central Wisconsin.

For many generations, Larry's family have been active members of the Whig United Methodist Church located in

rural Platteville. Larry is proud to be attending the church he grew up in, and to be a trustee and member of the administrative board.

Larry earned certification through the National Rural Electric Cooperative Association's (NRECA) to become a Credentialed Cooperative Director (CDD). This additional training has significantly furthered his contributions to building and growing an effective board that will better serve its members.

Larry said, "I am especially proud that our cooperative has been able to increase the reliability and safety of our electrical distribution. I am eagerly looking forward to the future challenges that face this board. Change is everywhere. Exciting new technologies and innovations are everywhere. There will be changes in metering as we install new metering equipment. Efficiency and wise use of electrical energy will be more important than it has ever been.

"This is a weighty responsibility requiring diverse, well-informed, hands-on, and experienced board members that will make wise decisions for our cooperative. I appreciate the opportunity of being part of this very innovative, committed, and dedicated group. I respectfully and humbly ask for your vote to allow me to continue to serve the members of SREC."

SERVICE RECOGNITION



Jim Wolf
Area Supervisor
25 years



Andy Kilcoyne
Staking Engineer
15 years



Matt Ritchie
Lineworker
15 years



Amanda Downing
Receptionist
10 years



Joe Ihm
Lineworker
10 years



Jason Knapp
Area Supervisor
10 years



Mark Cullen
Mechanic
5 years



Reggie Lomas
Lineworker
5 years



Julie Ostby
Billing Clerk
5 years



MINUTES OF THE ANNUAL MEETING

Scenic Rivers Energy Cooperative Held on April 11, 2015

The 78th annual meeting of the Scenic Rivers Energy Cooperative (SREC) was held on Saturday, April 11, at the Youth & Ag Building in Lancaster, Wisconsin. Chairman Simmons called the meeting to order at 9:30 a.m.

Pastor David Froemming of Christ Lutheran (Lancaster) and St. Paul's Lutheran (Burton) gave the invocation.

CEO Lucas recognized Jeff Farrey for his retirement after 38-1/2 years of service.

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 195 members had registered.

Attorney Berman stated the Notice of Annual Meeting was printed in the annual report and at each SREC office. And he mentioned that we had a notarized proof of mailing from Dairyland Power Cooperative (DPC) that indicated the report was mailed to each member on March 11, 2015.

Attorney Berman stated that the meeting rules of order, which were printed on page 3 of the annual report, were adopted.

Attorney Berman asked for a motion to approve the previous annual meeting minutes held on April 8, 2014, as printed in the annual report on page 8. 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 3, 4, and 8.

Audit Committee member Jack Larson reported on the fiscal year 2014 Audit Committee Meeting held on March 31, 2015.

Secretary–Treasurer Davidson presented the treasurer's report that highlighted key points of interest in 2014 for SREC.

CEO Lucas answered questions from members and talked about vegetation management, renewable energy, and outages. He reported that there would be no rate increase with either the charge per kilowatt hour or fixed charge.

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 26 recipients of the \$750 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 Chuck Simmons (District 3), Ellen Conley (District 4), and Steve Carpenter (District 8) were re-elected.

District 3

Chuck Simmons received 341 votes.

District 4

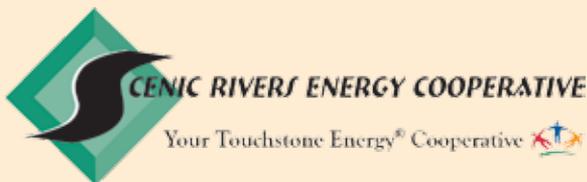
Ellen Conley received 296 votes.

District 8

Steve Carpenter received 234 votes.

All registered members who were present at the annual meeting received a \$5 credit on their next bill.

Chairman Simmons asked for any further business—hearing none, the meeting was adjourned at 10:34 a.m.



Steve Lucas, CEO

231 N. Sheridan St.
Lancaster, WI 53813
lancaster@srec.net

300 Barth Drive
P.O. Box 127
Darlington, WI 53530
darlington@srec.net

15985 St. Hwy. 131
P.O. Box 158
Gays Mills, WI 54631
gaysmills@srec.net

608-723-2121 • 800-236-2141 • www.srec.coop

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
David Stute, Director
Marcus Saegrove, Director

HIGHLIGHTS

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Members served	11,304	11,306	11,358
Miles of distribution line	3,471	3,481	3,490
Number of substations	23	23	23
Connected meters	13,819	13,846	13,926
Density – meters per mile of line	3.98	3.98	3.99
kWh sold	217,632,661	224,585,541	215,289,346
Total energy sales	\$27,328,750	\$28,787,538	\$28,430,044
Avg. kWh usage per member, per month	1,604	1,655	1,580
Full-time employees	38	38	38
Capital Credits returned to date (Including estate settlements)	\$27,255,732	\$28,459,527	\$29,713,017
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		

SCHOLARSHIPS AVAILABLE



College scholarships will be awarded through a drawing at the 2016 Scenic Rivers Energy Cooperative 79th Annual Meeting on April 9, 2016. At the time of the annual meeting, to be eligible to receive a scholarship, the applicant must be either:

- a. a senior in high school;
- b. a senior in a home-schooled program;
- c. a non-traditional student entering his or her freshman year in a post-secondary accredited program

After successful completion of the first semester of post-secondary school or college AND receiving credit for at least 12 hours at a minimum “C” average, a \$750 check will be made out to the student and the school for the second semester tuition. If the student fails to meet these qualifications, the scholarship will be awarded to the alternate if he or she has met all the same requirements.

Qualifications:

- 1. Only dependents of members or members of Scenic Rivers Energy Cooperative will be eligible to receive scholarship money. Family members of employees and directors are eligible.
- 2. The application can be mailed or emailed to the following addresses and must be received on or before April 4 to qualify:

Mailing Address:

Scenic Rivers Energy Cooperative
Attn: 2016 Scholarships
231 N. Sheridan St.
Lancaster, WI 53813

Email Address:

csolmstead@srec.net

SREC will mail each student a letter to verify receipt of the application. If you do not hear from SREC by April 5, 2016, please call to verify SREC received your application.

- 3. The student must be present at the SREC Annual Meeting held on April 9, 2016, to win.

- 4. The student must receive college credit for at least 12 hours at a minimum “C” average to be awarded the scholarship.
- 5. Simply fill out the application form and return it to the address stated above. Applications can be picked up at any of the SREC three offices: Lancaster, Darlington, or Gays Mills or on our website @ www.sre.coop.

If you have questions regarding the 2016 scholarships, please contact Carrie Olmstead at 608-723-2121 or 800-236-2141 ext. 556.

SCHOLARSHIP APPLICATION *deadline April 4, 2016

Name _____ Phone No. _____

Address _____

City _____ State _____ ZIP Code _____

Parent Name (or legal guardian) _____

Address _____
(if different from student)

Cooperative Billing Account Number _____

Name of High School _____

Graduation Date _____

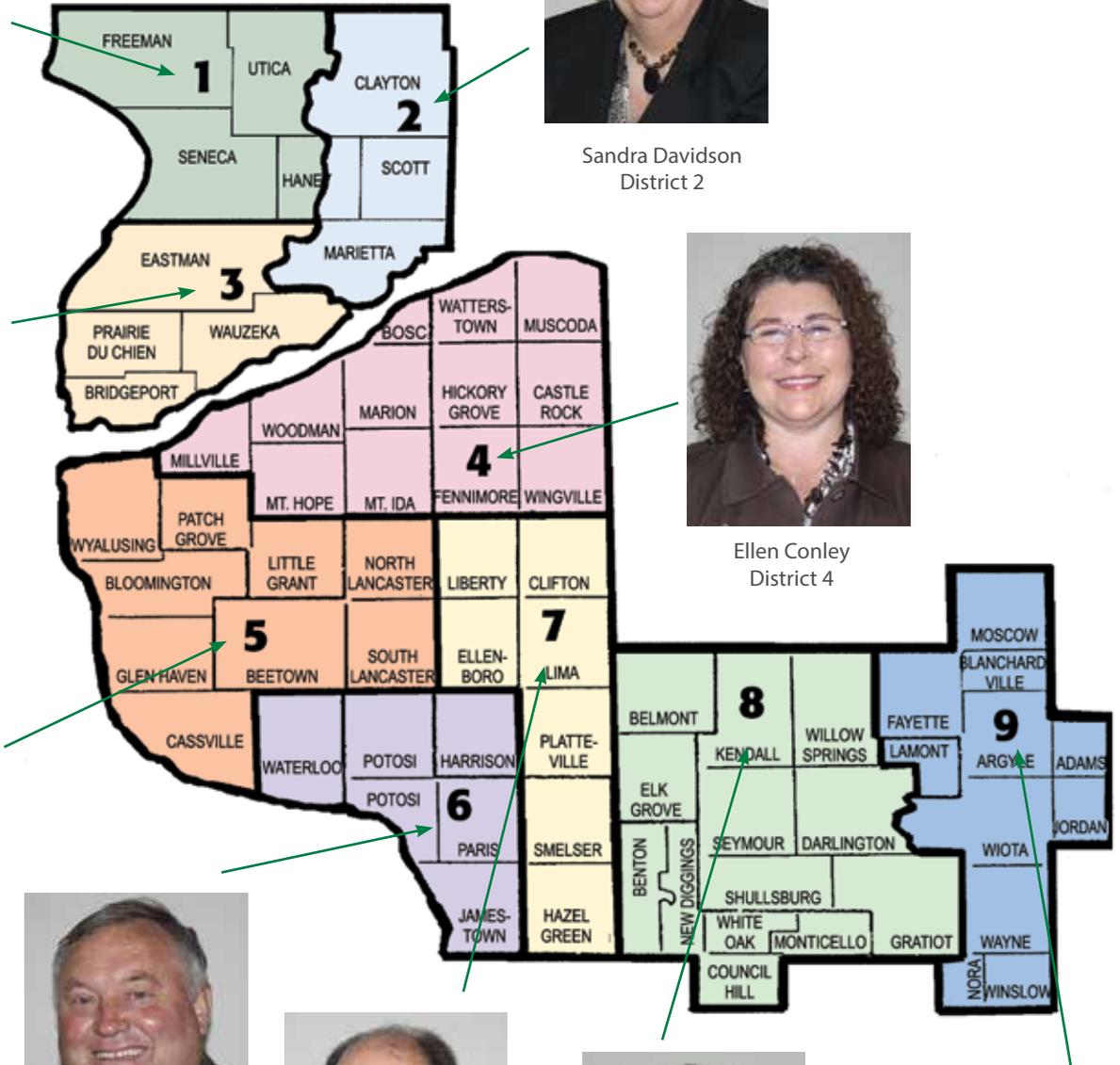
SREC DIRECTOR DISTRICTS



Marcus Saegrove
District 1



Sandra Davidson
District 2



Chuck Simmons
District 3



Ellen Conley
District 4



Delbert Reuter
District 5



Don Schaefer
District 6



Larry Butson
District 7



Steve Carpenter
District 8



David Stute
District 9