

HOME WORKS Lighting the way for **75** years!



2011 Annual Report
HomeWorks Tri-County Electric Cooperative

Representing Your District

	<i>Area Served</i>	<i>Tri-Country Electric Cooperative Board</i>	<i>Tri-Country Electric People Fund Board</i>
District 1:	Eaton, Ingham and Jackson counties	Philip Conklin	Richard Palermo
District 2:	Barry and Ionia counties	Wayne Swiler	Jerry Supina
District 3:	Clinton County except Bingham, Duplain and Greenbush townships	Carl Morton	Mary Ellen Heffron
District 4:	Montcalm County, except Bloomer, Crystal and Evergreen townships	Laverne Hansen	Lisa Johnson
District 5:	Gratiot and Saginaw counties, except Bingham, Duplain and Greenbush townships in Clinton County, and except Bloomer, Crystal and Evergreen townships in Montcalm County	Cara Evans	Peggy Pirhonen
District 6:	Clare and Isabella counties	Ed Oplinger	Dick Donley
District 7:	Mecosta and Osceola counties	Dean Floria	Patti Ferris



Seated from left: Laverne Hansen, Wayne Swiler and Carl Morton. Standing from left: Ed Oplinger, Dean Floria, Cara Evans and Phil Conklin.

Looking Back, Looking Forward

“Life holds more meaning when the past ties into the present. When this happens, one gains the assurance that the present will tie into the future.”

– Robb Sagendorph, long-time publisher of The Old Farmer’s Almanac

Throughout 2012, your cooperative has marked its 75th anniversary. We’ve looked back to our beginnings in March 1937, and to the progress made since then in power supply, reliability, cost stability, and member service. Looking back, these are what we believe are the top 10 achievements of our first 75 years:

- Brought electricity to rural areas in 13 mid-Michigan counties, improving the quality of life for thousands of families, and investing over \$89 million to build 3,300 miles of line to 25,500 service points;
- Instrumental in forming Wolverine Power Supply Cooperative in 1941, now serving over 260,000 Michigan homes, farms and businesses as Wolverine Power Cooperative, and instrumental in creation of Michigan’s first commercial wind farm;
- Helped form the National Rural Electric Cooperative Association and Michigan Electric Cooperative Association, giving cooperatives a unified public voice;
- Retired \$8,583,954 in capital credits to members based on their energy purchases, including \$882,000 in 2012, while maintaining a healthy equity ratio (member ownership/debt, currently 48.2 percent);
- Invested in the National Rural Telecommunications Cooperative to help get DIRECTV launched, bringing entertainment choices via satellite TV to rural homes;
- Offered metered propane, making it easier for customers to pay as they used the fuel, like other utilities, rather than by the delivery;
- Created the Tri-County Electric People Fund, which since 1993 has given \$1,715,069 to individuals and community organizations in need;
- Supported youth through various programs, including Michigan Electric Co-op Teen Days (now the Youth Leadership Summit) and the National Rural Electric Youth Tour, attended by over 100 area students; providing \$22,500 in Touchstone Energy college scholarships to 36 area students; and nearly \$30,000 in Touchstone Energy Classroom Grants;



- Helped customers get the best value for their energy dollars by offering loans for members to wire their homes or buy appliances in the 1930s and 1940s, through the Home Energy Loan Program in the 1980s, the Hot Water Deal in the 1990s, and the current Energy Optimization program;
- Provided jobs and community investment to Portland and Ionia County, and to Blanchard and Mecosta and Isabella counties, through our two operations centers.

And we’ve done all this while building a culture of safety that considers not only our employees and members, but also the general public.

As your board and staff, we look forward to many future achievements. Thank you for your continuing support and encouragement.

Carl Morton, Board Chairman

Mark Kappler, General Manager & CEO

Balance Sheet

HomeWorks Tri-County Electric Cooperative

Year Ended December 31,

(in Thousands)

	2011	2010
ASSETS		
Total Utility Plant	\$ 88,981	\$ 86,933
Accumulated Depreciation	<u>(25,311)</u>	<u>(23,539)</u>
Net Utility Plant	63,670	63,394
Investments in Associated Organization	32,045	30,879
Cash and Cash Equivalents	4,432	705
Accounts Receivable	5,280	5,793
Materials and Supplies	795	763
Other Assets	159	178
Total Assets	106,381	101,712
EQUITIES and LIABILITIES		
MARGINS and EQUITIES:		
Patronage Capital	42,287	40,663
Other Equities	10,379	9,930
Total Margins and Equities	52,666	50,593
LIABILITIES:		
Long Term Debt	42,967	39,500
Notes Payable	1,544	2,771
Accounts Payable	4,753	4,645
Other Current & Accrued Liabilities	4,451	4,203
Total Liabilities	53,715	51,119
Total Equities and Liabilities	106,381	101,712



Statement of Operations

HomeWorks Tri-County Electric Cooperative

Year Ended December 31,

(in Thousands)

	2011	2010
OPERATING REVENUES	\$ 39,910	\$ 38,305
OPERATING EXPENSES		
Cost of Purchased Power	25,758	24,314
Operations and Maint. Expense	7,308	7,341
Depreciation	2,628	2,488
Interest	1,959	1,849
Taxes	1,009	1,033
Total Operating Expenses	38,662	37,025
Net Operating Income	1,248	1,280
NON-OPERATING MARGINS		
Capital Credits - G&T and Other	1,670	216
Income (Loss) from Subsidiary	377	473
Non-Operating Margin - Other	142	(64)
Total Non-Operating Margins	2,189	625
NET MARGINS	\$ 3,437	\$ 1,905

Complete, audited financial statements are maintained at the Portland office of HomeWorks Tri-County Electric Cooperative, Inc. The independent audit of 2011 financial statements was unqualified, and completed by the certified public accountant (CPA) firm of Eide Bailly, Fargo, ND.

Where Your Energy Dollar Goes:



Financial Summary HomeWorks Affiliates

Statement of Operations: Tri-Co Services, Inc.

<i>(in Thousands)</i>	Year Ended December 31,	
	2011	2010
OPERATING REVENUES	\$ 5,425	\$ 4,749
Cost of Sales	3,615	3,067
Sales, General & Administrative Expense	1,290	1,055
Income Tax Expense	143	154
NET INCOME	\$ 377	\$ 473

Balance Sheet: Tri-Co Services, Inc.

<i>(in Thousands)</i>	Year Ended December 31,	
	2011	2010
ASSETS		
Current Assets	\$ 3,596	\$ 3,723
Investments in Associated Organizations	2,232	2,036
Property and Equipment, less depreciation	3,112	3,336
Total Assets	\$ 8,940	\$ 9,095
EQUITIES and LIABILITIES		
Current Liabilities	\$ 1,070	\$ 1,604
Deferred Taxes	355	353
Common stock - \$1 par, 50,000 shares	50	50
Retained Earnings	7,465	7,088
Total Equities and Liabilities	\$ 8,940	\$ 9,095



2011 Affiliate Statistics

3,664

Propane Customers

271

High Speed Internet
Customers





You Can Be an Energy Star

Help Michigan meet its energy goals while getting the most value for your energy dollar. Buy energy-efficient appliances with Energy Optimization rebates.



michigan-energy.org/homeworks
877-296-4139 or homeworks.org

Continuing our 75-year tradition of bringing high-quality, needed services to rural families...

Introducing HomeWorks High Speed Internet

Satellite technology that goes beyond your wildest expectations.

- Up to 12 Mbps download and up to 3 Mbps upload
- 10 GB monthly data allowance
- Innovative web acceleration technology, making your web browsing faster



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THE BEST PART? IT'S FREE TO MEMBERS OF TOUCHSTONE ENERGY COOPERATIVES JUST LIKE YOU.

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Pharmacy discounts are not insurance, and are not intended as a substitute for insurance. The discount is only available at participating pharmacies.



The 7 Cooperative Principles Come to Life at HomeWorks Tri-County Electric Cooperative

1 Voluntary and Open Membership
The only requirement for membership is taking electric service from the cooperative.

2 Democratic Member Control
You guide the co-op by voting for district officers at these annual member meetings; and by voting for your board representative every three years.

3 Member Economic Participation
We are operated on a not-for-profit basis. Margins are allocated to members each year based on energy purchased, and refunded to members as finances allow.

4 Autonomy and Independence
We are owned and operated locally for the benefit of those who purchase our electric services.

5 Education, Training and Information
These meetings are a prime example of this principle, along with our scholarship program and Youth Leadership Summit.

6 Cooperation Among Cooperatives
We provide mutual aid to other cooperatives to restore power after severe weather. We are a member-owner of Wolverine Power Cooperative. Our general insurance, banking, finance, and many supplies are obtained through other cooperatives.

7 Concern for Community
The Tri-County Electric People Fund and Touchstone Energy Classroom Grants are just two examples of our concern for our communities here in mid-Michigan.



Tri-County Electric
Cooperative

Our Mission

Our mission is to provide our members and customers with energy, comfort, and communications solutions that will enhance their quality of life.

Offices: 3681 Costabella Avenue, Blanchard
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Web: homeworks.org

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