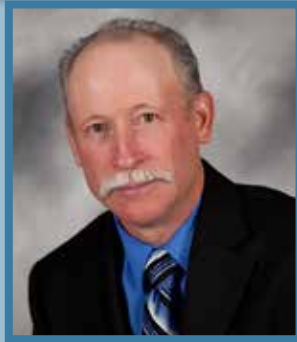


# 2014

## Annual Report HomeWorks Tri-County Electric Cooperative



# 2014 TCEC Board of Directors



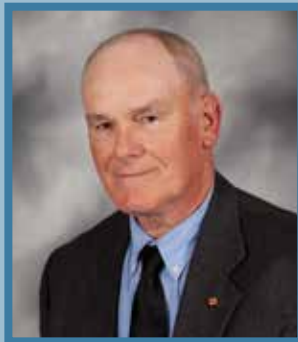
**Ed Oplinger**  
Chairman  
District 6



**Wayne Swiler**  
Vice-Chairman  
District 2



**Cara Evans**  
Secretary-Treasurer  
District 5



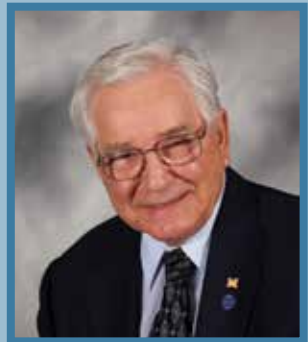
**Philip Conklin**  
District 1



**Luke Pohl**  
District 3



**Kimber Hansen**  
District 4



**Dean Floria**  
District 7

COMPENSATION: Tri-County Electric Cooperative directors receive compensation of \$900 per month, plus \$315 per board meeting attended. The Tri-County Electric People Fund directors receive no compensation.

## Other District Information

District	Contact Info	Counties Served	Year Director's Term Expires*	People Fund Board
1	517-726-0127 5130 W. Gresham Hwy., Charlotte, MI 48813	Eaton, Ingham, Jackson	2016	Richard Palermo
2	616-374-3141 11750 Ainsworth Rd., Lake Odessa, MI 48849	Barry, Ionia	2017	Jerry Supina
3	989-292-0427 15560 W. Hanses Rd., Westphalia, MI 48894	Clinton (except Bingham, Duplain, Greenbush twps.)	2015	MaryEllen Heffron
4	989-506-5849 6535 N. Wyman Rd., Edmore, MI 48829	Montcalm (except Bloomer, Crystal, Evergreen twps.)	2017	Lisa Johnson
5	989-862-5590 10180 Roosevelt Rd., Bannister, MI 48807	Gratiot, Saginaw (plus twps in Clinton and Montcalm)	2016	Peggy Pirhonen
6	989-644-3079 10890 W. Weidman Rd., Weidman, MI 48893	Clare, Isabella	2015	Dick Donley
7	989-382-5230 1163 Taft Rd., Remus, MI 49340	Mecosta, Osceola	2016	Jerrilynn Strong

\*All terms expire in August

# The Year in Review

Your Cooperative enjoyed another good year of operations in 2014. For us, this means providing you and your neighbors with reliable, affordable electricity.

**Reliable:** Our electric system and our service facilities at Blanchard and Portland are in good condition. We have a forward-looking work plan in place, to make sure the system is updated regularly and upgraded where needs arise.

**Affordable:** Our financial reports are strong, showing that no rate increase is needed to meet our expenses. Our rates are very competitive with those charged by other mid-Michigan utilities, and we work very hard to get the most value from your energy dollars.

Some of our specific accomplishments in 2014 include:

- The Board of Directors authorized a total capital credit retirement of \$1.4 million, the second largest in our history to that point. Through 2014, the Cooperative has returned \$11.9 million of equity investment to our member-owners.



- Our Community Solar Garden, dedicated on Earth Day 2014, is performing better than expected, and about two-thirds of the panels are leased to members, who see the benefit as a monthly credit on their energy bill.
- Member-owners took a direct role in governing their co-op at the Annual Meeting in August, with a unanimous vote to opt out of the state's \$25 outage credit. This vote recognized that cooperatives are different, and the money to pay such a credit to one group of members can only come from other members, rather than from distant stockholders.
- We completed a Member Survey, with members rating us highly on key factors such as reliable electric service, prompt outage response, and quality customer service.
- Your Board of Directors said goodbye to two longtime members in 2014, as first Laverne Hansen and then Carl Morton retired. While we lost a combined 65 years' of experience with Laverne and Carl, we gained new perspectives from Kimber Hansen and Luke Pohl, the directors who filled their seats.



- Following the Christmas 2013 ice storm and April 2014 wind storm, a cross-functional team developed an Emergency Response Plan to identify best practices to improve our ability to respond safely and quickly during severe circumstances. One of the needs we identified was a flex-track vehicle to reach swampy or off-road areas; we now have our own vehicle (shown above) and are putting it to good use.
- We completed a new cold storage building at Portland, the final piece of our 10-year facilities plan. Every building at Blanchard and Portland is now up to code, energy-efficient, and set up to help our employees serve you better.
- The Cooperative's subsidiary, Tri-Co Services, Inc., showed a profit and paid a dividend of \$200,000 to Tri-County Electric, which was returned to members as part of the capital credit retirement.
- As part of our commitment to our communities, the Tri-County Electric People Fund made 37 grants to families and 35 to organizations, totaling over \$96,000, in 2014. These grants helped with food, housing, medical, and transportation needs. Tri-County Electric also offered Touchstone Energy scholarships and classroom technology grants that benefited hundreds of students.

From your Board of Directors to our newest employees, we are constantly learning and looking for ways to improve the services we bring to you. The highlights we've listed here are just a few of the ways we did that in 2014



Ed Oplinger,  
Board Chairman



Mark Kappler,  
General Manager & CEO

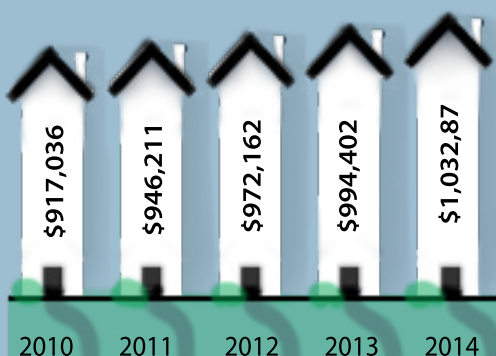
# Balance Sheet

## HomeWorks Tri-County Electric Cooperative

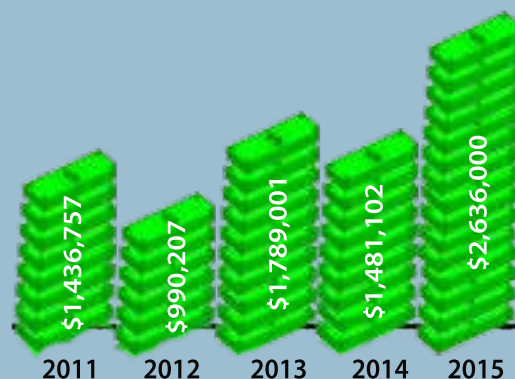
Complete, audited financial statements are maintained at the Portland office of HomeWorks Tri-County Electric Cooperative, Inc. The independent audit of 2014 financial statements was unqualified, and completed by the certified public accountant (CPA) firm of Eide Bailly, Fargo, ND.

(in Thousands)	Year Ended December 31,	
	2014	2013
<b>ASSETS</b>		
Total Utility Plant	\$ 96,563	\$94,146
Accumulated Depreciation	<u>(29,675)</u>	<u>(28,273)</u>
Net Utility Plant	66,888	65,873
Investments in Associated Organization	36,581	35,640
Cash and Cash Equivalents	1,263	1,541
Accounts Receivable	6,494	6,207
Materials and Supplies	720	660
Other Assets	<u>2,633</u>	<u>2,548</u>
<b>Total Assets</b>	<b>\$114,579</b>	<b>\$112,469</b>
<b>EQUITIES and LIABILITIES</b>		
<b>MARGINS and EQUITIES:</b>		
Patronage Capital	\$ 48,414	\$ 46,433
Other Equities	<u>10,344</u>	<u>10,236</u>
<b>Total Margins and Equities</b>	<b>58,758</b>	<b>56,669</b>
<b>LIABILITIES:</b>		
Long Term Debt	42,811	41,729
Notes Payable	3,111	4,591
Accounts Payable	4,650	4,309
Other Current & Accrued Liabilities	<u>5,249</u>	<u>5,171</u>
<b>Total Liabilities</b>	<b>55,821</b>	<b>55,800</b>
<b>Total Equities and Liabilities</b>	<b>\$114,579</b>	<b>\$112,469</b>

### Property Taxes Paid in the Last Five Years



### Capital Credits Allocated in the Last Five Years



# Statement of Operations

## HomeWorks Tri-County Electric Cooperative

(in Thousands)

Year Ended December 31,

	2014	2013
<b>OPERATING REVENUES*</b>	<b>\$ 45,420</b>	<b>\$ 44,454</b>
<b>OPERATING EXPENSES</b>		
Cost of Purchased Power	29,676	28,988
Operations and Maint. Expense	9,041	8,808
Depreciation	2,858	2,821
Interest	1,858	1,981
Taxes	1,033	994
<b>Total Operating Expenses</b>	<b>\$ 44,466</b>	<b>\$ 43,592</b>
<b>Net Operating Income</b>	<b>954</b>	<b>862</b>
<b>NON-OPERATING MARGINS</b>		
Capital Credits - G&T and Other	2,202	2,804
Income (Loss) from Subsidiary*	216	241
Non-Operating Margin - Other*	107	99
<b>Total Non-Operating Margins</b>	<b>2,525</b>	<b>3,144</b>
<b>NET MARGINS</b>	<b>\$ 3,479</b>	<b>\$ 4,006</b>

\*Included are non-member transactions totaling \$680,090 and \$504,432 in 2014 and 2013 respectively.

### Where Your Energy Dollar Goes:



### Statistical Summary

**21,960**

Active Memberships

**336,193,000**

KiloWattHours Sold

**3,360**

Miles of Line

**1,272**

New Memberships

**25,632**

Active Meters

**1,327**

Inactive Memberships

# Financial Summary - HomeWorks Affiliates

## Statement of Operations: Tri-Co Services, Inc.

<i>(in Thousands)</i>	Year Ended December 31,	
	2014	2013
<b>OPERATING REVENUES</b>	<b>\$ 5,510</b>	<b>\$ 4,837</b>
Cost of Sales	3,754	2,790
Sales, General & Administrative Expense	1,427	1,708
Income Tax Expense	113	98
<b>NET INCOME</b>	<b>\$ 216</b>	<b>\$ 241</b>

## Balance Sheet: Tri-Co Services, Inc.

<i>(in Thousands)</i>	Year Ended December 31,	
	2014	2013
<b>ASSETS</b>		
Current Assets	\$3936	\$ 4,144
Investments in Associated Organizations	1,980	2,066
Property and Equipment, less depreciation	2,467	2,392
<b>Total Assets</b>	<b>\$ 8,383</b>	<b>\$ 8,602</b>
<b>EQUITIES and LIABILITIES</b>		
Current Liabilities	\$990	\$ 1,267
Deferred Taxes	354	312
Common stock - \$1 par, 50,000 shares	50	50
Retained Earnings	6,989	6,973
<b>Total Equities and Liabilities</b>	<b>\$ 8,383</b>	<b>\$ 8,602</b>



**In 2014:** **24,501**  
Total kWh Generated

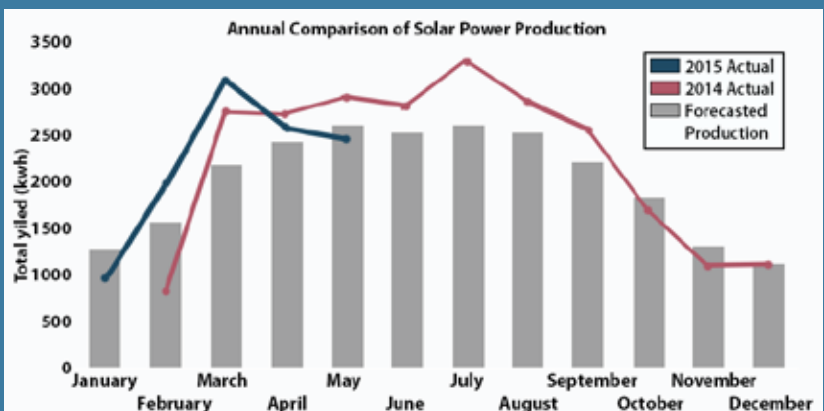
**\$2.70**  
Average Monthly  
Credit Received

**32.9**  
Average Monthly kWh  
Generated per Panel

**50**  
Panels  
Leased



Panels are available for lease now.  
For more information call  
517-647-7554 or email  
solar@homeworks.org.



# HomeWorks at a Glance

**District 7**  
5,265 Members  
6,168 Electric Meters

**District 6**  
5,085 Members  
5,870 Electric Meters

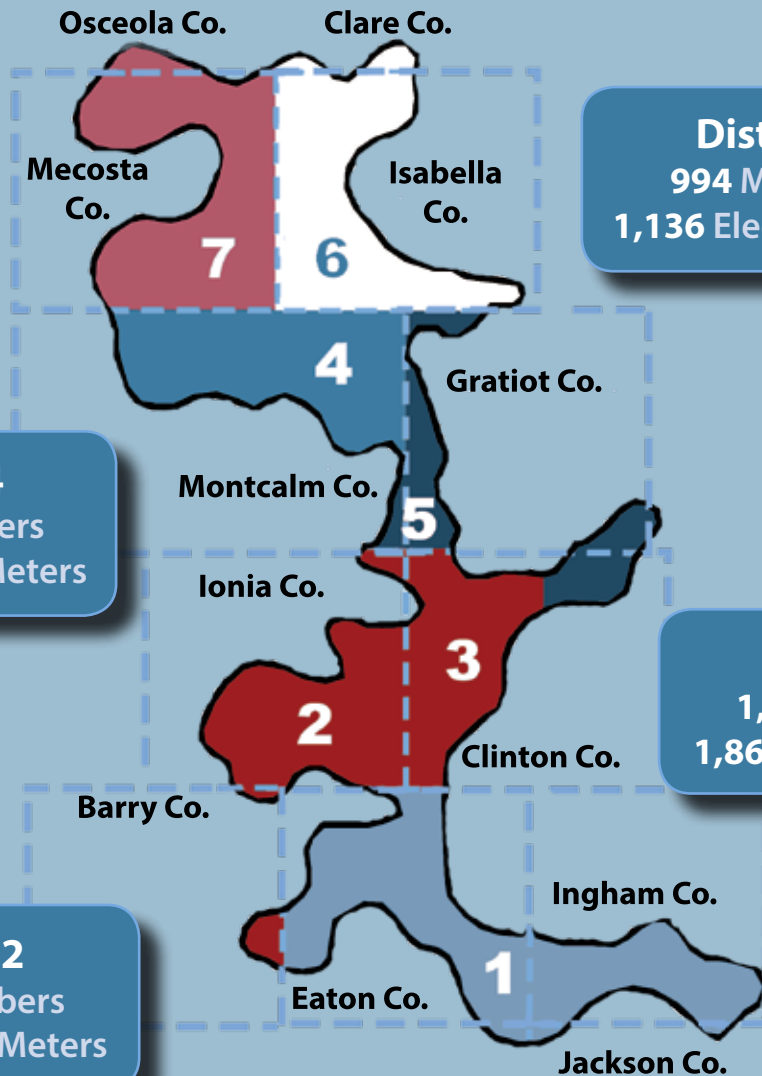
**District 5**  
994 Members  
1,136 Electric Meters

**District 4**  
3,147 Members  
4,271 Electric Meters

**District 3**  
1,628 Members  
1,869 Electric Meters

**District 2**  
2,603 Members  
2,953 Electric Meters

**District 1**  
2,959 Members  
3,322 Electric Meters



In 2014:

**208**  
High-Speed Internet  
Customers

**3,669**  
Propane Customers



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



Tri-County Electric  
Cooperative

offices: 3681 Costabella Avenue, Blanchard MI  
7973 E Grand River Avenue, Portland MI  
web: [www.homeworks.org](http://www.homeworks.org), [www.facebook.com/homeworks.org](https://www.facebook.com/homeworks.org)  
phone: 800-562-8232 (customer service), 800-848-9333 (outages)  
877-999-3395 (pay by phone anytime)