

Continuing Our Mission



2012 Annual Report
HomeWorks Tri-County Electric Cooperative

Representing Your District

District:	Counties Served:	Tri-Country Electric Cooperative Board:	Tri-Country Electric People Fund Board:
1	Eaton, Ingham and Jackson	Philip Conklin <i>Term expires 8/16</i> 5130 W. Gresham Hwy., Charlotte, MI 48813	Richard Palermo
2	Barry and Ionia	Wayne Swiler <i>Term expires 8/14</i> 11750 Ainsworth Rd., Lake Odessa, MI 48849	Jerry Supina
3	Clinton, except Bingham, Duplain and Greenbush townships	Carl Morton <i>Term expires 8/15</i> 11280 Eden Trail, Eagle, MI 48822	Mary Ellen Heffron
4	Montcalm, except Bloomer, Crystal and Evergreen townships	Laverne Hansen <i>Term expires 8/14</i> 1190 E. M-46 Hwy., Edmore, MI 48829	Lisa Johnson
5	Gratiot and Saginaw, except Bingham, Duplain and Greenbush townships in Clinton County, and except Bloomer, Crystal and Evergreen townships in Montcalm County	Cara Evans <i>Term expires 8/16</i> 10180 Roosevelt Rd., Bannister, MI 48807	Peggy Pirhonen
6	Clare and Isabella	Ed Oplinger <i>Term expires 8/15</i> 10890 W. Weidman Road, Weidman, MI 48893	Dick Donley
7	Mecosta and Osceola	Dean Floria <i>Term expires 8/16</i> 1163 Taft Rd., Remus, MI 49340	open



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

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

Yesterday, Today and Tomorrow

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

Last year we celebrated the 75th anniversary of the ultimate energy solution—bringing power to rural families like yours. We're looking forward to seeing what kind of changes the next 75 years will bring, and the new solutions that will be developed to continue enhancing our quality of life. Looking back over just the past year, we're pleased to report on several highlights.

- We continued to invest heavily in reliability through workplan projects, regular maintenance programs, and clearing trees from 447 miles of rights-of-way. We fell short of accomplishing our overall reliability goal, an average of 2.5 controllable outage hours per meter, but our system is stronger than ever and we are eliminating potential problem areas now.
- Affordability is our other key goal. As you can see in the financial reports following this page, our operating income for 2012 was very low. This was a result of years of investment into the operating system, which caused fixed costs like depreciation, interest, and taxes to rise steadily.
- In September, your board of directors approved a 2.26 percent rate increase, our first distribution increase in six years, following a comprehensive cost-of-service study. However, comparisons show our rates are still competitive with other area utilities for members using an average of 1,000 kilowatt-hours per month.
- A survey completed in 2012 showed an overall member satisfaction of 93%, the highest we have ever achieved and much higher than the national co-op average of 81%. Members cited our courteous and knowledgeable employees, professional business manner, and community involvement.
- Your board authorized retirement of \$1,630,000 in capital credits in April 2013, in keeping with our long-term financial management plan.

Another milestone this year is the 20th anniversary of the Tri-County Electric People Fund. Your support of this community outreach, through rounding up your monthly energy bill, has allowed the People Fund to give over \$1.7 million to mid-Michigan families and organizations in need.



Members who attended this year's district meetings went over and above in their support, donating nearly a ton of non-perishable food items to seven local food pantries that were spotlighted at the meetings. See page 7 for a photographic record of the generosity shown!

What does our mission mean for the next year, or five years, or even 20 years? We believe that our members and our dedicated employees will chart the right course through setting, communicating, and then meeting the expectations for energy, comfort, and communications solutions, improving the quality of life for us all.

Mark Kappler, General Manager & CEO

Carl Morton, Board Chairman

Balance Sheet

HomeWorks Tri-County Electric Cooperative

	Year Ended December 31, 2012	2011
ASSETS		
Total Utility Plant	(in Thousands) \$ 91,787	\$ 88,981
Accumulated Depreciation	<u>(26,405)</u>	<u>(25,311)</u>
Net Utility Plant	65,382	63,670
Investments in Associated Organization	33,436	32,045
Cash and Cash Equivalents	1,661	4,432
Accounts Receivable	6,044	5,280
Materials and Supplies	711	795
Other Assets	375	159
Total Assets	\$107,609	\$106,381
EQUITIES and LIABILITIES		
MARGINS and EQUITIES:		
Patronage Capital	43,956	\$ 42,287
Other Equities	<u>10,413</u>	<u>10,379</u>
Total Margins and Equities	54,369	52,666
LIABILITIES:		
Long Term Debt	41,391	42,967
Notes Payable	3,226	1,544
Accounts Payable	3,791	4,753
Other Current & Accrued Liabilities	4,832	4,451
Total Liabilities	53,240	53,715
Total Equities and Liabilities	\$107,609	\$106,381

Complete, audited financial statements are maintained at the Portland office of HomeWorks Tri-County Electric Cooperative, Inc. The independent audit of 2012 financial statements was unqualified, and completed by the certified public accountant (CPA) firm of Eide Bailly, Fargo, ND.



Crews work together to replace a broken pole.



Construction to upgrade the Portland substation sometimes took place at night.

Statement of Operations

HomeWorks Tri-County Electric Cooperative

	Year Ended December 31, <i>(in Thousands)</i>	2012	2011
OPERATING REVENUES		\$ 43,333	\$ 39,910
OPERATING EXPENSES			
Cost of Purchased Power		28,715	25,758
Operations and Maint. Expense		8,878	7,308
Depreciation		2,731	2,628
Interest		1,957	1,959
Taxes		972	1,009
Total Operating Expenses		43,253	38,662
Net Operating Income		80	1,248
NON-OPERATING MARGINS			
Capital Credits - G&T and Other		2,436	1,670
Income (Loss) from Subsidiary		(33)	377
Non-Operating Margin - Other		144	142
Total Non-Operating Margins		2,547	2,189
NET MARGINS		\$ 2,627	\$ 3,437

Where Your Energy Dollar Goes:



Statistical Summary

Active Members (12/31/12)..... 22,024	Active Meters (12/31/12) 25,566
New Memberships Issued, 2012..... 1,241	Kilowatt Hours Sold, 2012 330,246,000
Memberships Inactive in 2012 1,089	Miles of Line..... 3,345

Financial Summary – HomeWorks Affiliates

Statement of Operations: Tri-Co Services, Inc.

	<i>Year Ended December 31,</i>	2012	2011
OPERATING REVENUES	<i>(in Thousands)</i>	\$ 4,570	\$ 5,425
Cost of Sales		3,196	3,615
Sales, General & Administrative Expense		1,424	1,290
Income Tax Expense		(17)	143
NET INCOME		\$ (33)	\$ 377

Balance Sheet: Tri-Co Services, Inc.

	<i>Year Ended December 31,</i>	2012	2011
ASSETS			
Current Assets	<i>(in Thousands)</i>	\$ 3,231	\$ 3,596
Investments in Associated Organizations		2,166	2,232
Property and Equipment, less depreciation		2,871	3,112
Total Assets		\$ 8,268	\$ 8,940
EQUITIES and LIABILITIES			
Current Liabilities		\$ 940	\$ 1,070
Deferred Taxes		346	355
Common stock - \$1 par, 50,000 shares		50	50
Retained Earnings		6,932	7,465
Total Equities and Liabilities		\$ 8,268	\$ 8,940

2012 Affiliate Statistics:

3,597

Propane Customers

265

High Speed Internet
Customers



Marc Rusnell sets up his truck for a propane delivery.

Area Food Pantries *Thank You* For Your Generous Donations at 2013 District Meetings



Above left: Phil and Vee Grimwood from Helping Hands of Eaton County, at District 1 in Charlotte. **Above right:** Kerron Trowbridge from Epic Food Pantry, working with the Portland Community Fund, and Nick Rusnell from HomeWorks Tri-County at District 2 in Lake Odessa.



Pastor Russell McCoy from The Basic Needs Center in St. Johns, at District 3 in Eagle.



Above: Pastor Dan Skirvin from the M-46 Tabernacle Food Pantry in Riverdale, at District 4 in Vestaburg. **Below:** District 6 members in Beal City add to the boxes for The Storehouse of Weidman.



Al and Louie Adkins from the Carson City Food Pantry, in Fulton at the District 5 meeting.



The collection for God's Helping Hands of Mecosta County at District 7 in Remus.





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Tri-County Electric
Cooperative

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