



WHITEWATER VALLEY REMC POWERLINES

A MONTHLY PUBLICATION FOR THE MEMBERS OF WHITEWATER VALLEY REMC



MESSAGE FROM THE CHAIRMAN OF THE BOARD AND CEO

2017 Annual Report: Creating Connections...Together



ROD WEST
BOARD CHAIRMAN



MARY JO THOMAS
PRESIDENT & CEO

In the early part of the 20th-century, municipal and investor-owned utility companies were providing

electricity to cities and towns across the U.S. However, due to the excessive costs of stringing wires across rustic terrain, those companies were not interested in offering that same innovation to rural America.

In the spirit of cooperation, farmers and rural landowners came together to form rural electric cooperatives to do just that, provide electricity to consumers across the less-populated countryside. Then, with the same principles in mind, electric cooperatives in southern Indiana came together again to form another cooperative that would generate and transmit electricity at low cost. That generation and transmission cooperative, Hoosier Energy, is still our energy supplier today creating

connections together with its 18 member systems.

It's still true today, Whitewater Valley REMC serves fewer members per mile of line than our urban counterparts, which puts constant upward pressure on your cooperative's cost of service. Despite that disparity, as your not-for-profit cooperative, we go to great lengths to provide exceptional value and services while constantly going that extra mile to balance those benefits with costs.

While your Board has been busy this first quarter working on policies, procedures and setting metrics for 2018, it's time to look back at all your cooperative accomplished in 2017.

As many of you know, our focus for 2017 continued to be reliability and outage recovery – specifically dealing with the tree issues throughout the Whitewater Valley REMC's service territory. The cooperative's service territory spans approximately 70 miles North to South and 30 miles East to West. Within our service territory, tree crews removed and trimmed over 12,000 trees in 2017 to keep lines and equipment clear. And as reported to you in

continued on page 2

WHAT'S NEW IN MARCH



PAGE 2 2017 Annual Report: Creating Connections... Together, *continued*;



PAGE 3 Facts at a Glance; Outages by Cause for January - December 2017; Final Bill Credit Winners Announced



PAGE 4 2017 Whitewater Valley REMC Financials; March Due Dates; Helpful Information

September 2017, the Board of Directors voted to add just over one-tenth of one cent per kWh to the Wholesale Power Adjustment, or WPA, and earmark this money for reliability management. Members saw the change in the WPA beginning on the October 2017 bills.

We feel this is a positive step towards a solution to improving the diminished reliability issue due to the increasing number of dying trees both inside and outside of the utility right of way. Members have been understanding of this concern when asked to grant permission to trim and cut trees on and around their property. We appreciate your assistance in our goal to get in front of this issue and insulate members from as many service interruptions as possible.

With a minimal increase to the WPA, the cost will be spread across all rate classes for a fair and equitable distribution, so no one class of rate payer will bear the brunt of the expense.

Whitewater Valley REMC completed a cost of service study in 2017. At the same time our power supplier, Hoosier Energy, completed their own study. The next step is to work on rate design to accurately reflect that cost to serve. We will incorporate Hoosier's rate changes into our rates along with any changes necessary to bring our distribution piece in line between the classes and to collect the needed revenue required for a financially healthy cooperative. Slight adjustments are expected in all rates within the different rate components of facility charge, energy and demand. When base rates have been adjusted, the WPA will be adjusted as well. We will keep you updated over the next several months as rate adjustment plans are finalized and well before expected effective dates.

Your cooperative makes an investment each year to improve reliability, operations, and efficiency. In 2017, the cooperative invested over \$3.4 million in infrastructure and technology improvements. A new Rural Utilities Services low-interest loan to support the next 4-year work plan was approved. We live by the cooperative difference - as a cooperative, we are not driven by profits to make a return for shareholders. Rather, we are service-driven and operate at cost. Our member per employee ratio is better than the state and national averages demonstrating our efficiency. Controllable expenses per member, another measure of efficiency, are below the state and national averages. Our small employee group of 25 is very proud of this achievement.

Because together we have created a cooperative that provides an essential service to its members, we share in patronage refunds approved by the Board of Directors. In 2017, our Board of Directors retired a portion of capital credits from the early years of 1987-1988 and a portion of the most recent year 2016 totaling \$847,535.

You, our member-owners, have a voice in the lengths we go to provide affordable and reliable energy. You elect a board of directors that represent your voice for Whitewater Valley REMC.

One director from each of the 18 cooperatives is then elected by their peers to sit as the representative on the Hoosier Energy Board of Directors. It is here the directors work together to make long-term strategic decisions for the G&T. One such decision was voluntarily adopting a renewable energy goal of 10% of energy coming from renewable resources by 2025, as part of a move to a more balanced energy portfolio that in 2000 was 100% coal. Hoosier Energy and the member systems recently completed ten 1-megawatt solar arrays. These arrays cost about half of what it would cost for member consumers to install the same amount of solar capacity at their homes. Many consumers support and want renewable energy and the least cost option to provide that energy is through utility scale projects like

the ten solar arrays.

Together, we have created programs to support you as individuals and our community. With Hoosier Energy, Whitewater Valley REMC works diligently to expand and bring new business to our community to support the local economy. Additionally, your cooperative offers a variety of energy efficiency programs and rebates to help you save energy and reduce your electricity bill. Visit TeamUpToSave.com or call one of your talented member support representatives for a current list of programs and rebates.

Every day, employees are going the extra mile and creating connections with members. From our member support representatives discussing your concerns, to the servicemen addressing those concerns in the field, their focus is in serving you, the member. From the linemen constructing or maintaining the distribution lines, to the tree crews preparing the area for that construction, every effort is made to satisfy the members' needs. From beautiful spring days to the worst winter or hottest summer days, our employees are there for you 24/7/365.

In fact, together we support our connection to community to not only empower our local communities but also to empower global communities.

Especially significant in 2017 was that Derrick Mullins, one of our linemen, went on a trip with 16 other linemen from Indiana to a remote village in Guatemala to bring electricity to those folks for the first time. This effort, entitled "Project Indiana," brings full circle what happened in the 1930s here in rural Indiana — people working together to light a community, one pole at a time, to make a better life. Derrick and the others sacrificed time away from their families to bring that life-changing connection to others. The hidden account number is 1352100. As is the case many times when doing this type of work, those doing the giving were blessed as much or more than those receiving the help.

Focusing on member needs in our local communities is an invaluable connection. Participation in community projects brings benefits to members right where they live. This year brought many opportunities to lend a helping hand, including giving financial support to local organizations from Operation Round Up,[®] filling food pantries through our Shedding Light on Hunger Program, working in the park for Community Day, and many other community events. Your cooperative was there connecting with you and your communities.

We offer exciting opportunities for youth in our service area. From safety demonstrations for grade school students to the opportunity to be a page at the Statehouse to joining over 60 Indiana juniors on Youth Tour for a once-in-a-lifetime trip to Washington, D.C., we work to connect with our next generation of leaders. During the 2018 Annual Meeting ten local students will receive scholarships to further their education from Whitewater Valley REMC bringing the total amount awarded to \$30,000 since the start of our Scholarship Program.

Every electric cooperative faces challenges to keeping costs down and the lights on, safely and reliably.

No matter the challenges, we are here for you – Creating Connections... Together, every day, to power our lives and our communities.

Creating **Connections**
 *together*



496 Members Per Employee

(the U.S. average is 306)

This shows how efficient the co-op works. We rank 48th out of 809 co-ops in the country (top 6% in the country).



Controllable Expenses per Consumer: \$421.25

(the U.S. average is \$494.06)

This shows that the co-op doesn't spend money that we don't need to. We rank in the top third among co-ops in the country.

OUTAGES BY CAUSE

January - December 2017

Cause	#	%
Trees	411	35.04
Animals	164	13.98
Decay	155	13.21
Lightning/Weather	115	9.80
Material/Equipment Failure	79	6.73
Member	79	6.73
Vehicles/Public Activity	59	5.03
Unknown	43	3.67
Construction/Maintenance	41	3.50
Power Supplier	18	1.53
Other	9	0.77
Total	1,173	100

Final Bill Credit Winners Announced

This is the last monthly drawing for an additional bill credit for attending the 2017 Annual Meeting. Five names have been drawn each month from all attending members for a total of sixty bill credits. Here are the March 2018 winners.

Jack Buckland
Richmond

David L. Manning
Lynn

Ethan Woodruff
Richmond

Dale Graham
Richmond

Dale Reidenbach
Brookville

This drawing will continue after the 2018 Annual Meeting! All members attending will be entered to win additional \$20 bill credits each month following the meeting. Five members will be drawn each month beginning in May 2018 through April 2019.

One more reason to attend your WWVREMC Annual Membership Meeting!

2017 FACTS AT A GLANCE



216,342,944 KWH'S SOLD

Powering our members' homes and businesses.



1,772 MILES OF LINE

Our connection from the generation side to distribution of electricity.



41,643 POLES

Connecting all those miles of line!



11,880 METERS

Number of members tapped into cooperative power.



142,884 POWER BILLS

That's an average of 11,894 bills each month.



\$847,535 PATRONAGE CAPITAL RETIRED

Refunds issued to members in 2017.



\$3,552,359 INFRASTRUCTURE AND TECHNOLOGY

Investments in 2017 include 26 miles of new and upgraded line.



12,279 TREES REMOVED

Keeping our lines and meters clear of obstacles.



\$28,000 IN ENERGY EFFICIENCY INCENTIVES

paid to members. Together we save.



\$7,500 IN SCHOLARSHIPS AWARDED

to support local students in 2017.



20 COMMUNITY EVENTS

with WWVREMC employee participation.



25 FULL-TIME EMPLOYEES

One of the lowest employee-to-member ratios in the country.

2017 FINANCIAL FIGURES

OPERATING REVENUES AND PATRONAGE CAPITAL	\$26,323,989
OPERATING EXPENSES	
Cost of Power	\$17,332,505
Distribution Expense - Operations	456,805
Distribution Expense - Maintenance	2,122,936
Customer Accounts Expense	752,534
Customer Service & Information Expense	152,165
Administrative & General Expense	1,523,379
Depreciation Expense	1,867,142
Taxes	603,601
Interest on Long Term Debt	816,012
Amortization of Gain on Reacquired Debt	0
Interest on Short Term Debt	10,787
Total Operating Expenses	25,637,866
NET OPERATING MARGINS	686,123
Interest and Other	192,400
Income (Loss) from Equity Investments	0
Generation & Transmission Capital Credits	892,483
Other Capital Credits and Patronage Dividends	53,659
Total Non-Operating Margin	1,138,542
TOTAL PATRONAGE CAPITAL AND MARGINS	\$1,824,665

2017 BALANCE SHEET

ASSETS	
Utility Plant in Service	\$56,129,273
Construction Work in Progress	51,188
Total Utility Plant	56,180,461
Less: Accumulated Provision for Depreciation	(16,920,634)
Net Utility Plant	\$39,259,827
Investments in Subsidiary Companies	0
Investments in Associated Organizations	11,902,676
Other Investments - Economic Dev. Revolving Loan Fund	0
Total Other Property & Investments	\$11,902,676
Current Assets	
Cash-General	3,680,887
Accounts Receivable	3,037,607
Notes Receivable	648,209
Material and Supplies	640,269
Other Current and Accrued Assets	194,031
Total Current Assets	\$8,201,003
Deferred Charges	852,136
TOTAL ASSETS	\$60,215,642

EQUITY AND LIABILITIES

Memberships	\$150,201
Patronage Capital	27,140,887
Other Margins and Equities	6,208,445
Total Margins & Equities	\$33,499,533
Long Term Liabilities	
Long Term Debt - RUS	22,832,559
Long Term Debt - Other	2,393,654
Other Non Current Liabilities	0
Total Long Term Liabilities	\$25,226,213
Current Liabilities	
Notes Payable	0
Accounts Payable	752,805
Other Current & Accrued Liabilities	734,072
Total Current Liabilities	\$1,486,877
Deferred Credits	3,019
TOTAL EQUITY AND LIABILITIES	\$60,215,642



WHITWATER VALLEY
RURAL ELECTRIC MEMBERSHIP CORPORATION

WHITWATER VALLEY REMC
101 Brownsville Avenue, P.O. Box 349, Liberty, IN 47353

765-458-5171 / 1-800-529-5557
www.wvwremc.com / info@wvwremc.com

President & CEO - Mary Jo Thomas / Powerlines Editor - Sandy Cason



FIND THE HIDDEN ACCOUNT NUMBER

No February winner!

There was no winner for the February issue of *Powerlines*. Keep reading your *Powerlines* each month or browsing our website – the next hidden account number could be yours! Winners receive a \$25 bill credit!

MARCH DUE DATES

During March, the due dates for payment of your electric bills are **March 19** and **26**. Remember, we recommend that you allow five business days for the mail to reach the payment processing center. That way, you'll never run the risk of being late.

PAYMENT OPTIONS

US Mail

Whitewater Valley REMC,
P.O. Box 3199, Martinsville, IN 46151-3168

SmartHub

Log-on at www.wvwremc.com

Pay-by-Phone

Call 844-827-4759. Set up your PIN. Follow prompts.

Liberty Office

In person or in the drop box.

Automatic Withdrawal

Simply request a form and submit it to our office.

FCN or Franklin County National Bank

In person or in the drop box. (Bring payment stub.)

First Merchants Bank (Richmond Location)

In person or in the drop box. (Bring payment stub.)

FOR MORE INFORMATION ABOUT PAYMENT OPTIONS, PLEASE CALL US:

765-458-5171 or 1-800-529-5557

HELPFUL INFORMATION

Liberty Office Hours

7:30 a.m. to 4:30 p.m. Monday through Friday

CLOSED SATURDAYS, SUNDAYS AND HOLIDAYS.

To Report an Outage or Emergency

Call 1-800-776-0493, 24 hours a day, 7 days a week. Login to your SmartHub account or sign up for outage texting at wvwremc.com.

BE READY TO PROVIDE THE FOLLOWING INFORMATION:

- The name and account number under which your electric service is listed
- Map location number.
- Your phone number - needed to call back or confirm power restoration
- The type of problem you are experiencing - flickering lights, complete power outage, etc.