



2013 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 & Greenbush townships	Carl Morton <i>Term expires 8/15</i> 11280 Eden Trail, Eagle, MI 48822	Mary Ellen Heffron
4	Montcalm, except Bloomer, Crystal & Evergreen townships	Laverne Hansen <i>Term expires 8/14</i> 1190 E. M-46 Hwy., Edmore, MI 48829	Lisa Johnson
5	Gratiot and Saginaw, plus Bingham, Duplain & Greenbush townships in Clinton County, and Bloomer, Crystal & 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	Jerrilynn Strong

COMPENSATION: HomeWorks 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.



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

Stormy Weather, Sunny Skies Tell Our Story

A long, cold, stormy winter, and the sunny skies powering our Community Solar Garden are among the highlights of a productive year for your electric cooperative.

Our distribution system was hit by three separate, major storms – in November, at Christmas, and in April – and our teams responded quickly and safely to meet each challenge. For the latter two storms, which caused extensive damage over a large area, we also called on mutual aid from our neighboring co-ops to help us get the lines rebuilt as soon as possible.

Despite these storms, we came close to meeting our reliability goals. We continue to invest heavily each year in a long-term work plan that guides the maintenance and upgrading of our system. We have also focused on clearing rights-of-way, and completed a full cycle of reclaiming ground-to-sky clearance for our power lines. Our new focus will be on using modern clearing tools to keep those rights-of-way open.

Even with the costs of these investments, and the unbudgeted storms, our financial report (see pages 4-5) shows a strong year.

Not only did the board of directors authorize a retirement of \$1,340,000 in member equity as



capital credits in May, we believe this kind of performance will help keep your local rates stable. Member participation was above average, as well. You supported area food pantries as part of the Tri-County Electric People Fund's 20th anniversary in 2013, by bringing a ton of food donations to the annual district meetings. And, attendance was up at every district meeting this spring.

New initiatives during the year included phase 1 of our Community Solar Garden, a 20.9-kilowatt array of 76 panels at our Portland headquarters. Over one-third of the panels have already been leased by members, showing support for renewable energy.

We also started a member-owner program for the Action Committee for Rural Electrification (ACRE), which was met with strong support among delegates at the annual meeting in August. We took this appeal to district meetings in May, and plan to continue promoting it by encouraging members to add their voices as we speak with legislators and regulators in Lansing and Washington, D.C.

There are changes to come, of course. Long-time board member Laverne Hansen will retire at this year's annual meeting (read more on page 7).

Even the Farmer's Almanac can't tell us exactly what to expect in the way of future storms, but we believe HomeWorks Tri-County Electric is prepared to fulfill our mission of providing reliable, affordable electricity to improve the quality of life here in mid-Michigan.



Carl Morton, Board Chairman



Mark Kappler, General Manager & CEO

On the Cover: The Christmas 2013 ice storm kept members in the dark and crews busy during the holiday week. Here, linemen Ryan Smith and Kyle Balderson work to repair a line. *Photo – Jennifer Vallier*

Balance Sheet

HomeWorks Tri-County Electric Cooperative

Year Ended December 31,

(in Thousands)

	2013	2012
ASSETS		
Total Utility Plant	\$94,146	\$ 91,787
Accumulated Depreciation	<u>(28,273)</u>	<u>(26,405)</u>
Net Utility Plant	65,873	65,382
Investments in Associated Organization	35,640	33,436
Cash and Cash Equivalents	1,541	1,661
Accounts Receivable	6,207	6,044
Materials and Supplies	660	711
Other Assets	<u>2,548</u>	<u>375</u>
Total Assets	\$112,469	\$107,609
 EQUITIES and LIABILITIES		
MARGINS and EQUITIES:		
Patronage Capital	\$ 46,433	\$ 43,956
Other Equities	<u>10,236</u>	<u>10,413</u>
Total Margins and Equities	56,669	54,369
 LIABILITIES:		
Long Term Debt	41,729	41,391
Notes Payable	4,591	3,226
Accounts Payable	4,309	3,791
Other Current & Accrued Liabilities	<u>5,171</u>	<u>4,832</u>
Total Liabilities	55,800	53,240
 Total Equities and Liabilities	 \$112,469	 \$107,609

Complete, audited financial statements are maintained at the Portland office of HomeWorks Tri-County Electric Cooperative, Inc. The independent audit of 2013 financial statements was unqualified, and completed by the certified public accountant (CPA) firm of Eide Bailly, Fargo, ND.



Above left, a crew performs preventive maintenance. At right, a HomeWorks crew works with mutual aid crews from Midwest Energy Cooperative and Wolverine Power Cooperative to load replacement poles after a wind storm.

Statement of Operations

HomeWorks Tri-County Electric Cooperative

Year Ended December 31,

(in Thousands)

	2013	2012
OPERATING REVENUES	\$ 44,454	\$ 43,333
OPERATING EXPENSES		
Cost of Purchased Power	28,988	28,715
Operations and Maint. Expense	8,808	8,878
Depreciation	2,821	2,731
Interest	1,981	1,957
Taxes	994	972
Total Operating Expenses	\$ 43,592	\$ 43,253
Net Operating Income	862	80
NON-OPERATING MARGINS		
Capital Credits - G&T and Other	2,804	2,436
Income (Loss) from Subsidiary	241	(33)
Non-Operating Margin - Other	99	144
Total Non-Operating Margins	3,144	2,547
NET MARGINS	\$ 4,006	\$ 2,627

Where Your Energy Dollar Goes:



Statistical Summary

Active Members (12/31/13)	22,015	Active Meters (12/31/13)	25,611
New Memberships Issued, 2013	1,310	KiloWatt hours Sold, 2013	336,534,000
Memberships Inactive in 2013	1,319	Miles of Line	3,354

Financial Summary - HomeWorks Affiliates

Statement of Operations: Tri-Co Services, Inc.

Year Ended December 31,

(in Thousands)

	2013	2012
OPERATING REVENUES	\$ 4,837	\$ 4,570
Cost of Sales	2,790	3,196
Sales, General & Administrative Expense	1,708	1,424
Income Tax Expense	98	(17)
NET INCOME	\$ 241	\$ (33)

Balance Sheet: Tri-Co Services, Inc.

Year Ended December 31,

(in Thousands)

	2013	2012
ASSETS		
Current Assets	\$ 4,144	\$ 3,231
Investments in Associated Organizations	2,066	2,166
Property and Equipment, less depreciation	2,392	2,871
Total Assets	\$ 8,602	\$ 8,268
EQUITIES and LIABILITIES		
Current Liabilities	\$ 1,267	\$ 940
Deferred Taxes	312	346
Common stock - \$1 par, 50,000 shares	50	50
Retained Earnings	6,973	6,932
Total Equities and Liabilities	\$ 8,602	\$ 8,268

In 2013:

3,640

Propane Customers

244

High Speed Internet
Customers



Our Touchstone Energy Classroom Technology Grant program is part of our commitment to community, one of the seven co-op principles. Here, Beal City High School receives funds for graphing calculators.

Laverne Hansen Retires from Board of Directors

After 27 years of service to HomeWorks Tri-County Electric Cooperative as the voice of District 4 on the board of directors, Laverne Hansen has chosen to step down.

“Laverne has been involved with co-ops nearly all his life, so serving Tri-County Electric was a perfect fit for him,” says board chairman Carl Morton. “He’s been supportive of many major changes over the years, including the creation of a subsidiary for DirecTV and later, propane.

“More importantly, he has always been an advocate for work plans to improve our service reliability, and he encouraged member involvement at every opportunity,” Morton adds.

He grew up near Edmore, graduating from Edmore High School in 1956. He returned to Edmore after his Army service, and started his farm with 10 acres of kidney beans and an 8N Ford tractor. Since then he has grown kidney beans, corn and wheat, and now maintains about 1,000 acres of seed corn.

Laverne was first elected to the Tri-County Electric Cooperative board in 1987, taking the seat held by retiring director Keith Sackett, and represented HomeWorks on the Wolverine Power Cooperative board for 12 years.



Laverne Hansen with his restored 1949 8N Ford tractor, purchased in 1959 when he began farming.

He has been active in his community, with 35 years of service on his local church board, nine years on the county ag committee, eight years on the Michigan Bean Commission, and eight years on the Montcalm County Farm Bureau board, including four years as president.

He married Joyce in 1959; they have a son and a daughter, and two grandchildren.

Technology Gives Members More Access to Information

HomeWorks Tri-County Electric continues to provide new, high-tech answers to members’ questions about their accounts.

SmartHub is an on-line service available through homeworks.org, or as a free app for iOS/Android smartphones and tablets. Combined with our automated metering system, SmartHub gives registered members daily data to review their energy use.

SmartHub also works as an easier way to contact HomeWorks Tri-County Electric in case of a power outage. Simply log-in and use the Service Status button to send a report directly to our Outage Management System.

You can include additional information, such as reporting a downed line, or even attach a photo to provide detail.



Growing a Brighter Future... Together!



Community Solar Garden Phase 1 Portland Operations Center

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

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



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