

SEPTEMBER 2022

Illinois Country Living

2021 ANNUAL REPORT

THE COOPERATIVE ADVANTAGE

A TRADITION OF
VALUE &
COMMUNITY

**2022
Annual Meeting**
Monday, September 19
Eclipse Center, Beloit, WI



Your Touchstone Energy[®]
Cooperative

rock.coop



NOTICE OF ANNUAL MEETING

Rock Energy Cooperative
September 19, 2022 • 6 p.m.

NOTICE IS HEREBY GIVEN that the annual meeting of Rock Energy Cooperative will be held at the Eclipse Center, Beloit, Wisconsin, on Monday, the 19th day of September, 2022, at 6 p.m. for the purpose of transacting whatever business may lawfully come before it. The order of business pursuant to the Bylaws shall be as follows:

1. Call to Order. Quorum Determination
2. Reading of Notice of Meeting
3. Approval of Minutes of Previous Annual Meeting
4. Reports of Officers, Directors, and Committees
5. Election of Three (3) Directors
6. Unfinished Business
7. New Business
8. Adjournment

Dated this 30th day of August, 2022.

Marian Trescher, Secretary, Rock Energy Cooperative

86th ANNUAL MEETING PROGRAM

Please note the following:

- The event date is subject to change pending any unforeseen COVID-related mandates.
- Taking into consideration the health and well-being of our members, this year's event will be a business meeting only.
- No dinner will be served, nor scholarships presented. There will be no guest speakers or kids' activities as well.
- Every attendee should bring a mask with them to the event (masks may be required).
- Members must attend this meeting if they wish to vote on co-op business items.
- Only one ballot per member will be issued at time of registration.
- Proxy and absentee voting are not allowed.

MEET YOUR DIRECTOR CANDIDATES

DISTRICT 2



MARIAN TRESCHER

Marian Trescher, the incumbent director for District 2, lives on her family farm in Milton Township.

She currently serves as secretary of Rock Energy and is a member of the state education committee. Trescher is completing her 17th year on the board. She has received her Credentialed Cooperative Director, Board Leadership, and Gold certificates from the National Rural Electric Cooperative Association after completing the required courses.

Trescher retired from teaching after spending 27 years in the Milton and Janesville school systems. She graduated from UW-La Crosse and UW-Whitewater with degrees in teaching. Trescher's experience includes the following:

- Milton Town Board (Supervisor)
- Town of Milton Planning and Zoning Board (Chairman)
- Milton Joint Fire Commission
- Milton Grange (Secretary)
- Chief Election Inspector for the township

Her past community involvement includes being a 4-H leader and advisory board member; Milton United Methodist Church Sunday School teacher, superintendent, and trustee; Edgerton Hospital Auxiliary officer; as well as many local and state offices in the Order of Eastern Star.

“I will continue to dedicate the time and effort needed to educate myself on the issues to better serve all our members. Reliable services, reasonable rates, and education of our youth will be my priorities. I would appreciate the opportunity to represent you for another term on the board.”

DISTRICT 4



TODD THOMPSON

Todd Thompson grew up in Harmony Township, just a mile from where he currently resides. He moved back to Janesville and close to where he grew up to retire and spend more time with family and friends.

For many years he was active in community service including the Jaycees, Lion's Club, Rotary, and Toastmasters International. He wants to continue to serve his community with an emphasis on a subsection where he grew up (District 4) and now resides.

His work experience also supports a strong understanding of budgets, P&L's, Statement of Cash Flows, Driving EBITA / ROEC, product innovation, marketing, sales, and service.

Thompson attended the University of Wisconsin and graduated from the U.S. Defense Intelligence College. He has been an owner, CEO, or division leader with multiple companies of varying sizes.

“One of the keys to the success I enjoyed professionally was a strong understanding of collaboration, listening, and making sure the other party feels they matter.”

MEET YOUR DIRECTOR CANDIDATES (continued)

DISTRICT 9

Wendell Boyer, the incumbent director for District 9, lives in Janesville Township. He is a retired professional engineer and operations manager with a bachelor's degree from UW-Madison. He has been a co-op member for twelve years and director for six years.

He was a project manager at ThyssenKrupp, formerly Gilman Engineering and Manufacturing, in Janesville. He was also employed as an operations manager at Kuhn North America in Brodhead, director of buildings and grounds at the School District of Milton, and facilities manager at Cedar Crest in Janesville.

"It is necessary to keep up with technology and to always be working on programs to keep costs affordable and improve reliability. I learned how important it is for community-based organizations to have good cultures so they can benefit people by providing outstanding customer services. Working together to meet our ever-changing needs has been my privilege while serving on the board at Rock Energy."

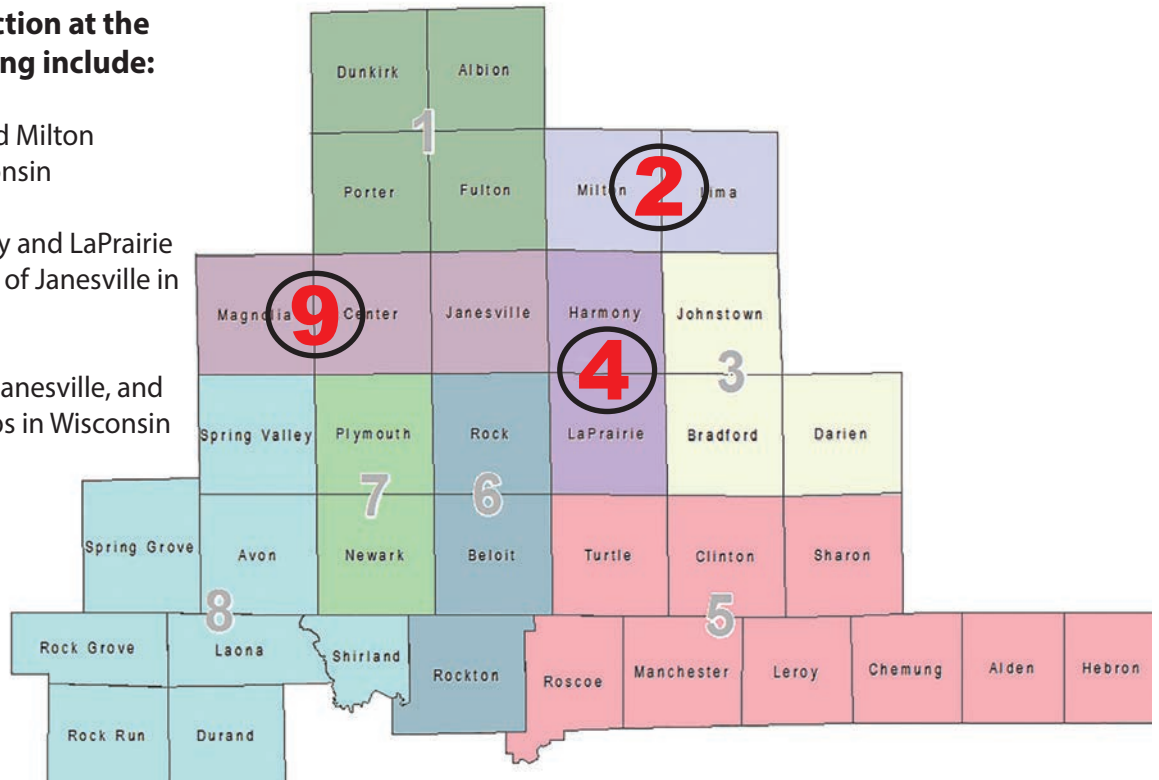


WENDELL BOYER

"I believe being fair with Rock Energy Cooperative's rates supports people at all income levels. Competitive energy costs for employers helps them provide good jobs that support families in our community. It is a responsibility I take seriously. I would be grateful for your vote to continue. Thank you for considering me."

Districts up for election at the 2022 Annual Meeting include:

- **District 2:** Lima and Milton townships in Wisconsin
- **District 4:** Harmony and LaPrairie townships and city of Janesville in Wisconsin
- **District 9:** Center, Janesville, and Magnolia townships in Wisconsin



THE COOPERATIVE ADVANTAGE

A TRADITION OF VALUE & COMMUNITY



Report from the Chairman of the Board and Chief Executive Officer



Clark Schoonover,
Chairman of the Board



Shane L. Larson,
Chief Executive Officer

This year, once again, Rock Energy Cooperative will be holding its annual meeting as a “Business Meeting” only. In 2020 our annual meeting was moved from March to September as the pandemic hit and forced everyone to adjust. Last year, the board again decided to hold the annual meeting without a dinner or other activities, which is what we will be doing again this year at our annual meeting on Sept. 19, 2022. Even though there will not be a dinner, a scholarship presentation, or kids’ activities, the event will proceed as an in-person meeting (business only), and we hope to see you there.

FINANCIALLY SOUND AMIDST CHALLENGING TIMES

Looking ahead, Rock Energy cautions that although the co-op’s financial outlook for 2022 is good, the markets have changed since the early months of the year. In addition, there has been a drive to reduce carbon emissions, leading to a rapid pace of coal plant retirements. This coal has been largely replaced with natural gas, which is subject to volatile price swings.

Natural gas prices surged over 100% in 2022 and over 200% since January 2021, which, unfortunately, has caused gas prices and utility bills to go up substantially. There were several factors contributing to the increase, including extreme temperature swings, both in the winter and summer. Natural gas inventories (natural gas put into storage) are below past year averages—this factor drives supply concerns.

THE COOPERATIVE ADVANTAGE

Despite the rising gas prices and the havoc it’s caused, financially, Rock Energy is well prepared for the future. For instance, we returned \$1.2M in capital credits back to current members in 2022, and \$200,000 back to past members. Capital credits represent member equity in the cooperative. As the cooperative is financially able, it is a privilege to return a portion of your investment in the cooperative back to you.

Continued on page 18B

YOUR ANNUAL MEETING

The Rock Energy Cooperative 86th Annual Meeting will take place on Monday, Sept. 19, 2022, at the Eclipse Center in Beloit, WI. The meeting will begin at 6 p.m., with doors opening at 5 p.m.

Taking into consideration the health and well-being of our members, this year’s event will be a business meeting only.

- No dinner will be served
- No scholarships presented
- No guest speakers or kids’ activities
- Every attendee should bring a mask with them to the event.

**TO REGISTER TO ATTEND, PLEASE CALL 866-752-4550
BETWEEN 7:30 a.m. to 4 p.m., M-F. RSVP by Mon., Sept. 12.**

Below are attendees at the 2022 Youth Leadership Congress representing Rock Energy. Pictured (L to R): Samantha Hopkins, Thomas Peters, and Emma Steinke. The two other Rock Energy YLC attendees (not pictured) were Jayden Mosley and Daniel Norman.



SAFETY & RELIABILITY

In order to continue to provide reliable service, Rock Energy dedicates a significant amount of resources for tree trimming and line maintenance. Tree trimmers traverse our 1,200 miles of line to remove tree branches and other vegetation growing too close to power lines in the rights-of-way.



While most everyone can agree that trees are beautiful and are an important part of our landscape, safety and reliability are our main priorities. Trees can become dangerous if the branches grow too close to power lines and become energized. Trees also can be a power line's worst enemy. Strong winds, heavy snow, and ice can cause trees and their branches to snap, pulling down power lines and causing outages.

Line maintenance involves more than just tree trimming, as we continually inspect poles and lines every year. If certain issues are discovered, repairs are made.

Working to minimize and prevent outages is an on-going effort, as we maintain proper engineering and inventory of parts and train our employees throughout the year.

ROCK ENERGY SCHOLARSHIPS

Earlier this year, Rock Energy once again awarded 15 scholarships to local high school students. Each student will receive \$1,000, totaling \$15,000. Students whose parents or guardians are members of Rock Energy were eligible to apply. Funds for the scholarships come from unclaimed capital credits. Since 1989, the co-op has awarded more than \$152,000 in financial aid to deserving students. These young scholars possess the qualities that will help them succeed in their college studies, as well as their future professions, and Rock Energy is proud to support them on their journey forward.

YOUTH LEADERSHIP CONGRESS & D.C. YOUTH TOUR

Rock Energy, as in years past, offered additional opportunities for our member youths in 2022, including the opportunity to attend the Youth Leadership Congress summer event and the Youth Tour in Washington, D.C. The annual WECA Youth Leadership Congress (YLC) took place this year at a new destination — the University of Wisconsin-Stout, in Menominee, WI. Rock Energy is happy to report that five of our members attended this year. YLC is a dynamic three-day event sponsored by Wisconsin's electric cooperatives and facilitated by WECA. It is a unique opportunity for youth to develop their leadership and communication skills while learning the purpose, operation, and scope of cooperative businesses. The program focuses heavily on understanding not just cooperatives, but on co-op governance as well. For example, one of the main activities at the event involves students setting up, organizing, and operating a functioning cooperative. On the Youth Tour, teens can travel to Washington, D.C., to explore monuments and museums, and meet with members of Congress. Attendees discover leadership lessons from our nation's history while they are immersed in the cooperative spirit that built our nation.

Everything Rock Energy does focuses on providing you — our members — with reliable electricity. If we can do a better job servicing your energy needs for the remainder of 2022, please let us know.

ROCK ENERGY COOPERATIVE

	Years Ended December 31,	
	2020	2021
Operating Revenue	\$ 56,827,076	\$ 58,953,988
Operating Expenses:		
Cost of Power	34,513,476	37,199,960
Distribution- Operations	1,597,316	1,808,488
Distribution- Maintenance	3,513,403	3,838,851
Member Accounts	1,157,197	1,159,635
Member Service & Information	379,911	362,086
Administrative & General	2,654,144	2,541,076
Depreciation	4,581,948	5,025,559
Taxes	451,203	479,636
Other Deductions	182,980	188,090
Total Operating Expenses	49,031,578	52,603,381
Operating Margins -before Fixed Charges	7,795,498	6,350,607
Fixed Charges:		
Interest on Long-Term Debt	2,467,751	2,725,794
Interest on Short-Term Debt	82,411	27,203
Total Fixed Charges	2,550,162	2,752,997
Operating Margins -after Fixed Charges	5,245,336	3,597,610
Patronage Capital Allocations	342,629	349,722
Net Operating Margins	5,587,965	3,947,332
Non-Operating Income:		
Interest Income	224,496	222,473
Equity Investments & Other	311,103	1,307,953
Total Non-Operating Income	535,599	1,530,426
Net Margins for Period	6,123,564	5,477,758
Patronage Capital- Beginning of Period	41,620,939	45,435,041
	47,744,503	50,912,799
Retirement of Capital Credits	2,309,462	1,599,737
Patronage Capital- End of Period	\$ 45,435,041	\$ 49,313,062

	As of December 31,	
	2020	2021
ASSETS		
Utility Plant:		
In Service	\$ 145,514,739	\$ 153,658,160
Construction Work in Process	3,167,431	1,640,817
	148,682,170	155,298,977
Less: Accumulated Depreciation	47,541,721	51,154,472
Net Utility Plant	101,140,449	104,144,505
Investments:		
Associated Organizations	4,684,739	4,862,437
Other Investments	2,913,834	3,041,256
Total Investments	7,598,573	7,903,693
Current Assets:		
Cash & Temporary Investments	1,619,841	130,267
Accounts Receivable	4,330,452	4,733,658
Inventory, Materials & Supplies	1,327,332	1,764,210
Other current assets	338,735	361,360
Total Current Assets	7,616,360	6,989,495
Deferred Debits	2,064,478	2,150,297
Total Assets	\$ 118,419,860	\$ 121,187,990
EQUITIES & LIABILITIES		
Equities:		
Patronage Capital	\$ 45,435,041	\$ 49,313,062
Other Equities	1,532,581	1,583,808
Total Equities	46,967,622	50,896,870
Long-Term Obligations	60,676,340	57,726,212
Current Liabilities:		
Current Maturities of Long-Term Debt	2,818,928	2,949,144
Notes Payable- Line of Credit	-	-
Accounts Payable	3,728,649	4,680,215
Member Deposits	576,260	551,360
Accrued Taxes	602,311	601,956
Other Current Liabilities	2,180,963	2,344,583
Total Current Liabilities	9,907,111	11,127,258
Deferred Credits	868,787	1,437,650
Total Equities & Liabilities	\$ 118,419,860	\$ 121,187,990

85th ANNUAL MEETING MINUTES

Rock Energy Cooperative 85th Annual Meeting – September 27, 2021

Chairman Clark Schoonover welcomed all in attendance at the 85th annual meeting of Rock Energy Cooperative on Monday, September 27, 2021, at the Eclipse Center in Beloit, WI. He called the meeting to order at 6 p.m. A quorum was declared with 24 voting members in attendance. Introductions of the directors, CEO, and attorney were made.

The reading of the notice of the meeting was waived by unanimous consent. The minutes of the previous annual meeting were approved as corrected to include the order to destroy the ballots from the election at the previous year's annual meeting. The year-end financial reports were printed in the September magazines and placed on their seats for review by those present.

Chairman Schoonover and CEO Larson reported an 85° temperature outside for REC's 85th annual meeting. COVID is still causing a shortened meeting. Larson stated, "The more things change, the more they stay the same." Change is definitely the name of the game. In February 2021, the challenge was a massive increase in natural gas prices due to a deep freeze in the southern United States. While the energy sector is experiencing significant changes, just like the past 85 years, we will continue our commitment to provide reliable service to our members.

Attorney Niles Berman conducted the election. The reading of the nominating committee minutes was waived and by unanimous consent those minutes were approved as printed in the magazine. The candidates were District 1: Barbara Miller, District 3: Theresa Huber, and District 5: William Fischer. Since all the candidates were uncontested, pursuant to the Bylaws a voice vote was taken. All three were elected unanimously. Niles congratulated Darrel Weber on his retirement after serving 30 years on the board of directors.

Action was taken on the 2021 proposed change to the REC Bylaws Article II, Section 1. This year, an emergency bylaw, adopted by the board pursuant to recent legislation, allowed the annual meeting to be held later in the year than usual. The proposed change would allow more flexibility in scheduling the annual meeting without need for an emergency bylaw.

Membership Meetings Section 1. Annual Meeting: An Annual Meeting of the members of the Cooperative shall be held at such time as determined by the Board of Directors, within **six twelve months** after the close of the fiscal year.

A motion was made, seconded, and carried unanimously, to approve the Bylaw change.

There was no unfinished business.

New business – Darrel and Patsy Weber were invited on stage to be honored for their dedicated service to the co-op. Darrel was presented a plaque recognizing his 30 years (1991-2021) serving as the Rock Energy Cooperative director representing District 3. He was active in many roles through the years, having served as chairman and vice chairman of the board.

Two door prize drawings were awarded. The member winners received an \$85 credit on their Rock Energy bill in honor of the 85th annual meeting. The meeting adjourned at 6:20 p.m.

Respectfully submitted, Marian Trescher, Secretary

NOMINATING COMMITTEE MINUTES

The nominating committee of Rock Energy Cooperative met at Cooperative Headquarters on May 9, 2022, at 4 p.m.

Board Chairman Clark Schoonover called the meeting to order.

THOSE IN ATTENDANCE:

- Clark Schoonover, Board Chairman
- Shane Larson, CEO
- Robert Cunningham, District 2
- Deb Topel, District 9
- Ronna Ballmer, District 4

ELECTION OF COMMITTEE CHAIRPERSON:

A motion was made, seconded, and carried unanimously to elect Robert Cunningham as committee chairperson.

ELECTION OF COMMITTEE SECRETARY:

A motion was made, seconded, and carried unanimously to elect Deb Topel as committee secretary.

NOMINATING COMMITTEE DUTIES:

CEO Larson and Chairman Schoonover reviewed cooperative policies dealing with board positions and nominations. A handout was provided and mailed to each committee member outlining director duties and qualifications.

NAMES PLACED IN NOMINATION:

After discussion, the committee voted to place the following members in nomination at the 2022 Annual Meeting:

- District 2: Marian Trescher
- District 4: Todd Thompson
- District 9: Wendell Boyer

Being no further business for the committee, the meeting adjourned at 4:15 p.m.

*Respectfully submitted,
Debran M. Topel, Committee Secretary*

Shane Larson, CEO

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Jonas Berberich, Editor

