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## EMPOWERING OUR COMMUNITIES



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#### NOTES FROM THE CEO

Delivering electricity is a complex balance between making considerable long-term investments and decisions while meeting instant (and growing) demands for electricity. In 2014, Tipmont and its membership benefited from a number of factors and organizational initiatives delivering both added member value and preparation for Tipmont's future.

Throughout 2014, we celebrated 75 years of member-owned energy delivery, and the prosperity that our cooperative has enjoyed since our incorporation on May 10, 1939. We've come a long way since our first pole was set around October 1 later that year.

Today, strong system reliability, a diversified power supply portfolio, stable power supply costs and no lost-time accidents give us plenty of reasons to be proud of where we are and excited for the future.

#### **EXTERNAL ENVIRONMENT**

Local economic growth is expected to continue providing stability and increasingly favorable economies of scale. Tipmont's total member accounts grew to 26,701 while our kilowatt hours sold increased to 517 million in 2014.

What's less certain is the future stability of power supply costs, given Environmental Protection Agency (EPA) regulation, the decline in the cost of natural gas and advancements in power supply technologies – primarily solar and battery storage.

Tipmont is committed to maintaining a diversified power supply portfolio. In 2014, Wabash Valley Power Association, our wholesale power supplier, had the lowest coal exposure of any power company in Indiana—50%.

#### **FINANCIAL HEALTH**

A critical aspect of our service to you is maintaining strong financial health with a focus on growing Tipmont's value to our members.

With no rate adjustments in 2014, our times earned interest ratio (2.49), debt service coverage (2.46) and assets to liabilities ratio (1.29) all illustrate a strong financial picture.

We invested over \$11.5 million in total utility plant, including poles, wires and transformers. We also retired nearly \$700,000 in capital credits in 2014. Over the last five years, we've proudly returned over \$3 million in capital credits to our members.

#### **ORGANIZATIONAL ALIGNMENT**

We redefined the mission of our organization and initiatied a new strategic planning process in 2014 to align with the challenges and opportunities ahead:

"Empower our communities by providing state-of-the-art essential services."

We also adopted a Balanced Scorecard approach, providing a snapshot of key metrics in the four performance areas of Member Satisfaction, Safety, Reliability and Cost. Each of those areas are then compared with approximately 900 other cooperatives around the country, giving us a benchmark of how we compare to our peers.

#### **INDIANA'S FIRST COMMUNITY SOLAR PROGRAM**

Our biggest project in 2014 was the implementation of our Community Solar array, the first of its kind in Indiana. Community Solar offers Tipmont members the option of using clean, renewable solar power to account for a portion of their monthly energy consumption. Learn more at *tipmont.org/solar*.

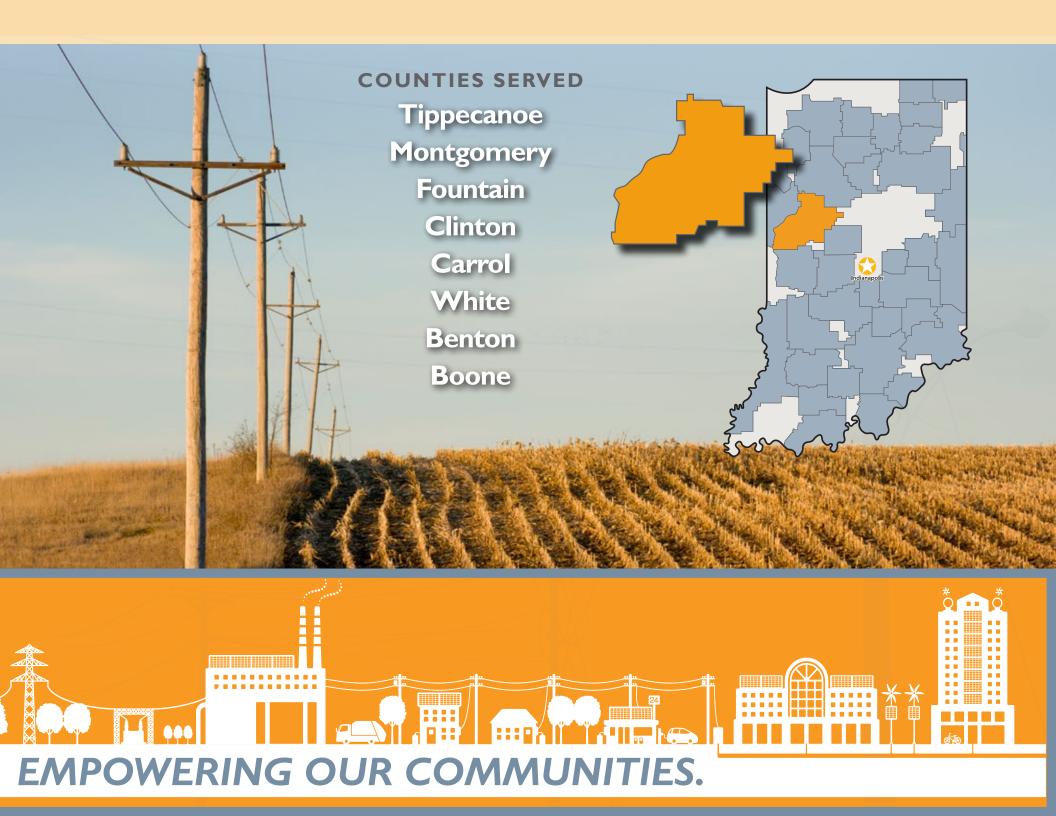
#### COMMITMENT TO MEMBER SATISFACTION

In 2014, Tipmont continued to give back in a variety of ways, including Operation Round Up and EnviroWatts grants, which returned over \$88,000 to our communities. We continued our long-standing commitment to area youth by sponsoring the Youth Tour to Washington D.C., Touchstone Energy Camp and safety demonstrations.

Everything presented here has one common theme: dedication to member satisfaction. When the electricity we provide is reliable and affordable, and our members exercise their voice in the governance process, we're all better for it.

RON HOLCOMB







#### FRONT ROW, LEFT TO RIGHT

Vice President Robert Baker, Brent Bible, Richard Harlow, Jr., President Jerry Peevler.

BACK ROW, LEFT TO RIGHT: Lynn Beck, CEO Ron Holcomb, Secretary-Treasurer Kirk Alter, Larry Carlson.

NOT PICTURED Attorney Jeff Helmerick

#### THE BOARD OF DIRECTORS

Tipmont REMC is governed by a seven-person Board of Directors representing the membership that elects them. The Tipmont service area is split into seven districts with one director per district. As a member, you can vote for directors at the Tipmont Annual Meeting. Each year, there are two or three director positions up for re-election. Each director is elected to a three-year term.

The regular meetings of the board are normally held monthly.

#### our mission

Empower our communities by providing state-of-the-art essential services.

#### our vision

Achieve top quartile member satisfaction by 2020.





I plan to represent District 2 on the Tipmont REMC Board of Directors. I have lived all my life in Indiana and graduated from Purdue with a BS in Agricultural Economics. I am a licensed plumbing and heating contactor. My wife and I own a horse and grain farm north of Buck Creek. I have a very technical background that includes electrical work; business, financial and employee management; and long-range planning experience.

Tipmont REMC is a \$53 million co-op with one main purpose: to provide reliable electricity to its members as inexpensively as possible. To achieve this purpose, we need directors who represent diverse backgrounds in a wide range of fields. My unique set of skills and experiences will complement and add to this fine board.

Electricity is our most vital utility. No other services we use in our everyday lives will operate without it; even the water we use is dependent on a steady supply of electricity! We are faced with the challenge of maintaining Tipmont's high standards while continuing to modernize our power lines, anticipate problems, plan for emergencies and help local communities if the need arises. We must look at alternative ways to generate and store electricity. Wind, solar and new battery technology are some of the methods we need to fully explore and evaluate before money is spent on adopting them.

The board's purpose is to look over management's shoulder and ensure decisions are made in the member-owner's best interests. I will become accredited, as other directors have done, and will stay informed regarding current and emerging technologies that are important to Tipmont. Using my experience and good judgement, I will represent you, the member-owner, in every decision we make.



I am pleased to have this opportunity to be a candidate for District 2 to represent you on the Tipmont REMC Board of Directors.

My husband Dick and I have four adult children and six wonderful grandchildren. I am currently retired and manage our family farm.

My first retirement was from the City of West Lafayette where I served as financial manager of the city utilities for 19 years. My second retirement was from Huntington Bank where I served nine years as a customer service representative.

Following my retirement from Huntington, I had the honor of being elected State President of the Indiana Extension Homemakers Association. For three years I traveled the state of Indiana and was able to connect with families and learn about their concerns, needs and goals while rearing their families. I also had the pleasure to serve on the Riley Children's Hospital Cheer Guild Board. It is a rewarding experience to make decisions that will enhance the lives of seriously ill children. I served on the Tippecanoe County Extension Board for three years. In this position, I was able to meet with our state legislators and encourage them to support the great work Extension does throughout the state of Indiana.

I have learned a great deal of information about electric cooperatives in the last several years and would like the opportunity to work as your representative. I look forward to serving you.



I am a resident of Davis Township, Fountain County, who graduated from Purdue University in 1965 with a Bachelor of Science degree majoring in chemistry and biology. After college I returned to the family farm where my wife Zoetta, a retired registered nurse, and I reside today. We are the parents of Jason and Amy, and have three grandchildren. Besides farming, I am a licensed real estate broker, former member of The Fountain Trust Bank advisory board and served four terms as the Davis Township trustee. I enjoy fishing in Canada, Corvettes and my grandchildren.

In 1973, I was elected to the Tipmont board and during my time on the board I have served six years as secretary-treasurer, 24 years as chairman and two years as vice-chairman. In 1985 I became a National Rural Electric Cooperatives Certified Director after successfully completing several courses. From 1993-2008 I served as a director to the boards of North Central Data Cooperative in Bismarck, North Dakota and its successor the National Information Services Cooperative of St. Louis, Missouri. I also served on the Financial Planning committee of Wabash Valley Power Association. I was chosen by the Tipmont board in 2008 to be a director on the Indiana Electric Cooperatives board where I currently serve on the seven member executive committee.

My goals as a director have always been to represent the members in ways that will improve their lives by providing efficient, reliable, requested services at reasonable costs.



I have been a member of the Tipmont board for 12 years and the Wabash Valley Power board for eight years. I have my bachelor, master, and education specialist degrees from Eastern Illinois University, and I have also earned a PhD in school administration.

I was raised in Illinois, but moved to Indiana 45 years ago to begin my career in public education. I first taught in Vermillion County for 5 years prior to accepting a teaching position in Fountain County. While with Southeast Fountain schools, I taught fourth grade followed by working as assistant principal, principal and finally district superintendent. I finished my career in Vermilion County Illinois as the chief administrator for a special education cooperative and a vocational cooperative.

I have been married to my wife Nancy for soon-to-be 40 years. We have a deceased son and one granddaughter. My hobbies include a passion for horses and hunting. Since retirement, I have made a trip each year with my horse Buddy to various locations in the Rocky Mountains. I have ridden in every state from the Mexican border to the Canadian border. As for hunting, I prefer white-tailed deer in Indiana and elk in the western states of New Mexico and Colorado.

I am very thankful the membership has allowed me to represent them on the Tipmont board for these past 12 years. It is a fascinating and challenging position. I strongly believe that in the future our members will see dramatic changes in how we supply electric power. This is an exciting time to be involved with a provider of electric energy and I believe Tipmont is in a position to respond to these changes in a positive way for our members.

#### **MINUTES FROM 2014 MEETING**

The 74th Annual Member Meeting of Tipmont Rural Electric Membership Corporation was held at Lafayette Jefferson High School, 1801 South 18th Street, Lafayette, IN, on Saturday, July 26, 2014, at 9:30 a.m. Registration began at 8 a.m.

Prior to and during the registration period, members were encouraged to visit various Tipmont REMC displays and information centers. Drawings were conducted during registration for five electric credits in the amount of \$50 and five in the amount of \$100.



Each registered member received an ink pen, a burgundy "75th Anniversary" tote bag, a welcome and agenda insert, a blue survey and comment sheet, a box of two "75th Anniversary" glass mugs, a "101 Easy Ways to Save Energy and Money" booklet, two question cards, a Power Moves rebate program insert and the annual report which included the 2013 annual meeting minutes. The annual meeting registration card was mailed prior to the meeting.

President Jerry Peevler announced the registration drawings. President Peevler thanked Lafayette Jefferson High School for the rental of the facility and Chaconne and Alec for entertaining.

President Peevler introduced each board member and their district. President Peevler announced that we had a quorum and called the meeting to order at 9:35 a.m.

President Peevler introduced Tipmont REMC Manager of Technology and Member Engagement, Corey Willis, who gave the invocation. He then introduced Meagan Baker who sang the National Anthem.

Secretary-Treasurer Kirk Alter read the official notice of the meeting and led the Pledge of Allegiance. Secretary-Treasurer Alter asked those members present to refer to the minutes of the 2013 meeting,

which were given to them at the time of registration. He then asked for a motion to accept the minutes as recorded. A motion was made by member Gary Isenberg and a second was made. The motion carried and the minutes from the 2013 meeting were approved as presented.

President Peevler introduced special guests and Attorney Brian Garrison who was attending in the absence of Attorney Jeff Helmerick.

President Peevler announced the unopposed election of district 4. Incumbent Brent Bible was unable to attend the meeting. President Peevler then asked for a motion to accept the re-election of Bible for District 4. A motion was made by member Gary Isenberg and a second was made. The motion carried and Brent Bible will represent district 4.

President Peevler then introduced new CEO Ron Holcomb. CEO Holcomb gave a brief and concise speech updating the membership on the status of the cooperative and its future.

President Peevler stated that questions submitted by the membership on the cards provided would be responded to by the CEO.

President Peevler introduced the Annual Meeting Committee.

President Peevler asked Director Larry

Carlson to assist with the final prize drawings. President Peevler asked that the winners of the final drawings come forward to have a photo taken. Drawings were conducted for the grand prizes of four \$250 electric credits and cash drawings for \$1,000, \$2,500, and \$5,000.

President Peevler asked the membership to put their comments sheets in the blue containers as they exited the building.

The grand prizes were awarded to the following members: \$250 electric credits to James Ketterer, Joseph Irvin, Bruce and Bethann Walkup, and Wilkie and Sheryl Terry; \$1,000 cash to Brian and Robyn Moore; \$2,500 cash to Rosemary Chapman; and \$5,000 cash to L. C. Barr.

As there was no further business, the meeting was adjourned 9:55 a.m.

ABOVE RIGHT Tipmont REMC members enjoy the treats in the refreshment line at the 2014 annual meeting.

BELOW RIGHT The grand prize winners of the 2014 annual meeting. From left, L.C. Barr, winner of \$5,000 cash; Rosemary Chapman, winner of \$2,500 cash and Robyn Moore, winner of \$1,000 cash.





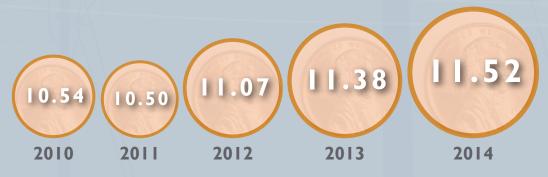
#### **NUMBER OF MEMBERS**

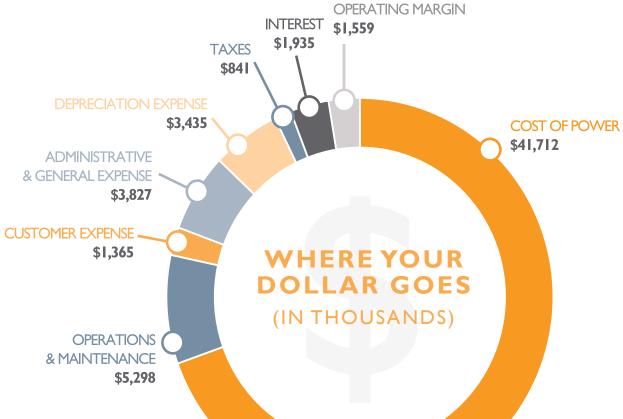


#### KILOWATT HOURS SOLD (MILLIONS)



#### AVERAGE COST PER KWH SOLD (CENTS)







#### TOTAL MARGINS



#### **CAPITAL CREDIT RETIREMENTS**





#### FINANCIAL STATEMENTS

THE FINANCIAL RECORDS OF TIPMONT REMC AND SUBSIDIARY FOR THE YEARS ENDED 2014 AND 2013 PRESENTED IN THIS REPORT WERE TAKEN FROM FINANCIAL STATEMENTS AUDITED BY LONDON WITTE GROUP, LLC, CERTIFIED PUBLIC ACCOUNTANTS, INDIANAPOLIS, INDIANA WHICH EXPRESSED THEIR **UNQUALIFIED OPINION ON** THESE STATEMENTS IN THEIR REPORT DATED MARCH 24, 2015. ALL ASSETS ARE PLEDGED AS SECURITY FOR THE NONCURRENT LIABILITIES OF THE RURAL UTILITIES SERVICE (RUS) AND THE NATIONAL RURAL UTILITIES **COOPERATIVE FINANCE** CORPORATION (CFC). COPIES OF THE COMPLETE FINANCIAL STATEMENTS ALONG WITH THE AUDITOR'S REPORT MAY BE EXAMINED AT THE COOPERATIVE'S **GENERAL HEADQUARTERS** BY APPOINTMENT DURING REGULAR BUSINESS HOURS.

KIRK ALTER, SECRETARY-TREASURER OF TIPMONT REMC

|   | 2014          | 2013          |
|---|---------------|---------------|
| Operating Revenues                            | \$ 59,972,150 | \$ 56,511,136 |
| Operating Expenses                            |               |               |
| Cost of Power                                 | \$ 41,711,748 | \$ 38,984,441 |
| Distribution Expense                          |               |               |
| Operations                                    | 2,903,371     | 2,697,608     |
| Maintenance                                   | 2,394,455     | 2,147,154     |
| Consumer Accounts                             | 1,364,670     | 1,398,351     |
| Administration and General Expense            | 3,826,618     | 3,023,966     |
| Depreciation Expense                          | 3,435,552     | 3,164,678     |
| Taxes   | 840,738       | 786,276       |
| Interest                                      | 1,935,382     | 1,724,934     |
| Total Operating Expenses                      | \$58,412,534  | \$53,927,408  |
| Patronage Capital and Operating Margins       | 1,559,616     | 2,583,728     |
| Non Operating Margins                         | (5,518)       | 45,234        |
| Other Capital Credits and Patronage Dividends | 1,216,380     | 1,367,785     |
| Income/Loss from Investments                  | 79,751        | 24,935        |
| Net Margins                                   | \$2,850,229   | \$4,021,682   |

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#### Ronna Bohlander Plant Accountant Kevin Bonebrake Journeyman Lineman/Working Foreman Sandra Brook Work Order Process Specialist **Brian Brown** Journeyman Lineman Tom Cahill Member Service Representative **Kevin Carpenter** Maintenance Custodian Ed Center Journeyman Lineman Joshua Chieppo Apprentice Lineman Mike Cochran Meterman **Candice Cornetet** System Engineer **Adam Crabb** Apprentice Lineman Natalie Decker Member Service Supervisor Patrick Dowell Meterman Jami Dugger AMI Systems Coordinator Rob Ford Communications Director **Garret Foutch** Apprentice Lineman Chris Foxworthy Pre-Apprentice Lineman Steven Furniss Safety Director Jason Gates Journeyman Lineman AJ Greathouse Meterman Jonathan Gullett Journeyman Lineman/Working Foreman Melissa Harwood Payroll Administrator Samuel Headlee Apprentice Lineman Neil Hedrick Project Engineer I Justin Heide Journeyman Lineman Ron Holcomb CEO Ellie Hong Student Intern Carl Horoho Senior System Engineer **Taylor House** Apprentice Lineman Chad Jasheway Journeyman Lineman Chadd Jenkins Manager Of Engineering & Operations

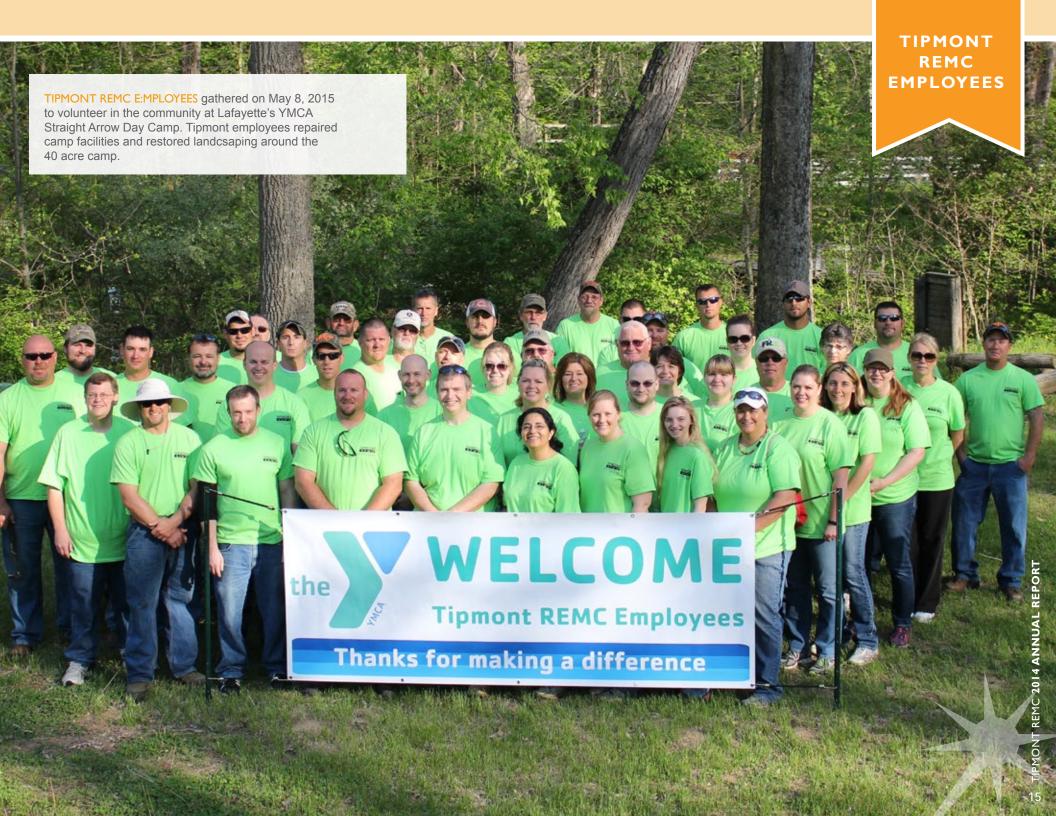
Clayton Jewell System Analyst

Allen Jones GIS Administrator

**Andrew Karle** Journeyman

**Duane Keiser** *Journeyman* Chad Keller Journeyman Lineman/Working Foreman Tyler Kent Apprentice Lineman Joseph Kline Engineering & GIS Supervisor James Lind Project Engineer II Glenn Logan Project Engineer II Matt Lowe Journeyman Lineman/Working Foreman **Douglas Martin** Accounting Supervisor **Jacklyn McCleland** Operations Analyst Jarad McCleland Right-Of-Way Maintenance Coordinator Dana Mesaros Warehouseman **Tracey Miller** *Member Service Representative* Jason Monroe Energy Management Supervisor Krista Monroe Lead Member Services Representative **Deb Morris** Manager of Finance & Administration **Jeff Morrison** *Journeyman Lineman* Traci Mountcastle Member Service Representative Abby O'Neill Strategy Execution & Administrative Coordinator Robert Palmer Journeyman Lineman **Melody Peacock** Operations Analyst **Anita Pike** System Analyst John Plahitko System Administrator Scot Price Operations Supervisor Matthew Priebe Right-Of-Way Maintenance Coordinator **Corey Rhine** Journeyman Lineman Debbie Schavietello Director of Human Resources Travis Smith Journeyman Lineman Elijah Smith Apprentice Lineman Ty Sullivan Journeyman Lineman Tara Walters Accounting Representative Jeff Wilcox Substation Maintenance Technician **Douglas Williams** Substation Maintenance Technician Corey Willis Manager Of Technology & Member Engagement

Adam Younce Student Intern



Through the generosity of Tipmont REMC members who allow their electric bills to be "rounded up" to the next dollar, Operation Round Up awarded \$41,869 to 30 local organizations in 2014.



**\$41,869** given in 2014

30

NUMBER
OF GRANTS
GIVEN
IN 2014

**\$936,749** given since 1999

474

NUMBER
OF GRANTS
GIVEN
SINCE 1999

### OPERATION ROUND UP

WABASH CENTER received a grant for \$1,404 to add benches and a planter box to their garden area.



#### 2014 OPERATION ROUND UP **GRANT RECIPIENTS**

Angel Blankets Chapter for Binky Patrol Habitat for Humanity of Lafayette, Inc. Hillsboro Volunteer Fire Department Wabash Center

Tippecanoe County Extension Homemakers Council, Inc. Family Promise of Greater Lafayette, Inc.

Montgomery County Historical Society

Pam's Promise Transitional Housing

Matrix Pregnancy Resource Center

Crossroads Equestrian Center

Right Steps Child Development Centers

The Home with Hope, Inc.

Fishing Has No Boundaries of Mid-North Indiana Service, Unity, Recovery, Fellowship (SURF) Cente

Five Points Fire Museum/ NCHS Child Safety Center
Purdue University Montgomery County Extension Office

Indiana Quilts for Kids, Inc.

Dream Season, Inc.

YWCA of Greater Lafayette

The Art Museum of Greater Lafayette

Junior Achievement of Greater Lafayette

Lafayette Family YMCA

Mountie Mission, Inc.

Montgomery County Youth Service Bureau

The Learning Network - Clinton County Extension Office Joyful Journey, Inc.

Tippecaoe Chamber Music Society

Women's Resource Center

FIRST McCutcheon High School Robotics Team

Tippecanoe County 4-H Exhibit Association

### **ENVIRO**WATTS



Tipmont REMC members show their support for their communities and the environment by participating in the EnviroWatts program. Members pay an extra one cent per kilowatt hour on their bill. Through these donations, EnviroWatts awarded \$46,474 to 7 local organizations in 2014.

**\$46,474** given in 2014



NUMBER
OF GRANTS
GIVEN
IN 2014

**\$510,173** *given since* 2003



NUMBER
OF GRANTS
GIVEN
SINCE 2003

#### 2014 ENVIRO WATTS GRANT RECIPIENTS

Crawfordsville High School Transportation & Energy Class Sycamore Audubon Society & West Central Indiana Native Plant & Wildflower Society Wabash Center, Inc.

Tipmont REMC Ivy Tech Scholarship

**NICHES Land Trust** 

Lafayette Tree Fund - Tree Lafayette

Wabash River Enhancement Corporation

## At Tipmont REMC, we're empowering our community by giving back and investing in our future.

#### These programs are just a few of the ways we do that.

#### YOUTH TOUR



2014 marked the 50th anniversary of NRECA's Electric Cooperative Youth Tour featuring 1,644 young co-op consumer-members from 43 states. Youth Tour offers students a great opportunity to develop leadership skills, see our government in action and meet other young people from across the country while learning about their electric cooperative.

Among the issues the young co-op members discussed with lawmakers were new regulations issued by the Environmental Protection Agency, which challenge how we meet current and future demands for electric power.

The Indiana delegation experienced our country's history first-hand with stops at the Gettysburg National Battlefield, Arlington National Cemetery, the Flight 93 and Pentagon 9/11 memorials, the National Museum of the Marine Corps., the National Mall memorials and the Smithsonian. Other notable events included a visit to The Newseum, a night cruise on the Potomac River and an All States Dance.



ABOVE Tipmont REMC's 2014 Youth Tour delegates in front of the White House in Washington, D.C.

LEFT Tipmont representative Sarah Weaver, then a student at William Henry Harrison High School in West Lafayette, was selected as Indiana's Youth Leadership Council delegate. Weaver was also named the second runner up at the NRECA National Youth Spokesperson Competition. She represented Indiana at the 2015 NRECA Annual Meeting in February.





