



**SAFE RELIABLE AFFORDABLE**

## A MESSAGE TO OUR MEMBERS

**Safe. Reliable. Affordable**

Each year when we reflect on the past year's operations, we evaluate whether we have met the goals outlined in our mission statement of providing safe, reliable, and affordable power for our member-owners. While we recognize that it's not always possible to meet these goals 100%, we work hard every year to make progress in these important areas. We're pleased to report that 2021 was a very good year for North West REC and our members and we will share a few of these highlights with you.

**Safety:** Our employees reached a six-year milestone of **no lost time accidents** in August. We believe this is a great accomplishment and is an indication that our employees are committed to working safely together. To achieve our safety goals, it takes a strong commitment from the board of directors and employees, all working together to continue to enhance our culture of safety. We are collectively making that commitment.

**Reliability:** We are pleased to report that we had our **best year of service reliability since the year 2000**. The main ratio that we use to track our service reliability is average outage minutes per consumer. In 2021, our average outage minutes were **56.3**. This is well below our average of 125 minutes per year and results in a **99.99% reliability** factor.

Weather is a big determining factor each year on outage time, but another important factor is the system improvement work we are investing in. Our strategic plan includes a goal of accelerating the pace of replacing our older, original electric distribution plant. In the last five years, we have invested **\$23 million in new construction** and line replacement projects to help ensure that we are providing reliable electric service for our members.

**Affordability:** Another key area included in our mission statement is keeping our electric rates as affordable as possible for our members. Our rates remained stable for a sixth consecutive year in 2021 and in fact, they were a little lower with the reduction of our PCA from 1.2 mills to 0 for the last 4 months of the year. We are pleased to report that the Board of Directors has decided to pass along a bill credit from NIPCO in 2022 by reducing the PCA to a credit 3.3 mills. This will result in our members paying **over 5% less** on their electric rates in 2022 than they did in 2021.

The last couple of years have presented some new challenges for us, especially related to the COVID pandemic. However, our employees and directors have once again demonstrated their strong commitment to working together to serve our members with safe, reliable, and affordable electric service. We want to thank all our members for your ongoing loyal support. We pledge to work hard to continue to earn your support and trust in the years ahead.

Respectfully,



Jeff Rehder,  
Board President



Lyle Korver,  
CEO & General Manager

## BALANCE SHEET

North West REC		
Statement of Operations	YEAR	YEAR
Annual Report for 2021	2021	2020
<b>ASSETS</b>		
<b>UTILITY PLANT</b>		
Electric Plant in Service -----	\$98,192,738	\$94,719,142
Construction Work In Progress -----	2,340,105	645,270
Less : Accumulated Depreciation - -----	(30,115,163)	(28,766,523)
<b>NET UTILITY PLANT -----</b>	<b>\$70,417,680</b>	<b>\$66,597,889</b>
<b>LONG TERM INVESTMENTS</b>		
Patronage Capital in Assoc.Organizations -----	27,370,670	26,031,019
Investments in Assoc.Organizations -----	1,419,685	1,432,756
Other Investments -----	14,040,786	11,687,593
<b>TOTAL LONG TERM INVESTMENTS -----</b>	<b>\$42,831,141</b>	<b>\$39,151,368</b>
<b>CURRENT ASSETS</b>		
Cash & Temporary Investments -----	611,381	147,724
Accounts Receivable -----	7,355,602	7,692,757
Materials & Supplies -----	1,121,579	954,477
Other Current and Accrued Assets -----	93,658	145,851
<b>TOTAL CURRENT ASSETS -----</b>	<b>\$9,182,220</b>	<b>\$8,940,809</b>
<b>TOTAL ASSETS &amp; OTHER DEBITS -----</b>	<b>\$122,431,041</b>	<b>\$114,690,066</b>
<b>LIABILITIES</b>		
<b>MEMBER EQUITIES</b>		
Current Year Margins -----	4,808,022	3,779,292
Patronage Capital -----	22,275,148	22,045,570
Other Margins & Equities -----	32,325,776	30,856,485
<b>TOTAL MEMBER EQUITY -----</b>	<b>\$59,408,946</b>	<b>\$56,681,347</b>
<b>LONG TERM DEBT</b>		
CFC Loans -----	47,484,987	44,109,343
<b>TOTAL LONG TERM DEBT -----</b>	<b>\$47,484,987</b>	<b>\$44,109,343</b>
<b>CURRENT LIABILITIES</b>		
Accounts & Notes Payable -----	2,473,779	4,367,240
Consumers Deposits -----	61,020	64,680
Other Current & Accrued Liabilities -----	1,607,511	1,555,195
<b>TOTAL CURRENT LIABILITIES -----</b>	<b>\$4,142,310</b>	<b>\$5,987,115</b>
<b>DEFERRED CREDITS</b>		
Deferred Credits & Misc.Operating Reserves -----	11,394,798	7,912,261
<b>TOTAL LIABILITIES &amp; OTHER CREDITS -----</b>	<b>\$122,431,041</b>	<b>\$114,690,066</b>

## FINANCIAL DIFFERENCES

kWh sales increased 1.44% for 2021
Wholesale purchased power costs were down 5.79% from last year
Maintenance expenses were up in 2021 due to less labor capitalized
Large Basin/NIPCO patronage assignment again in 2021

## STATEMENT OF OPERATIONS

North West REC		
Statement of Operations	YEAR	YEAR
Annual Report for 2021	2021	2020
Operating Revenue and Patronage Capital -----	\$51,007,225	\$52,002,476
<b>Total Operating &amp; Non Operating Revenues -----</b>	<b>\$51,007,225</b>	<b>\$52,002,476</b>
Cost of Purchased Power -----	38,023,131	40,359,600
Distribution Expense - Operation -----	1,520,446	1,382,521
Distribution Expense - Maintenance -----	1,438,162	1,358,205
Consumer Accounts Expense -----	658,936	623,828
Customer Service and Information Expense -----	678,479	813,082
Sales Expense -----	88,851	81,903
Administrative and General Expenses -----	1,669,157	1,507,792
<b>Total Operation &amp; Maintenance Expense -----</b>	<b>\$44,077,162</b>	<b>\$46,126,931</b>
Depreciation and Amortization Expense -----	2,814,536	2,904,306
Tax Expense -----	49,252	51,383
Interest on Long - Term Debt -----	1,809,274	1,737,061
Interest Expense Other -----	3,090	3,278
Other Deductions -----	45,018	35,302
<b>Total Cost of Electric Service -----</b>	<b>\$48,798,332</b>	<b>\$50,858,261</b>
<b>Gross Patronage Capital &amp; Margins -----</b>	<b>\$2,208,893</b>	<b>\$1,144,215</b>
Non-Operating Revenue - Interest -----	146,505	226,049
Non-Operating Revenue(Loss) - Other -----	82,829	32,186
NIPCO Capital Credits -----	2,079,807	2,119,316
CFC & Other Capital Credits -----	289,988	257,526
<b>Net Patronage Capital &amp; Margins -----</b>	<b>\$4,808,022</b>	<b>\$3,779,292</b>

## YOUR BOARD OF DIRECTORS/OFFICERS



L-R: Lyle Korver, CEO/General Manager; Steve Brown, Secretary; Dave Bosma; Chad Dau; Scott Feuerhelm; Jeff Rehder, President; Doug Becker, Vice President; Dan Hoffman; Shirley Schroeder; Steve Abma; Dale Ullrich, Assistant Secretary-Treasurer; Tom Wagner, Treasurer.

## KEY FINANCIAL STATISTICS

Equity Ratio .....	48.5%
Avg Interest Rate on Long Term Debt .....	3.93%
Electric Revenue per kWh Sold.....	7.84 cents
Avg Farm/Residential Usage per month.....	2,255 kWh
Avg Plant Investment per Service .....	\$9,861

## 2021 EXPENSES

How Your Dollar Was Spent...



Purchased Power	\$0.78
Maintenance & Operations	\$0.06
Customer Service & Sales	\$0.03
Administration & General	\$0.03
Depreciation	\$0.06
Interest on Long Term Debt	\$0.04



# EMPLOYEES

**OFFICE STAFF (L-R):**  
 Deb Herzberg,  
 Emily Vander Velde,  
 Julee Kovarna,  
 Gina Christoffel,  
 Megan Pick, Derald Phillips, Tyler Kallemeyn, James Vondrak, Renee Wynia, Sheila Van Beek, and Curt Ahrenholz.



**MEMBER SERVICES (L-R):** Gaylen Schneider, Rob Driesen, Lee Galles, Brent Van Beek, and Ken Miller.



(L-R): Matt Roberts, Scott Wubben, Jon Heiliger, Luke Lathrop, Adam Gesink, Brandon Bonnema, Tracy Bahrenfuss, Sidney Pitt, Tim Honkomp, Tony Rolfs, Robin Maassen, Phil Elgersma, Justin Nippert, Dustin Koele, Doug Alons, Brent Noteboom, Derrick Haak, Mike Berkenpas, Doug White, and Alex Jungers.

# 2021 YEAR IN REVIEW



Work began on replacing our load management and automated metering system with a new "two-way" system. Projected to be a 4 to 5 year project to replace 7,000 load management switches and 15,000 meters.

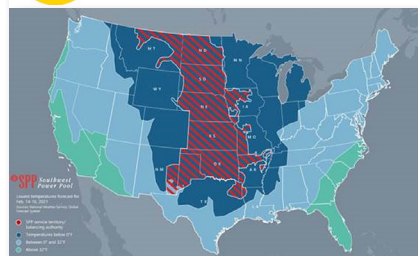


NWREC is awarded a Rural Electric Safety Achievement Award for its excellent safety record. 6 years without a "lost time accident."

Due to the COVID-19 situation, our annual meeting was held as a "hybrid meeting" for the first time. We offered both in person and live streamed attendance options for our members.



Basin Electric system impacted by the February Winter Storm Uri. We avoided rolling blackouts for our members by being able to effectively use our load management system.



We received very good response with our Member Engagement Survey. 1,100 members participated.

North West REC 2020	89
North West REC 2016	88
North West REC 2014	90
North West REC 2010	87
North West REC 2009	89
REC Average	85
I.O.U.	72

The results of the Customer Satisfaction portion of the survey was extremely positive. The overall score on the ACSI (American customer satisfaction index) was 89. This compares favorably to the overall national average of 85 for REC's and 72 of investor owned utilities.

NWREC reaches 6 years of rate stability. May of 2015, was the last time electric rates were increased.



Operation Round-Up reaches \$595,000 milestone of disbursements since its inception in 1999 to community and charitable organizations and families in need.

Board approved a reduction in the power cost adjustment (PCA) for the last four months of the year, resulting in a lower average rate for our members.



NWREC received Economic Impact Award from Iowa Area Development Group for its involvement in economic development.

Four Member Appreciation Events were well attended by the members throughout our four districts in August and September.

The Board approves the retirement of \$2,050,000 in patronage dividends to the members in September. This represents the largest patronage retirement ever.



78 miles of new line is constructed by our employees and a contractor. We have accelerated the pace of replacing our older line as part of our strategic plan and goal of continuing to improve service reliability.



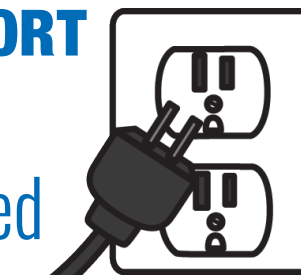
River View Ridge Senior Living is recognized with an IADG Venture Award.

The board of directors accepted the resignation of Shirley Benson as District 3 director and thanked her for 9 years of dedicated service. The board appointed Shirley Schroeder to fill this District 3 director position.



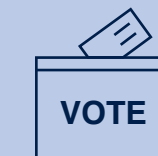
# MEMBER SERVICES REPORT 2021 By The Numbers

**110** new services added  
**10,195** total services



**OPERATION ROUND UP**  
 20+ years of giving, totaling \$595,195

**1** Member  
**1** Vote



**\$2,050,000** PATRONAGE RETIREMENT



Total of **\$29 million** in patronage refunded to members in last **83 years**

SOLAR DEMONSTRATION PROJECT REACHES **7 YEAR** ANNIVERSARY



over **\$1.5 million** in savings from Switch Makes Cents and Beat the Peak programs

**78** miles of new line constructed  
**3,747** miles of electric line



**84** High School Seniors Awarded  
**8** Safety Demos  
**\$34,250** in Scholarships  
**56** Average outage minutes  
**99.99%** RELIABILITY

**32** Substations Providing Power  
**475,785** Hours since last lost-time accident  
**7,000** Load Management Switches to be replaced. Started installing new 2-way system.

**656 MILLION** kWhs sold



**3 YEARS** of experience with the Electric Vehicle

**571** Rebates to members totaling **\$626,545.54** for energy efficiency  
**38** Full-Time Employees