



2019 Annual Meeting

**ACCOUNTABILITY**



**INNOVATION**



**COMMITMENT TO COMMUNITY**



**MEMBER OWNED**

**A MESSAGE TO OUR MEMBERS**

It is our privilege and pleasure to serve our members and to share this brief message about 2019's operations. We are pleased to report that North West REC (NWREC) had another successful year.



Since our founding over 80 years ago, we are proud to have stayed consistently focused on our purpose, *which is to provide reliable electric service to our member-owners at the lowest possible cost.* That's really the Cooperative difference!

We hope you recognize that NWREC is not your typical electric company. We're a local, member owned, not-for-profit electric cooperative. We don't have customers – we have members. You . . . our members . . . are the reason we are here.

While our purpose has not changed over the years, the needs and expectations of our members have. The loads that we serve are much larger and more dependent on reliable power supply than they were in the past. In order to meet these changing needs, we continue to make improvements in our electric distribution system. In 2019 alone, NWREC invested nearly \$5 million in new electric lines and services and in other system improvements.

We were able to make these significant investments while keeping electric rates stable. The Board of Directors notified our members at the beginning of 2019 that rates would not be increasing for at least the next two years, and we are pleased that we will be reaching a five-year milestone of stable electric rates on May 1, 2020.

The weather did present some challenges for us this year with a flooding event in March and an ice storm in April. This adversely impacted our service reliability ratios for 2019; but overall, we were still able to achieve a 99.98% service availability index ratio for our members.

We always say how fortunate we are to have a very supportive group of members. The directors and employees of NWREC do not take this for granted. We pledge to work hard every day to continue to earn your support and trust.

Respectfully,

*Jeff Rehder*

Jeff Rehder, President

*Lyle Korver*

Lyle Korver, CEO & General Manager

**BALANCE SHEET**

North West REC Balance Sheet Annual Report for 2019	YEAR 2019	YEAR 2018
<b>ASSETS</b>		
<b>UTILITY PLANT</b>		
Electric Plant in Service -----	\$ 89,142,751	\$ 85,810,634
Construction Work In Progress -----	233,119	223,057
Less : Accumulated Depreciation - -----	(28,056,416)	(26,868,065)
<b>NET UTILITY PLANT -----</b>	<b>\$ 61,319,454</b>	<b>\$ 59,165,626</b>
<b>LONG TERM INVESTMENTS</b>		
Patronage Capital in Assoc.Organizations -----	24,502,676	23,375,463
Investments in Assoc.Organizations -----	1,473,063	1,489,026
Other Investments -----	11,854,304	11,471,389
<b>TOTAL LONG TERM INVESTMENTS -----</b>	<b>\$ 37,830,043</b>	<b>\$ 36,335,878</b>
<b>CURRENT ASSETS</b>		
Cash & Temporary Investments -----	898,631	1,413,841
Accounts Receivable -----	8,629,792	8,193,899
Materials & Supplies -----	887,921	986,897
Other Current and Accrued Assets -----	164,510	104,158
<b>TOTAL CURRENT ASSETS -----</b>	<b>\$ 10,580,854</b>	<b>\$ 10,698,795</b>
<b>TOTAL ASSETS &amp; OTHER DEBITS -----</b>	<b>\$ 109,730,351</b>	<b>\$ 106,200,299</b>
<b>LIABILITIES</b>		
<b>MEMBER EQUITIES</b>		
Current Year Margins -----	3,524,273	8,769,854
Patronage Capital -----	21,512,574	17,033,379
Other Margins & Equities -----	29,542,838	26,332,108
<b>TOTAL MEMBER EQUITY -----</b>	<b>\$ 54,579,685</b>	<b>\$ 52,135,341</b>
<b>LONG TERM DEBT</b>		
CFC Loans -----	41,665,231	38,601,813
<b>TOTAL LONG TERM DEBT -----</b>	<b>\$ 41,665,231</b>	<b>\$ 38,601,813</b>
<b>CURRENT LIABILITIES</b>		
Accounts & Notes Payable -----	4,222,893	5,974,584
Consumers Deposits -----	68,492	67,372
Other Current & Accrued Liabilities -----	1,422,608	1,364,077
<b>TOTAL CURRENT LIABILITIES -----</b>	<b>\$ 5,713,993</b>	<b>\$ 7,406,033</b>
<b>DEFERRED CREDITS</b>		
Deferred Credits & Misc.Operating Reserves ---	7,771,442	8,057,112
<b>TOTAL LIABILITIES &amp; OTHER CREDITS -----</b>	<b>\$ 109,730,351</b>	<b>\$ 106,200,299</b>

**STATEMENT OF OPERATIONS**

North West REC Statement of Operations Annual Report for 2019	YEAR 2019	YEAR 2018
Operating Revenue and Patronage Capital -----	\$ 54,602,073	\$ 55,439,803
<b>Total Operating &amp; Non Operating Revenues ----</b>	<b>\$ 54,602,073</b>	<b>\$ 55,439,803</b>
Cost of Purchased Power -----	42,573,430	42,125,775
Distribution Expense - Operation -----	1,375,341	1,334,643
Distribution Expense - Maintenance -----	1,658,293	1,385,021
Consumer Accounts Expense -----	594,510	518,788
Customer Service and Information Expense -----	899,924	712,168
Sales Expense -----	80,254	86,574
Administrative and General Expenses -----	1,610,209	1,509,486
<b>Total Operation &amp; Maintenance Expense -----</b>	<b>\$ 48,791,961</b>	<b>\$ 47,672,455</b>
Depreciation and Amortization Expense -----	2,866,667	2,724,132
Tax Expense -----	54,661	54,495
Interest on Long - Term Debt -----	1,703,926	1,549,554
Interest Expense Other -----	3,797	3,515
Other Deductions -----	32,684	20,882
<b>Total Cost of Electric Service -----</b>	<b>\$ 53,453,696</b>	<b>\$ 52,025,033</b>
<b>Gross Patronage Capital &amp; Margins -----</b>	<b>\$ 1,148,377</b>	<b>\$ 3,414,770</b>
Non-Operating Revenue - Interest -----	356,327	231,730
Non-Operating Revenue(Loss) - Other -----	97,166	(11,584)
NIPCO Capital Credits -----	1,701,308	4,896,189
CFC & Other Capital Credits -----	221,095	238,749
<b>Net Patronage Capital &amp; Margins -----</b>	<b>\$ 3,524,273</b>	<b>\$ 8,769,854</b>

**FINANCIAL DIFFERENCES**

kWh sales were down 1.5% for 2019

Higher wholesale purchased power costs due to lower annual load factor

Storm maintenance expenses were up in 2019

Unusually large Basin/NIPCO patronage assignment in 2018

**KEY FINANCIAL STATISTICS**

Equity Ratio .....	49.7%
Avg Interest Rate on Long Term Debt .....	4.2%
Electric Revenue per kWh Sold .....	7.85 cents
Avg Farm/Residential Usage per month.....	2,494 kWh
Avg Plant Investment per Service .....	\$8,812

**YOUR BOARD OF DIRECTORS/OFFICERS**



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

**2019 EXPENSES**

*How Your Dollar Was Spent...*

Purchased Power \$.80	Maintenance & Operations \$.06
Customer Service & Sales \$.03	Administration & General \$.03
Depreciation \$.05	Interest on Long Term Debt \$.03



# YOUR EMPLOYEES

**OFFICE STAFF (L-R):**  
 Deb Herzberg, James Vondrak,  
 Lorraine Egendorf, Derald Phillips,  
 Sheila Van Beek, Curt Ahrenholz,  
 Megan Pick, Tyler Kallemeyn, Jule  
 Kovarna and Renee Wynia.  
 Not pictured: Gina Christoffel.



Deb Clausen & Michaela Durbin



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



**FRONT ROW:** Dusty Koele, Scott Wubben, Justin Nippert, Dylan Low, Robin Maassen, Luke Lathrop, Doug Alons, Doug White, Jon Heiliger **SECOND ROW:** Mike Berkenpas, Tracy Bahrenfuss, Brett Hansen, Derrick Haak, Tim Honkomp, Alex Jungers, Adam Gesink, Phil Elgersma, Brandon Bonnema, Gabe Roetman **BACK ROW:** Brent Noteboom, Tony Rolfes, Joe Penning, Ben Cahill

# 2019 YEAR IN REVIEW

- January peak demand was highest on record – 124 MW's. We continue to be a winter peaking system.
- Board announced that rates would remain stable for 2019 and 2020 – five years of rate stability. Power cost adjustment (PCA) was lowered from 1.6 mills per kWh to 1.2 in January as a result of \$245,000 bill credit from NIPCO.
- NWREC purchased its first electric vehicle in February, a Chevrolet Bolt.
- 2,135 members and guests attended our four Annual District Meetings in March. Del Beyer retired from the Board following 16 years of service in District 1. Dave Bosma was elected to replace him.
- 20 high school seniors were recognized and received scholarships at the four district meetings.
- March flooding event resulted in 19 broken poles throughout our system.
- April 11 ice storm in the northern portion of our service area causes widespread outages and 52 broken poles.
- NWREC received an Economic Development Impact Award from Iowa Area Development Group for our development accomplishments and commitment to our local communities.
- Underground contractor was hired to replace 26 miles of older overhead line with underground. One of our strategic goals is to accelerate the pace of system improvements to help improve service reliability for our members.
- Two students, Paige Dagele of Sanborn and Valeria Uribe of Le Mars, participated in the Youth Tour to Washington, D.C. in June.



- NWREC partnered with three hotels, that are served by the Cooperative, to install EV Charging stations.
- We completed the successful trial of a new two-way wireless mesh load management system. This system will replace our current one-way system that is over 30 years old.
- Perdue Premium Meats became the first commercial/industrial customer served by NWREC to subscribe to 100% of their energy requirements from the Prairie Winds program.
- 24 member-owners participated in the Energy Trail tours to the Dakotas to be educated on hydro, coal, wind and other generation resources.
- August was the 5-year anniversary of the Solar Demonstration project. We continue to share what we have learned with members, students and legislators.
- \$300,000 grant was received through the USDA Rural Economic Development Loan and Grant program (REDLG). These funds were added to our revolving loan fund and were loaned to the new Prairie Woods Nature Center.
- Two new Member Appreciation events were held this fall in Sioux Center and Holstein. We served burgers and brats, showcased the EV, had inflatables for the kids, outdoor games and safety demonstrations. There was a great turnout of members of all ages, and it was fun to see so many young families participate.
- One of NWREC's linemen, Mike Berkenpas, traveled to Guatemala twice during the year to assist with an NRECA International project to bring electricity to a school, health center and 40 homes for the first time ever.



# MEMBER SERVICES REPORT

*2019 by the numbers*

**122** new services added  
**10,142** total services

**699** Rebates  
 to members totaling  
**\$726,871**  
 for energy efficiency

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

**9** safety demonstrations  
 for school and farm groups

**39** Full-time employees  
**2** Part-time employees

**\$1,353,000**  
 PATRONAGE RETIREMENT

Total of  
**\$26 million**  
 refunded to members  
 in last  
**80 years**

**59 miles of new line constructed**

**3,745 miles of electric line**

Total utility plant reaches **\$89 million**

**124** average outage minutes  
**99.98%** RELIABILITY

**301,884 HOURS** since last lost-time accident

**OPERATION ROUND UP**

20+ years of giving,  
 totaling \$481,795

**695 million kWhs in sales**

**1 Member 1 Vote**