



### 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

We hope you recognize that NWREC is not your typical electric company. We're a local, member owned, not-forprofit 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 fiveyear 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.

espectfully,

Geff Fehder

Jeff Rehder, President

Lyle Korver, CEO & General Manager

### **BALANCE SHEET**

North West REC					
Balance Sheet		YEAR	YEAR		
Annual Report for 2019	2019			2018	
ASSETS					
UTILITY PLANT					
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)	
NET UTILITY PLANT	\$	61,319,454	\$	59,165,626	
LONG TERM INVESTMENTS					
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	
TOTAL LONG TERM INVESTMENTS	\$	37,830,043	\$	36,335,878	
CURRENT ASSETS					
Cash & Temporary Investments		898,631		1,413,841	
Accounts Receivable		8,629,792		8,193,899	
Materials & Supplies		887,921		986,897	
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		164.510		104.158	
Other Current and Accrued Assets TOTAL CURRENT ASSETS	\$	164,510 <b>10,580,854</b>	\$	104,158 <b>10,698,795</b>	
Other Current and Accrued Assets TOTAL CURRENT ASSETS		10,580,854		10,698,795	
Other Current and Accrued Assets	<b>\$</b>		\$		
Other Current and Accrued Assets TOTAL CURRENT ASSETS		10,580,854		10,698,795	
Other Current and Accrued Assets TOTAL CURRENT ASSETS TOTAL ASSETS & OTHER DEBITS  LIABILITIES  MEMBER EQUITIES		10,580,854 109,730,351		10,698,795 106,200,299	
Other Current and Accrued Assets  TOTAL CURRENT ASSETS  TOTAL ASSETS & OTHER DEBITS  LIABILITIES  MEMBER EQUITIES  Current Year Margins		10,580,854 109,730,351 3,524,273		10,698,795 106,200,299 8,769,854	
Other Current and Accrued Assets  TOTAL CURRENT ASSETS  TOTAL ASSETS & OTHER DEBITS  LIABILITIES  MEMBER EQUITIES  Current Year Margins  Patronage Capital		10,580,854 109,730,351 3,524,273 21,512,574		10,698,795 106,200,299 8,769,854 17,033,379	
Other Current and Accrued Assets  TOTAL CURRENT ASSETS  TOTAL ASSETS & OTHER DEBITS  LIABILITIES  MEMBER EQUITIES  Current Year Margins  Patronage Capital Other Margins & Equities	\$	10,580,854 109,730,351 3,524,273 21,512,574 29,542,838	\$	10,698,795 106,200,299 8,769,854 17,033,379 26,332,108	
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### **STATEMENT OF OPERATIONS**

North West REC				
Statement of Operations	YEAR		YEAR	
Annual Report for 2019		2019		2018
Operating Revenue and Patronage Capital	\$	54,602,073	\$	55,439,80
Total Operating & Non Operating Revenues	\$	54,602,073	\$	55,439,80
Cost of Purchased Power		42,573,430		42,125,77
Distribution Expense - Operation		1,375,341		1,334,64
Distribution Expense - Maintenance		1,658,293		1,385,02
Consumer Accounts Expense		594,510		518,78
Customer Service and Information Expense		899,924		712,16
Sales Expense		80,254		86,57
Administrative and General Expenses		1,610,209		1,509,48
Total Operation & Maintenance Expense	\$	48,791,961	\$	47,672,45
Depreciation and Amortization Expense		2,866,667		2,724,13
Tax Expense		54,661		54,49
Interest on Long - Term Debt		1,703,926		1,549,55
Interest Expense Other		3,797		3,51
Other Deductions		32,684		20,88
Total Cost of Electric Service	\$	53,453,696	\$	52,025,03
Gross Patronage Capital & Margins	\$	1,148,377	\$	3,414,77
Non-Operating Revenue - Interest		356,327		231,73
Non-Operating Revenue(Loss) - Other		97,166		(11,58
NIPCO Capital Credits		1,701,308		4,896,18
CFC & Other Capital Credits		221,095		238,74
Net Patronage Capital & Margins	\$	3,524,273	\$	8,769,85

### 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

Unusually large Basin/NIPCO patronage assignment in 2018

in 2019

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Equity Ratio	49.7%
Avg Interest Rate on Long Term Debt	
Electric Revenue per kWh Sold	7.85 cents
Avg Farm/Residential Usage per month	
Avg Plant Investment per Service	

## **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
ustomer Service & Sales \$.03	Administration & General \$.03
Depreciation \$.05	Interest on Long Term Debt \$.03

### **YOUR EMPLOYEES**

Deb Herzberg, James Vondrak, Lorraine Egdorf, Derald Philips. Kovarna and Renee Wynia Not pictured: Gina Christoffe





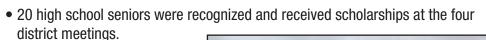




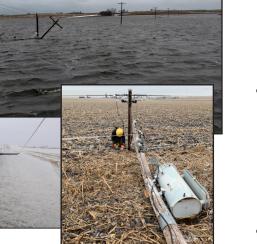
Jon Heiliger SECOND ROW: Mike Berkenpas, Tracy Bahrenfuss, Brett Hansen, Derrick Haak, Tim Honkomp, Alex Jungers, Adam Gesink, Phil Elgersma, Brandon Bonnema, Gabe Roetman BACK ROW: Brent Noteboom, Tony Rolfes, Joe Penning, Ben Cahill

#### **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.



- 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.
- NWRFC 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 Dagel 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 twoway 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
- 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.

families participate.



## **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

safety demonstrations for school and farm groups

**39** Full-time employees

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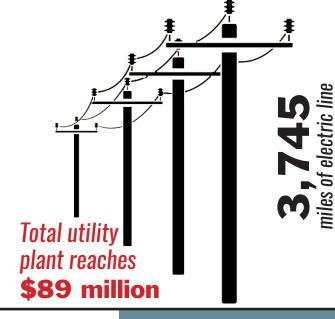
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Part-time employees

\$1,353,000 PATRONAGE RETIREMENT

80

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**124** average outage minutes

99.98% RELIABILITY

# OPERATION ROUND UP

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

695 million kWhs in sales

1 Member 1 Vote

