



A MESSAGE TO OUR MEMBERS

On behalf of the board of directors and staff of North West REC, we're proud to present this annual report to our members. 2020 will long be remembered as the year of COVID-19. This new pandemic impacted nearly all of us to some degree or another. North West REC was certainly impacted in many ways, and it required us to be adaptable and flexible throughout the year.

One of the biggest impacts on our operation was the need to limit our Annual Meeting attendance last April to just our directors, the nominating committee members, and a few staff. This was a very difficult decision to make, but one whereby we really had no choice, as we felt we needed to do everything possible to keep our members and employees healthy and safe. We recorded the short business meeting and posted it to our web site. To the best of our knowledge, this was the first time in the 82-year history of the Cooperative, we have not been able to welcome all our members to our Annual Meeting.



We want to thank our members for their patience and understanding regarding the many changes we needed to make, including closing our offices for a period of time. We also want to thank our employees for the great job they did throughout the year adapting to the changes and still carrying out our mission of providing safe, reliable, and affordable electric service for our members.

In spite of the many challenges we faced, we completed a record amount of system improvement projects. Between the projects that our crews did and the two contractors that we worked with, nearly 100 miles of older overhead line was replaced with new underground cable. While the dry weather conditions presented some challenges for our local farmers, it gave us one of the longest construction seasons we have ever had.

We are also pleased to share that the financial position of your Cooperative continues to be very strong. Even though kilowatt-hour sales decreased by 5.68%, we did not experience any significant storms and we were able to keep our expenses below budget. North West REC continues to enjoy very competitive rates that have been stable for over five years. We were also able to share some good news with our members in December that the Board has decided to keep rates stable for at least two more years.

We are hopeful that things will return to more normal in 2021. With appreciation and gratitude to all of our members, thank you again for your loyal support. We pledge to continue to work hard every day to continue to earn your support and trust.

Respectfully,



 Jeff Rehder, Board President



 Lyle Korver, CEO & General Manager

BALANCE SHEET

North West REC Balance Sheet Annual Report for 2020	YEAR 2020	YEAR 2019
ASSETS		
UTILITY PLANT		
Electric Plant in Service - - - - -	\$ 94,719,142	\$ 89,142,751
Construction Work In Progress - - - - -	645,270	233,119
Less : Accumulated Depreciation - - - - -	(28,766,523)	(28,056,416)
NET UTILITY PLANT - - - - -	\$ 66,597,889	\$ 61,319,454
LONG TERM INVESTMENTS		
Patronage Capital in Assoc.Organizations - - - - -	26,031,019	24,502,676
Investments in Assoc.Organizations - - - - -	1,432,756	1,473,063
Other Investments - - - - -	11,687,593	11,854,304
TOTAL LONG TERM INVESTMENTS - - - - -	\$ 39,151,368	\$ 37,830,043
CURRENT ASSETS		
Cash & Temporary Investments - - - - -	147,724	898,631
Accounts Receivable - - - - -	7,692,757	8,629,792
Materials & Supplies - - - - -	954,477	887,921
Other Current and Accrued Assets - - - - -	145,851	164,510
TOTAL CURRENT ASSETS - - - - -	\$ 8,940,809	\$ 10,580,854
TOTAL ASSETS & OTHER DEBITS - - - - -	\$ 114,690,066	\$ 109,730,351
LIABILITIES		
MEMBER EQUITIES		
Current Year Margins - - - - -	3,779,292	3,524,273
Patronage Capital - - - - -	22,045,570	21,512,574
Other Margins & Equities - - - - -	30,856,485	29,542,838
TOTAL MEMBER EQUITY - - - - -	\$ 56,681,347	\$ 54,579,685
LONG TERM DEBT		
CFC Loans - - - - -	44,109,343	41,665,231
TOTAL LONG TERM DEBT - - - - -	\$ 44,109,343	\$ 41,665,231
CURRENT LIABILITIES		
Accounts & Notes Payable - - - - -	4,367,240	4,222,893
Consumers Deposits - - - - -	64,680	68,492
Other Current & Accrued Liabilities - - - - -	1,555,195	1,422,608
TOTAL CURRENT LIABILITIES - - - - -	\$ 5,987,115	\$ 5,713,993
DEFERRED CREDITS		
Deferred Credits & Misc.Operating Reserves - - -	7,912,261	7,771,442
TOTAL LIABILITIES & OTHER CREDITS - - - - -	\$ 114,690,066	\$ 109,730,351

STATEMENT OF OPERATIONS

North West REC Statement of Operations Annual Report for 2020	YEAR 2020	YEAR 2019
Operating Revenue and Patronage Capital - - - - -	\$ 52,002,476	\$ 54,602,073
Total Operating & Non Operating Revenues - - - -	\$ 52,002,476	\$ 54,602,073
Cost of Purchased Power - - - - -	40,359,600	42,573,430
Distribution Expense - Operation - - - - -	1,382,521	1,375,341
Distribution Expense - Maintenance - - - - -	1,358,205	1,658,293
Consumer Accounts Expense - - - - -	623,828	594,510
Customer Service and Information Expense - - - - -	813,082	899,924
Sales Expense - - - - -	81,903	80,254
Administrative and General Expenses - - - - -	1,507,792	1,610,209
Total Operation & Maintenance Expense - - - - -	\$ 46,126,931	\$ 48,791,961
Depreciation and Amortization Expense - - - - -	2,904,306	2,866,667
Tax Expense - - - - -	51,383	54,661
Interest on Long - Term Debt - - - - -	1,737,061	1,703,926
Interest Expense Other - - - - -	3,278	3,797
Other Deductions - - - - -	35,302	32,684
Total Cost of Electric Service - - - - -	\$ 50,858,261	\$ 53,453,696
Gross Patronage Capital & Margins - - - - -	\$ 1,144,215	\$ 1,148,377
Non-Operating Revenue - Interest - - - - -	226,049	356,327
Non-Operating Revenue(Loss) - Other - - - - -	32,186	97,166
NIPCO Capital Credits - - - - -	2,119,316	1,701,308
CFC & Other Capital Credits - - - - -	257,526	221,095
Net Patronage Capital & Margins - - - - -	\$ 3,779,292	\$ 3,524,273

FINANCIAL DIFFERENCES

kWh Sales were down 5.68% for 2020
Wholesale purchased power cost were up ½% over last year
Maintenance expenses were down in 2020 due to more labor capitalized
Large Basin/NIPCO patronage assignment again in 2020

KEY FINANCIAL STATISTICS

Equity Ratio	49.4%
Avg Interest Rate on Long Term Debt	4.04%
Electric Revenue per kWh Sold	7.94 cents
Avg Farm/Residential Usage per month	2,346 kWh
Avg Plant Investment per Service	\$9,375

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.

2020 EXPENSES

How Your Dollar Was Spent...



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

YOUR EMPLOYEES

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



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

2020 YEAR IN REVIEW

- NWREC reaches 5 years of rate stability. May of 2015 was the last time electric rates were increased.
- Operation Round-Up reaches \$500,000 milestone since its inception in 1999 of disbursements to community and charitable organizations and families in need.
- NWREC received Economic Impact Award from Iowa Area Development Group for its involvement in economic development.



- Akron-Westfield students win top honors in the 2020 National History Day national finals for their documentary on rural electrification.
- COVID-19 outbreak leads to a restricted attendance scenario for the NWREC Annual Meeting in April and cancellation of our District Meetings.



- The Board approves the early retirement of \$1.6 million in patronage dividends to the members in May, due to the hardships on our members of COVID.

- The Annual Youth Tour to Washington, D.C. is cancelled due to COVID.



- Lorraine Egdorf retires in June following 42 years of service as an employee.
- The new facility being built in Primghar was completed in November.
- 6 NWREC linemen provide storm restoration assistance to East-Central Iowa REC in August following the Derecho storm.



- Directors Shirley Benson, Dan Hoffmann and Dale Ullrich earn NRECA Director Training certificates for completing director training programs.
- NWREC employees complete a fourth consecutive year of working safely with no lost time accidents.



- Four Member Appreciation Events were well attended by the members throughout our four districts in August and September.
- Jeff Rehder, President of the Board, is elected to represent Iowa, Illinois, and Wisconsin on the board of our lender, the Cooperative Finance Corporation.



- NWREC receives approval for a Rural Electric Safety Achievement award for its very good safety record.
- 94 miles of new line is constructed by our employees and contractors. A record number of miles which will help to improve service reliability



MEMBER SERVICES REPORT

2020 by the numbers

85 new services added
10,172 total services

OPERATION ROUND UP
 20+ years of giving,
 totaling \$538,745

531 Rebates
 to members totaling
\$635,733
 for energy efficiency

40 Full-time employees
1 Part-time employee

1 Member
1 Vote

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

\$1,638,000
PATRONAGE RETIREMENT

548,834 miles
 driven by employees

Total of
\$27.6 million
 refunded to members in last
82 years

Total utility plant reaches **\$95.4 million**

96 miles
 of new line
 constructed

78 average outage
 minutes
99.99%
 RELIABILITY

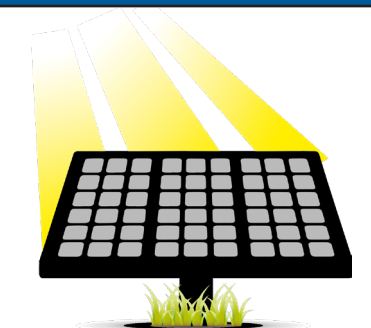
3,740 miles of electric line

656
MILLION
 kWhs sold

391,191
HOURS
 since last lost-time accident

SOLAR DEMONSTRATION PROJECT
 REACHES 6 YEAR ANNIVERSARY

49,561 kWhs
 generated for the year



65 High School Seniors
 Awarded \$27,500 in Scholarships