

25 Years of CHARGING FORWARD



2022 Annual Report

... Together

ANNUAL MEETING INFORMATION

When?

Tuesday, March 28, 2023
5:30-7:00pm Meal Served
7:00pm Business Meeting

Where?

Le Mars Convention Center
275 12TH St SE, Le Mars 51031

We invite all members in all districts to attend the Annual Meeting to be held on Tuesday evening, March 28 at 7:00p.m. at the Convention Center in Le Mars. We will not be having district meetings this year, which is consistent with the decision the Board of Directors made in 2020 to discontinue our March district meetings and to rotate the location of our Annual Meeting between our four districts. We continue to put a lot of our member engagement emphasis and resources on our four fall District Member Appreciation Events.

The format of the meeting will consist of a short business meeting and a panel discussion answering questions that have been submitted by the membership on the question cards. We will also be announcing the results of the director elections and the winners of the \$1,000 scholarships. We will be serving a meal consisting of beef, pork, potatoes, vegetables, salad and Blue Bunny ice cream for dessert.

We encourage you to submit questions for the Q & A panel discussion and RSVP for the meal by filling out the yellow RSVP & Question Card in this mailing and returning it to our office by March 20th.

The Annual Meeting will be live-streamed via Facebook. You can watch on our website or our Facebook Page.

Facebook page: www.facebook.com/nwrec or our website: www.nwrec.coop

It will also be recorded and available for viewing on our website and Facebook page after the event.

Door prizes will be available to those who attend in person or join online. We will give out a keyword and a number to text it to during the meeting to register for the prizes for those who are joining online.

Prizes include: (10) Ten \$250 bill credits and (20) Twenty \$100 bill credits!

To Vote By Mail: There is a two envelope system for voting this year. Please read the instructions on page 15 of this report and printed on the envelopes.

Everyone who returns their ballot and (or) question card to the office by the deadline listed above will be entered to win one of (10) ten \$100 bill credits!

A MESSAGE TO OUR MEMBERS

25 Years of Charging Forward . . . Together

It's hard to believe, but we reached two major milestones at the end of 2022. The first was the **85-year anniversary** of when rural electric cooperatives were formed, including Ida County REC, O'Brien County REC, Plymouth Electric Cooperative and Sioux Electric Cooperative. The second important milestone was the **25-year anniversary** of the consolidation of those four cooperatives to form North West REC.



The consolidation went into effect on **January 1, 1998**, following a favorable vote of over **85% of the members** of those cooperatives to adopt a Plan of Consolidation that had been proposed by the boards of directors.

The goals of the Consolidation included **gaining efficiencies** in order to keep costs down, **rates affordable**, and to **improve reliability** and services for the member-owners. We believe we have met those goals. Savings have far exceeded the original projections which has enabled us to have rates that are the lowest in Iowa and in the bottom 5% nationally of the 800 REC's.

We have also been able to maintain very good service reliability for our members, and we continue to make improvements in this area. We have seen our total utility plant go from **\$38 million** in 1998 to **\$105 million** today. This demonstrates the strong commitment the board of directors has to maintaining a reliable electric distribution system. In addition to these investments, our power supplier, NIPCO, has been making significant investments over the years to upgrade and maintain the transmission and substation network.

Many things have changed over the last 25 years. The size of many of the electric loads we serve are much larger than they have been in the past and require an even higher level of reliability and power quality. Some members have installed distributed generation resources and others are looking at purchasing electric vehicles. These kinds of changes impact the generation, transmission and distribution of electric service to our members. As we adapt to these changes, we want to assure you that our commitment to providing reliable electric service for our members at the lowest possible cost has not changed. **We pledge to keep charging forward . . . together. Inspired by our past . . . powering your future.**



A handwritten signature in black ink that reads 'Jeff Rehder'.

Jeff Rehder,
Board President



A handwritten signature in black ink that reads 'Lyle Korver'.

Lyle Korver,
CEO & General Manager

BALANCE SHEET

North West REC		
Statement of Operations	YEAR	YEAR
Annual Report for 2022	2022	2021
ASSETS		
UTILITY PLANT		
Electric Plant in Service -----	\$103,915,306	\$98,192,738
Construction Work In Progress -----	752,656	2,340,105
Less : Accumulated Depreciation -----	(30,902,216)	(30,115,163)
NET UTILITY PLANT -----	\$73,765,746	\$70,417,680
LONG TERM INVESTMENTS		
Patronage Capital in Assoc. Organizations -----	30,592,860	27,370,670
Investments in Assoc. Organizations -----	1,712,840	1,419,685
Other Investments -----	14,428,663	14,040,786
TOTAL LONG TERM INVESTMENTS -----	\$46,734,363	\$42,831,141
CURRENT ASSETS		
Cash & Temporary Investments -----	506,730	611,381
Accounts Receivable -----	7,974,461	7,355,602
Materials & Supplies -----	2,004,067	1,121,579
Other Current and Accrued Assets -----	145,109	93,658
TOTAL CURRENT ASSETS -----	\$10,630,367	\$9,182,220
TOTAL ASSETS & OTHER DEBITS -----	\$131,130,476	\$122,431,041
LIABILITIES		
MEMBER EQUITIES		
Current Year Margins -----	5,924,671	4,808,022
Patronage Capital -----	23,410,507	22,275,148
Other Margins & Equities -----	33,917,876	32,325,776
TOTAL MEMBER EQUITY -----	\$63,253,054	\$59,408,946
LONG TERM DEBT		
CFC Loans -----	47,363,358	47,484,987
TOTAL LONG TERM DEBT -----	\$47,363,358	\$47,484,987
CURRENT LIABILITIES		
Accounts & Notes Payable -----	8,079,789	2,473,779
Consumers Deposits -----	61,530	61,020
Other Current & Accrued Liabilities -----	1,503,201	1,607,511
TOTAL CURRENT LIABILITIES -----	\$9,644,520	\$4,142,310
DEFERRED CREDITS		
Deferred Credits & Misc. Operating Reserves -----	10,869,544	11,394,798
TOTAL LIABILITIES & OTHER CREDITS -----	\$131,130,476	\$122,431,041

STATEMENT OF OPERATIONS

<i>North West REC</i>		
Statement of Operations	YEAR	YEAR
Annual Report for 2022	2022	2021
Operating Revenue and Patronage Capital - - - - -	\$50,475,494	\$51,007,225
Total Operating & Non Operating Revenues - - - - -	\$50,475,494	\$51,007,225
Cost of Purchased Power - - - - -	38,644,629	38,023,131
Distribution Expense - Operation - - - - -	1,584,428	1,520,446
Distribution Expense - Maintenance - - - - -	1,527,385	1,438,162
Consumer Accounts Expense - - - - -	590,683	658,936
Customer Service and Information Expense - - - - -	526,338	678,479
Sales Expense - - - - -	126,427	88,851
Administrative and General Expenses - - - - -	1,693,979	1,669,157
Total Operation & Maintenance Expense - - - - -	\$44,693,869	\$44,077,162
Depreciation and Amortization Expense - - - - -	2,751,887	2,814,536
Interest on Long - Term Debt - - - - -	1,843,781	1,809,274
Interest Expense Other - - - - -	4,743	3,090
Other Deductions - - - - -	47,509	45,018
Total Cost of Electric Service - - - - -	\$49,341,789	\$48,798,332
Gross Patronage Capital & Margins - - - - -	\$1,133,705	\$2,208,893
Non-Operating Revenue - Interest - - - - -	211,391	146,505
NIPCO Capital Credits - - - - -	4,285,381	2,079,807
CFC & Other Capital Credits - - - - -	294,194	289,988
Net Patronage Capital & Margins - - - - -	\$5,924,671	\$4,808,022

FINANCIAL DIFFERENCES

kWh sales increased 3.91% for 2022

Wholesale purchased power costs were down 1.63% from last year

Depreciation expense decreased in 2022 due to old load management switches and meters being fully depreciated

Large Basin/NIPCO patronage assignment again in 2022

BOARD OF DIRECTORS



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	48.2%
Avg Interest Rate on Long Term Debt	4.03%
Electric Revenue per kWh Sold	7.39 cents
Avg Farm/Residential Usage per month	2,405 kWh
Avg Plant Investment per Service	\$10,205

2022 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

OUR TEAM

OFFICE STAFF

(Front L-R):

Emily Vander Velde,
Gina Christoffel,
James Vondrak,
Holly Van Roekel,
Renee Wynia

(Back L-R):

Deb Herzberg,
Tyler Kallemeyn,
Sheila Van Beek,
Curt Ahrenholz,
Julee Kovarna,
Derald Philips,
Megan Pick



Member Services

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



(L-R): Tracy Bahrenfuss, Andrew Koenen, Adam Gesink, Robin Maassen, Jon Heiliger, Scott Wubben, Tim Honkomp, Luke Lathrop, Tony Rolfes, Brandon Bonnema, Alex Jungers, Doug Alons, Phil Elgersma, Derrick Haak, Dustin Koele, Levi Hemmelrick, Justin Nippert, Mike Berkenpas, Kobe Culver, Steve Heilman, Doug White, Hunter Rockman

2022 YEAR IN REVIEW

\$2.2 million was refunded to the members through a credit PCA of 3.3 mills.



We maintain an active grassroots program and remain in close contact with our Legislators.



Sharon Van Beek becomes the first NWREC member to receive the Shine the Light Volunteer award for her work with Buckets for Joy.

NWREC reached 7 years of rate stability in May, 2022.



The Board approves the retirement of \$2.044 million of patronage dividends to the members. Checks were handed out at the fall appreciation events.



Shirley Schroeder was appointed to the board to fill the remaining term of Shirley Benson in District 3.



Board approves new EV rebate and "off peak" rate.

2022 YEAR IN REVIEW

College scholarships were awarded to 75 seniors totaling \$31,000.



2022 was an active year of new development projects. Center Fresh Egg, Love's Truck Stop and the new MOC-Floyd Valley elementary school were a few of the projects we were involved with.



Three new housing developments were started in our service area.



Safety continues to be our No. 1 priority. One of our employees, Phil Elgersma, assisted Safe Electricity with the making of some public safety videos.

NWREC donated \$2,500 to the NRECA International Program to help bring electricity to places in the world that haven't been electrified.



23 members participated in the Energy Trail Tour to Oahe Dam hydro facility in South Dakota and Basin Electric generation facilities in North Dakota.

The member service department installed the 1,000th load management switch in July in connection with our transition to a new RF two way system.



Nearly 2,500 members and guests attend the four Member Appreciation Day events in August and September.

2022 BY THE NUMBERS

109 new services added

10,257 TOTAL SERVICES

1

MEMBER

1

VOTE

**OPERATION
ROUND UP**

**20+ YEARS OF
GIVING, TOTALING
\$652,895**

5

**SAFETY
DEMOS**

Over **\$1.5 MILLION** in savings FROM
SWITCH MAKES CENTS and BEAT THE PEAK PROGRAMS

40

**FULL-TIME
EMPLOYEES**



**501,056 MILES
DRIVEN BY EMPLOYEES**

\$2,044,000

**PATRONAGE
RETIREMENT**



\$32 ^{TOTAL OF} **MILLION**
IN PATRONAGE REFUNDED TO
MEMBERS IN LAST
83 YEARS

2022 BY THE NUMBERS

105 Average outage minutes 99.98% RELIABILITY

SOLAR DEMONSTRATION PROJECT REACHES
8 YEAR ANNIVERSARY



75 HIGH SCHOOL SENIORS AWARDED
\$31,000 IN SCHOLARSHIPS

4 YEARS
OF EXPERIENCE WITH
THE ELECTRIC VEHICLE



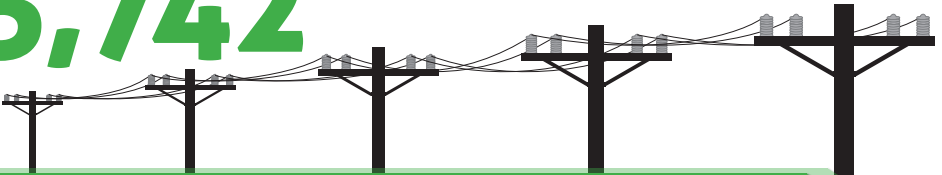
1,189

TOTAL NEW RF
LOAD MANAGEMENT
SWITCHES INSTALLED

529 REBATES
TO MEMBERS TOTALING

\$707,250.17
FOR ENERGY EFFICIENCY

3,742 MILES OF ELECTRIC LINE



692 MILLION KWHs SOLD

BOARD OF DIRECTOR CANDIDATES

District 1 Sioux County



D1 - Dave Bosma - Hospers

- Married to Deets, five children
- Graduate of Iowa State University
- Was co-owner/operator of Two B Hog, Hospers
- Member Hospers CRC
- Currently on board of directors at American State Bank, Sioux Center
- Past board of director at Sheldon Christian retirement home
- Past board member at Unity Christian High School & Hospers Christian School
- Enjoys outdoor activities, mainly golfing & hunting
- **Currently serves as director on NWREC Board of Directors**



D1 - Daniel Gradert - Sioux Center

- Married to Miranda, three children
- Farmer owner/operator at DMG Family Farm. Corn, soybean, and beef cattle production
- Past board member and board secretary at Coop Gas & Oil
- Member at New Hope Evangelical Free Church
- Hobbies include spending time with my three young children
- Graduate of Iowa State University

District 2 Sioux County



D2 - Jeremy Rohwer - Archer

- Married to Amy, two children
- Farms in rural Archer, raises corn, soybean, sheep, cattle, and chickens
- Self-employed construction work, and hog grower for neighbor
- Member of the Primghar Church of Christ
- Has been serving on the Primghar Community Theatre Board for 9 years, directing Children's Theatre for 6 years
- Enjoys spending time with family, helping children with their 4-H projects, watching son run on South O'Brien XC Team
- Enjoys keeping honey bees and growing popcorn



D2 - Daniel Van Beek - Paullina

- Married to Janice, three children, nine grandchildren
- Previous owner/operator of Dan's Electric for 35 years, currently employed with Dan's electric
- Farms with his son Dustin and his brother Jon; raises corn, beans, and hogs
- Past Farmer's Elevator board member
- Current trustee and former elder of St. John Lutheran Church
- Also serving on a local bank board
- Enjoys watching grandkids sporting events. Spending time with family, boating, and biking in summer months

BOARD OF DIRECTOR CANDIDATES

District 3 Sioux County



D2 - Shirley Schroeder - Le Mars

- Married to Tony for 35 years; they have 4 sons and are blessed with 6 grandchildren
- Lives southeast of Le Mars on family farm
- Farms with husband and three sons and their wives, fourth son works in the ag banking business
- Works part-time as medical laboratory scientist at Floyd Valley in Le Mars
- Served on RU school board
- 4-H leader, taught religious ed for 20 years
- Currently serves as VP of Siouxland Ag in classroom board
- Currently serves as treasurer for the RU Community School
- **Currently serves as director on NWREC Board of Directors**

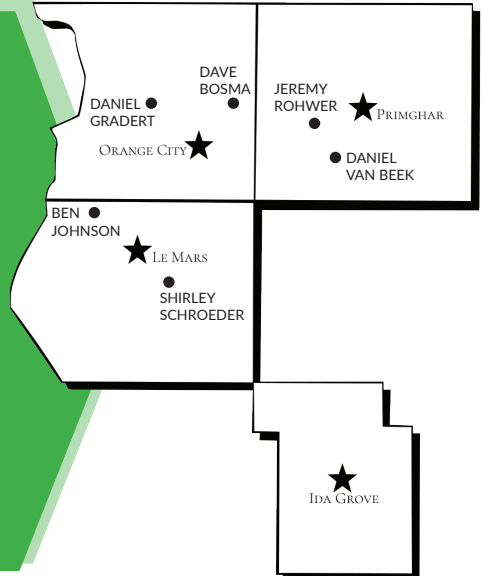


D2 - Ben Johnson - Ireton

- Married to Janelle, they have one child
- Owner of JB Century Farm, Inc. a corn/soybean farm, custom feed hogs, and custom manure hauling business
- Living on 5th generation farm
- Currently serving as voting delegate for Plymouth County Farm Bureau
- Served as Treasurer for Plymouth County Pork Producers
- Past Plymouth County Fair board member
- Enjoys boating , golfing, Twins fan, SDSU Jackrabbits sports
- Graduate of South Dakota State University (SDSU)

Who Serves on the Board?

NWREC has four Director Districts and eleven total directors. The Director districts are shown in the graphic at the right. The number of directors for each district was determined at the time of the Consolidation based on the number of members that resided in each District. The Districts represent the service area of the four cooperatives that consolidated to form North West REC. Members nominate director candidates by District and vote by District.



2022 ANNUAL MEETING MINUTES

The Annual Meeting of the members of North West Rural Electric Cooperative was held at the Skate Palace in Ida Grove, Iowa, Ida County, Iowa at 6:30 o'clock p.m. on the 31st day of March, 2022. Members could come to the meeting in-person or members could view the meeting virtually online on the North West REC website or the North West REC Facebook page.

Welcoming remarks were extended by Jeff Rehder, Board President.

The Pledge of Allegiance and an invocation were offered by Dale Ullrich, Board Director.

The meeting was called to order by Jeff Rehder, Board President, who presided, and Steve Brown, Board Secretary, acted as secretary of the meeting and kept the minutes thereof.

Secretary Brown then read a copy of the Notice of the Annual Meeting, together with proof of the due mailing of said notice, to all members of the cooperative, and such notice and proof were ordered to be annexed to the minutes of this meeting.

Secretary Brown reported that return of over 10% of the mailed ballots established a quorum for the transaction of business.

Secretary Brown reported that the minutes of the annual meeting held on March 30, 2021 were included in the annual meeting mailing that was mailed to all members. A motion was duly made, seconded, and carried to waive the reading of the minutes, and they were thereupon declared to be approved and were ordered to be filed in the records of the cooperative.

The closing of the balloting for the District 1, 2, 3, and 4 director positions was announced by Jeff Rehder, Board President.

Manager Korver introduced the directors who were present at the meeting.

Executive Assistant, Renee Wynia, announced the 2022 scholarship winners from each district.

Jim Holst, chair of the Nominating Committee, reported that the Nominating Committee met on January 18, 2022, and placed the following names in nomination for the election of directors to the Board of Directors

of the Cooperative to be voted on, elected, and ratified at this meeting.

For a four-year term:

District 1

1) Jeff Rehder 2) Tim Rus

District 2

1) Jeremy Rohwer 2) Tom Wagner

District 3

1) Steve Brown 2) Todd Popken

District 4

1) John Burk 2) Dan Hoffman

The Report of the Nominating Committee was ordered to be identified by Secretary Brown and annexed to the minutes of the meeting.

Tom Wagner, Board Treasurer, gave a brief financial report of the cooperative.

A 2021 Highlights Video of North West REC was shown.

Manager Korver, President Rehder, Treasurer Wagner, and Matt Washburn, NIPCO Executive Vice-President participated in a Question-and-Answer Panel Discussion. Question cards were mailed to each member with the Annual Report prior to the meeting, and members could send in a question. The panel addressed and answered some of the questions from the membership.

Jim Holst, chair of the Nominating Committee, presented the Certificate of Inspectors of Election, certifying that according to the number of votes received: Jeff Rehder was elected as director for District 1, Tom Wagner was elected as director for District 2, Steve Brown was elected as director for District 3, and Dan Hoffman was elected as director for District 4, all for a four-year term. The Board President then directed the Secretary to annex the Certificate of Inspectors of Elections to the minutes of the meeting and thereupon declared said members duly elected as directors of the Cooperative to hold office for the term specified and until his successor shall have been elected and qualified. A motion was made, seconded and carried, to approve the Inspectors of Election Report.

There being no further business to come before the meeting, upon motion duly made, seconded and carried, the meeting adjourned.

VOTING INSTRUCTIONS

Districts 1 (Sioux), 2 (O'Brien), and 3 (Plymouth) have a director election this year. District 4 (Ida) can still enter the prize drawing by returning their RSVP/Question card.

Mark your director ballot with an "X" opposite the name of the one candidate you wish to vote for.

The ballot must be returned, or postmarked by March 20, 2023, at the latest, to be counted towards the director election.

Everyone who returns their ballot or question card to the office by the deadline listed above will be entered to win one of (10) ten \$100 bill credits!



In order to make voting more confidential, there is a new TWO ENVELOPE system this year. Please follow these instructions for voting.

- ▶ 1. Mark your director ballot with an "X" opposite the name of the one candidate you wish to vote for. Enclose **ONLY** the ballot in the envelope marked **BALLOT ENVELOPE** and seal it.
- ▶ 2. Then place the ballot envelope **AND** your RSVP/Question card inside the **RETURN** envelope that is addressed to the Board Secretary, North West REC at Orange City, IA, then seal and mail.



- ▶ 3. District 4 (Ida County Members) can still enter the prize drawing by returning their RSVP/Question card inside the **RETURN** envelope that is addressed to the Board Secretary, North West REC at Orange City, IA, then seal and mail.

COOPERATIVE PRINCIPLE #2 DEMOCRATIC MEMBER CONTROL

Cooperatives are democratic organizations controlled by their members, who actively participate in setting policies and making decisions. The elected representatives are accountable to the membership. In cooperatives members have equal voting rights, one member, one vote.

The Board of Directors is made up of members elected by members.

25 YEARS

NORTH WEST
Your Touchstone Energy[®]
Cooperative

