Bringing power to the countryside

It all began with the frontier's notion that we all prosper by helping each other. It seems obvious in retrospect, but there was a time when getting electricity outside of the city limits wasn't a given. In 1935, only about one of every ten homes in the rural areas of the United States, even less in northwestern Oklahoma, had electric service.

After seeing the needs in the rural areas, President Franklin D. Roosevelt signed an executive order on May 11, 1935, establishing the Rural Electrification Administration (REA), bringing electricity to isolated areas not served by private utilities. The idea of providing federal assistance to bring power to the countryside gained ground rapidly. After World War II ended, rural electric systems multiplied and began supplying electric service to rural areas across the nation.

With the promise of low-interest loans—loans, not grants—farm leaders and groups such as the Oklahoma Farm Bureau, Oklahoma Farmers Union, and Oklahoma Cooperative Extension Service visited farm after farm to sign up members who would form electric cooperatives. Many volunteers spent countless hours soliciting prospective members.

The formative years proved very difficult for NWEC. The cooperative was just getting started at a time when the country was recovering from the Great Depression and World War II was taking most of the raw materials and supplies required to put together an electrical system.

The pioneers of the rural electrification program in northwest Oklahoma overcame many obstacles to build a member-owned and controlled electric utility to provide themselves with the electric power they so desperately needed. Their efforts often met with strong opposition, not only from the investor-owned utility but also from skeptical landowners.

However, the fruits of their efforts paid off on July 10, 1940. Five long years after the signing of the Executive Order, the first electric lines were built from Woodward east approximately 18 miles to the town of Quinlan. The task of electrifying northwest Oklahoma had begun.

Now, 75 years later, NWEC has grown to a $77 million dollar organization, serving 11,831 commercial, industrial, farm, and residential installations in three full counties and parts of four other counties in northwestern Oklahoma. NWEC is also a major contributor to the economic base of the area with an annual payroll of over $3,000,000.

t NEC has come a long way over the past 75 years and continues to thrive today. NWEC's performance was strong for 2014 despite the economy and rising concerns about government regulations raising prices. The board of trustees determined the co-op was financially sound and elected to return $996,825 in capital credits in April.

During the past year, we launched a mobile app to help members manage their electric accounts and redesigned our website to optimize it for mobile devices. The co-op invested in our future leaders by sending students to YouthPower Energy Camp, Washington, D.C., and awarding $10,000 in scholarships.

As we celebrate our past, we thank those before us who made our cooperative what it is today. And we look forward to the next 75 years of helping each other prosper.

annual Meeting Registration

Registration cards are mailed separately and should be brought with you to the meeting to speed up registration. Each member, whether it be a single membership or a joint membership, shall be entitled to one vote in any matter which may come before the meeting.

All commercial accounts, schools, churches, public entities and towns holding a membership must present the Organization Certification below indicating the bearer as the official voting representative of the organization. This form must be presented by the bearer at the time of registration.

December 2014 Operating Report

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue - Billing</td>
<td>3,128,441</td>
<td>3,044,543</td>
</tr>
<tr>
<td>Cost of Power</td>
<td>1,792,493</td>
<td>1,976,566</td>
</tr>
<tr>
<td>Miles of Lines</td>
<td>4,951</td>
<td>4,969</td>
</tr>
<tr>
<td>Members Connected</td>
<td>11,752</td>
<td>11,884</td>
</tr>
<tr>
<td>Density per Mile</td>
<td>2.37</td>
<td>2.39</td>
</tr>
<tr>
<td>Average Member KWH</td>
<td>2,614</td>
<td>2,473</td>
</tr>
<tr>
<td>Average Bill</td>
<td>254</td>
<td>256</td>
</tr>
<tr>
<td>KWH Purchased</td>
<td>33,706,855</td>
<td>32,316,722</td>
</tr>
<tr>
<td>KWH Sold</td>
<td>30,723,167</td>
<td>29,388,151</td>
</tr>
<tr>
<td>Income per Mile</td>
<td>635</td>
<td>616</td>
</tr>
<tr>
<td>Expense per Mile</td>
<td>574</td>
<td>617</td>
</tr>
</tbody>
</table>
Your Board of Directors

Kenny Knowles  
President  
District 1

Ray Smith  
Vice President  
District 15

John Bruce, Jr.  
Secretary-Treasurer  
District 4

Clair Craighead  
District 2

Duane Henderson  
District 3

Wayne Hall  
District 6

Lee Huckaby  
District 7

Marvin Wilkinson  
District 8

Gil Perkins  
District 9

NWEC Staff

Tyson Littau  
13 Years  
Chief Executive Officer

Monty Goodman  
50 Years  
Director of Engineering/ Purchasing Agent

John Kirkwood  
27 Years  
Director of Operations/ Safety Coordinator

Jamie Ruble  
7 Years  
Director of Finance & Administration

Annual Meeting Events

• Grand Prize
  Bring your registration card to the meeting. By placing your card in the hopper you will become eligible for the grand prize, a Kubota RTV 400 sponsored in part by Arnett New Holland/Kubota. In order to qualify for the drawing, the member must be present. In the case of a company or organization, the Organization Certification must be completed and presented at the registration desk.

• Capital Credits Special Notice
  Based on the 2014 fiscal year, Northwestern Electric is returning $996,825 in Capital Credits to our members. We will apply the Capital Credits to the April bill for our current members who received electric service during 1994 and 1995.

• Entertainment
  The A Bar Bunkhouse Band is providing live entertainment before the meeting from 5 to 6:30 p.m. Ranging in ages from 19 to 25, this group will make you want to get up and dance with their lively vocals, fiddle, guitar and slap bass.

• Registration Gifts
  Members attending the meeting will receive a 6-piece kitchen knife set with wooden base (one per membership please).

• Kids Drawing
  Children attending the meeting can register to win a Wii game, iPod, or Nintendo DS.
## STATEMENT OF OPERATIONS

For the Years Ending December 31, 2013 and 2014

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenue</strong></td>
<td>$32,499,141</td>
<td>$36,877,685</td>
</tr>
<tr>
<td><strong>Cost of Electric Service</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of Purchased Power</td>
<td>19,747,743</td>
<td>23,878,153</td>
</tr>
<tr>
<td>Distribution Expense</td>
<td>4,096,786</td>
<td>3,737,538</td>
</tr>
<tr>
<td>Consumer Accounts Expense</td>
<td>1,175,538</td>
<td>1,143,746</td>
</tr>
<tr>
<td>Administrative and General Expense</td>
<td>1,980,015</td>
<td>1,838,440</td>
</tr>
<tr>
<td><strong>Total Operating Expense</strong></td>
<td>$30,597,879</td>
<td>$30,597,879</td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td>2,092,838</td>
<td>2,776,827</td>
</tr>
<tr>
<td>Tax Expense - Gross Receipts &amp; Franchise Tax</td>
<td>726,554</td>
<td>835,611</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>1,583,184</td>
<td>1,716,760</td>
</tr>
<tr>
<td><strong>Total Cost of Electric Service</strong></td>
<td>$35,926,986</td>
<td>$35,926,986</td>
</tr>
<tr>
<td><strong>Operating Margins</strong></td>
<td>1,123,482</td>
<td>950,700</td>
</tr>
<tr>
<td>Non-Operating Margins - Interest</td>
<td>124,518</td>
<td>111,218</td>
</tr>
<tr>
<td>Income (Loss) from Equity Investments</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Non-Operating Margins</td>
<td>516</td>
<td>30,223</td>
</tr>
<tr>
<td><strong>Patronage Allocations</strong></td>
<td>1,133,189</td>
<td>2,039,866</td>
</tr>
<tr>
<td><strong>Patronage Capital or Margins</strong></td>
<td>$2,381,706</td>
<td>$3,132,907</td>
</tr>
</tbody>
</table>

## BALANCE SHEET

December 31, 2013 and 2014

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utility Plant</td>
<td>$76,031,509</td>
<td>$80,599,963</td>
</tr>
<tr>
<td>Less Accumulated Depreciation</td>
<td>23,822,899</td>
<td>25,201,023</td>
</tr>
<tr>
<td><strong>Net Utility Plant</strong></td>
<td>$52,208,609</td>
<td>$55,398,940</td>
</tr>
<tr>
<td>Other Property &amp; Investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments in Associated Organizations</td>
<td>10,883,450</td>
<td>12,731,934</td>
</tr>
<tr>
<td>Other Investments</td>
<td>62,388</td>
<td>57,450</td>
</tr>
<tr>
<td><strong>Total Other Property &amp; Investments</strong></td>
<td>$10,945,837</td>
<td>$12,789,384</td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Temporary Investments</td>
<td>3,288,739</td>
<td>2,253,656</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>2,639,961</td>
<td>2,671,546</td>
</tr>
<tr>
<td>Materials &amp; Supplies</td>
<td>1,155,846</td>
<td>1,018,068</td>
</tr>
<tr>
<td>Pre-Payments</td>
<td>103,820</td>
<td>106,870</td>
</tr>
<tr>
<td>Other Current and Accrued Assets</td>
<td>837,331</td>
<td>832,316</td>
</tr>
<tr>
<td><strong>Total Current &amp; Accrued Assets</strong></td>
<td>$8,025,697</td>
<td>$6,882,457</td>
</tr>
<tr>
<td><strong>Deferred Charges</strong></td>
<td>2,096,835</td>
<td>1,795,853</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$73,276,978</td>
<td>$76,866,634</td>
</tr>
<tr>
<td><strong>Ownership &amp; Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equities and Margins</td>
<td>$4,615,537</td>
<td>$5,647,757</td>
</tr>
<tr>
<td>Memberships</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Patronage Capital</td>
<td>21,153,333</td>
<td>22,639,882</td>
</tr>
<tr>
<td><strong>Total Margins &amp; Equities</strong></td>
<td>$25,768,870</td>
<td>$28,287,639</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-Term Debt, RUS &amp; CFC</td>
<td>$42,343,716</td>
<td>$44,095,114</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes Payable to Associated Organizations</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>2,494,395</td>
<td>2,408,291</td>
</tr>
<tr>
<td>Consumer Deposits</td>
<td>103,825</td>
<td>88,760</td>
</tr>
<tr>
<td>Current Maturities Long-Term Debt</td>
<td>1,836,818</td>
<td>1,624,775</td>
</tr>
<tr>
<td>Other Current and Accrued Liabilities</td>
<td>284,805</td>
<td>303,705</td>
</tr>
<tr>
<td><strong>Total Current &amp; Accrued Liabilities</strong></td>
<td>$4,719,843</td>
<td>$4,425,531</td>
</tr>
<tr>
<td><strong>Deferred Credits</strong></td>
<td>444,549</td>
<td>80,350</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>$73,276,978</td>
<td>$76,866,634</td>
</tr>
</tbody>
</table>
### Cost of Purchased Power

- **2009**: $21,800
- **2010**: $22,600
- **2011**: $23,500
- **2012**: $24,600
- **2013**: $25,900
- **2014**: $27,400

### Operating Margins

- **2009**: $200,000
- **2010**: $250,000
- **2011**: $300,000
- **2012**: $325,000
- **2013**: $350,000
- **2014**: $375,000

### Growth in Meters

- **2005**: 9,000
- **2006**: 9,500
- **2007**: 10,000
- **2008**: 10,500
- **2009**: 11,000
- **2010**: 11,500
- **2011**: 12,000

### Kilowatt Hours Sold

- **2005**: 250,000
- **2006**: 275,000
- **2007**: 300,000
- **2008**: 325,000
- **2009**: 350,000
- **2010**: 375,000
- **2011**: 400,000

### 2014 Revenue

- **Residential, Farm**: $14,286,797 (38.7%)
- **Commercial Sales**: $13,712,312 (37.2%)
- **Large Power Sales**: $8,257,284 (22.4%)
- **Other Sales**: $209,684 (0.6%)
- **Other Electric Revenue**: $411,608 (1.1%)

### 2014 Expense

- **Purchased Power**: $23,878,153 (66.5%)
- **Depreciation**: $2,776,827 (7.7%)
- **Administrative**: $1,838,440 (3.2%)
- **Operating & Maintenance**: $3,737,238 (10.4%)
- **Consumers Accounts**: $1,143,746 (3.2%)
- **Interests & Other**: $1,716,670 (4.8%)
- **Taxes**: $835,611 (2.3%)

Financial Statement

Northwestern Electric Cooperative’s financial statements are audited yearly by Bolinger, Segars, Gilbert and Moss, L.L.P.
Serving Our Members’ Needs

Dwayne Halderman
40 Years
Journeyman Lineman/
R-O-W Coordinator

Bob Appell
32 Years
Line Superintendent

Karen Whitehead
30 Years
Accounting/Payroll
Specialist

Jonna Hensley
25 Years
Member Services &
Communications Coordinator

Larry Stebens
24 Years
Area Supervisor

Robert Bohling
23 Years
Journeyman Lineman

Rhonda McMakin
23 Years
Staff Assistant/Human
Resource Administrator

Donna (Dee) Rader
23 Years
Operations Clerk &
Dispatcher

Shayne Hamilton
19 Years
Journeyman Lineman

Ronda Cook
18 Years
Cashier/Consumer
Accounts Representative II

Brent McDowell
18 Years
Line Foreman

Cyndi Giacomo
16 Years
Membership Records
Administrator

Stacie Wilson
16 Years
Consumer Accounts
Representative II

Julie Coulter
15 Years
Collection Coordinator

Jerry Maedgen
15 Years
Mapping Administrator &
IT Support Specialist

Melissa Washmon
15 Years
Marketing & Key Accounts
Coordinator

David Leach
13 Years
Journeyman Lineman

Brian Snider
13 Years
Line Foreman

Clint LeForce
10 Years
Line Foreman

Lee Overton
10 Years
Journeyman Lineman/
Meter Tech Apprentice

Michael Boston
13 Years
Journeyman Lineman

Tyrel Stahlman
10 Years
Meter Technician/ Journeyman Lineman

Tyrel Stahlman
10 Years
Meter Technician/
Journeyman Lineman
Employee Service as of April 9, 2015
$2,120,765.52 Paid in Taxes - Schools Benefit -

In 2014, Northwestern Electric Cooperative and Western Farmers Electric Cooperative paid $2,120,765.52 in Gross Receipts Tax which went to support school districts in northwest Oklahoma.

The amount of tax paid to each school district depends on the total number of miles of power lines the two cooperatives have in each school district.

The following is a breakdown of the dollars paid to the school districts by Northwestern Electric and Western Farmers Electric:

**Beaver County:**
- Balko: NWEC $13,469.10, WFEC $24,109.55
- Beaver: NWEC $12,781.20
- Fongan: NWEC $17,075.54

**Dewey County:**
- Leedey: NWEC $221.01
- Seiling: NWEC $25,202.24
- Taloga: NWEC $152,986.04
- Vici: NWEC $47,318.84
- WFEC $44,461.76

**Ellis County:**
- Arnett: NWEC $81,103.61
- Fargo: NWEC $31,421.13
- Gage: NWEC $25,923.16
- Shattuck: NWEC $43,215.40

**Harper County:**
- Buffalo: NWEC $65,869.85
- Laverne: NWEC $130,072.24
- WFEC $117,761.05

**Major County:**
- Fairview: NWEC $5,562.02
- WFEC $81,189.68

**Woods County:**
- Freedom: NWEC $11,048.32
- WAYNOKA: NWEC $16,361.84
- WFEC $65,314.96

**Woodward County:**
- Ft. Supply: NWEC $23,872.82
- Mooreland: NWEC $65,115.14
- Sharon: NWEC $248,046.54
- Shattuck: NWEC $35,798.87
- Woodward: NWEC $61,491.80

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--- Special note on parking ---

Ongoing construction at the fairgrounds is going to limit the amount of parking space available. Members with handicap parking permits will be directed to the lot closest to the building on a first come, first serve basis.

**Be prepared to walk!** Even if you park close to the building, you may have to walk a long distance to enter the building. Before the meeting, NWEC personnel will provide transportation on golf carts from the parking lots to the main entrance. **Rides are not available after the meeting is over.** If you require assistance, please bring a guest with you to help you in and out of the building.

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--- Annual Meeting Issue ---

This is your Annual Meeting issue of Northwestern Electric News. It includes the Annual Report and other pertinent information concerning the Cooperative.

Your Annual Meeting Notice Card should arrive in a few days. Please bring the card with you to the meeting. It is your official registration form. Registration may be made the day of the meeting; however, you will save time in the registration line if you bring the card with you.

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