Investing in our Future



STATEMENT OF NONDISCRIMINATION

NWEC is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call 866.632.9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax 202.690.7442 or email at program.intake @usda.gov.

NOTICE OF ANNUAL MEETING OF THE MEMBERS OF NORTHWESTERN ELECTRIC COOPERATIVE, INC. WOODWARD, OKLAHOMA

The Annual Meeting of the Members of Northwestern Electric Cooperative, Inc. will be held at the Woodward County Event Center (Woodward County Fair Building) in Woodward, Okla. at 6:30 in the evening on Thursday, April 7, 2016 for the purpose of passing on reports for the previous fiscal year, and transacting such other business as may come before such meeting.

Dated this 23rd day of March, 2016.

John R Bruce f.

John Bruce, Jr., Secretary

Your official annual meeting notice card is mailed separately and 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.

CUT AND MAIL 🔍

NOTICE TO BUSINESSES, ORGANIZATIONS, AND CORPORATIONS

Dear Member:

Please be advised that we cordially invite your organization's representative attendance at the Annual Meeting of Northwestern Electric Cooperative, Inc. on the 7th day of April 2016. It is necessary that a delegate be designated by your organization as a voting representative. This written authorization must be received in our Cooperative's office by April 6, 2016 or be delivered to our receptionist during registration at the Annual Meeting and must be signed by the proper officer of your organization, designating that person as your delegate.

John R Bruce f.

John Bruce, Jr., Secretary

This authorizes	as our voting
	(PLEASE PRINT)
delegate at the 2016 Annual Me	eting of Northwestern Electric Cooperative, Inc.
Signed	
Signed(PRINT NAME)	(SIGNATURE)
(FRINT MANL)	(ordivit excl)
Organization	

(PLEASE PRINT)

CEO Report

There's an old saying "When the going gets tough, the tough get going". We could use this phrase to describe the four major events Northwestern Electric Cooperative experienced, and survived, in 2015. Although these events caused significant damage to our distribution system, the Cooperative's financial health remained strong and we are able to invest in our future by moving forward with some exciting projects.

The first major event was the fire in Woodward County last March. We lost 69 poles. Our linemen will tell you working outages due to fires is pretty miserable.

The last three events all happened within 30 days of each other at the end of the year. We lost over 130 poles on Nov. 16 from a tornado that started north of Shattuck and went to Selman. The linemen had barely recovered from the tornado outages when the ice storms hit. The first storm lasted from Nov. 26 through Dec. 2. We lost 81 poles, some cross arms and equipment, and replaced several thousand feet of wire.

In the next ice storm on Dec. 26, we lost 55 poles, more cross arms and replaced over 16,000 feet of wire. In order to restore service during major storms, we'll often request help from other utilities and cooperatives. We used approximately 60 linemen for each storm. Some of the linemen came from Texas, New Mexico and Tri-County Electric Cooperative in Guymon.

Even though some of the outages lasted for several days, we felt very fortunate because the damages to our system were much lower than some of our neighbors to the south. A few of those cooperatives lost as many as 2,500 poles.

These linemen work in some bitter weather conditions and often for really long hours without much rest. We know you appreciate the work they do, but we want to thank you for being patient and understanding during these times.

We are always learning from these events. One of the projects we will start this year is a new meter program. We will begin installing new meters that will enable us to receive reads every 15 seconds. These faster reads will allow us to see when your meter is not reporting and will help tremendously with the outage response time.

Our second project is installing vehicle tracking in our trucks. Vehicle tracking will enable us to manage the crews more efficiently and help us maneuver the crews during large outages. It will also provide a layer of safety for the linemen, as many times they are working alone or in two man crews.

The third project is a 125 kW community solar farm NWEC is installing directly behind our headquarters. This will provide our members a simple and affordable option for renewable energy. Our members will have the option to purchase one or more panels, each sharing the benefits without having to install or maintain solar panels on their roof or property. Members will receive a credit



Tyson Littau, CEO

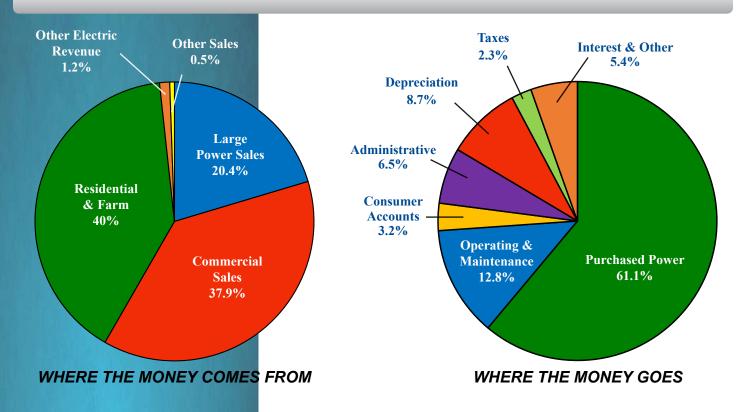
on their bill for the energy produced by the solar panels. Community solar benefits all of our members because it reduces peak demand power costs from WFEC. We anticipate the solar array will be completed in the first quarter of 2017.

The fourth project is our new office and warehouse expansion in Buffalo. Northwestern Electric acquired the town of Buffalo and the surrounding area in 1943 from Panhandle Public Service Company. In 1959, we purchased the old creamery building and converted it into the district office headquarters. The facility has served the members in the Buffalo area for over 55 years. The current facility has roof leaks, the electrical system is not up to code, only partial heat and air, isn't ADA compliant and there's not enough space to accommodate the 10 employees stationed in Buffalo. When we factored in the Cooperative's growth with the deteriorating conditions of the building and unprecedented low interest rates, your board decided to move forward with this project. The building should be completed before the end of the year.

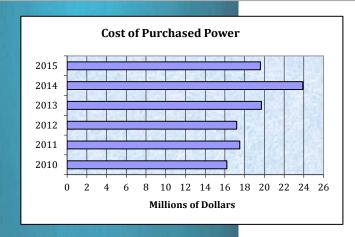
The last item I want to discuss is capital credits. As a member-owned cooperative, NWEC operates as a not-for-profit utility. Any profits made by the Cooperative are referred to as margins. At the end of the year, the margins (profits) are allocated to each member in proportion to the amount of electricity they purchased. We have been allocating credits since 1940 and have returned more than 11.5 million dollars to our members. This year, NWEC will pay the 1996 margins back to our members. For the first time ever, our wholesale power supplier retired capital credits. We received \$811,000 from WFEC for capital credits from 1956-1975. We will attempt to pay those margins to our members as well. If you were on our lines from 1956-1975 or in 1996, you should see a credit on your April bill.

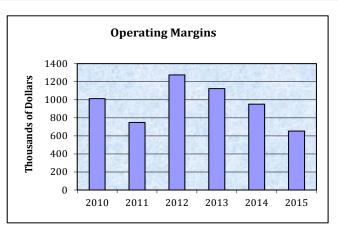
As you can see, there is a lot going on at your cooperative. Once again, I want to thank you for supporting Northwestern Electric.

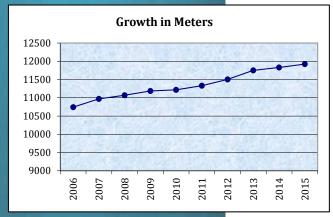
2015 INCOME & EXPENSES



COMPARATIVE STATISTICS









COMPARATIVE STATEMENT OF OPERATIONS

For the Years Ending December 31, 2014 and 2015	2014	2015	
Operating Revenue	\$36,877,685	\$32,781,245	
Cost of Electric Service			
Cost of Purchased Power	23,878,153	19,626,816	
Distribution Expense	3,737538	4,112,278	
Consumer Accounts Expense	1,143,746	1,017,585	
Administrative and General Expense	1,838,440	2,087,492	
Total Operating Expense	\$30,597,877	\$26,844,171	
Depreciation	2,776,827	2,790,037	
Tax Expense - Gross Receipts & Franchise Tax	835,611	754,688	
Interest Expense	1,716,670	1,739,305	
Total Cost of Electric Service	\$35,926,985	\$32,128,200	
Operating Margins	950,700	653,045	
Non-Operating Margins - Interest	111,218	95,547	
Income (Loss) from Equity Investments	0	0	
Non-Operating Margins	30,223	27,214	
Patronage Allocations	2,039,866	1,452,318	
Patronage Capital or Margins	\$3,132,007	\$2,228,124	

BALANCE SHEET

DECEMBER 31, 2015

ASSETS	LIABILITIES	
tility Plant	Ownership & Liabilities	

Utility Plant	Ownership & Liabilities
Less Accumulated Depreciation	Equities and Margins
Net Utility Plant	Memberships0
	Patronage Capital 24,736,542
Other Property & Investments	Total Margins & Equities29,525,591
Investments in Associated Organizations	
Other Investments 63,196	Liabilities
Total Other Property & Investments 13,476,523	Long-Term Debt, RUS & CFC
Current Assets	Current Liabilities
Cash and Temporary Investments2,769,141	Notes Payable to Associated Organizations 0
Accounts Receivable	Accounts Payable
Materials & Supplies	Consumer Deposits
Pre-Payments	Current Maturities Long-Term Debt
Other Current and Accrued Assets	Other Current and Accrued Liabilities
Total Current & Accrued Assets7,016,385	Total Current & Accrued Liabilities
Deferred Charges	Deferred Credits
Total Assets	Total Liabilities

Seven COOPERATIVE PRINCIPLES

Voluntary and Open Membership

2

Democratic Member Control

3

Members' Economic Participation

4

Autonomy and Independence

5

Education, Training and Information

6

Cooperation Among Cooperatives

Concern for Community

CAPITAL CREDITS

orthwestern Electric Cooperative (NWEC) belongs to you and the other members who receive electric service from us. Your ownership interest in NWEC is known as capital credits.

At the end of each year, if there are excess margins (profit) after financial obligations have been met, they are allocated to the members as capital credits based upon their payments for electricity during that year.

When NWEC's financial condition permits, your board of directors vote to pay out capital credits. This year, we will be issuing \$602,000 to members who had capital credits allocated for electric service in 1996.

For the first time ever, Western Farmers Electric Cooperative (WFEC), our wholesale power supplier cooperative, paid capital credits to NWEC. This \$811,000 will be paid back to our members who had electric service from 1956 to 1975.

Active members will receive a credit on their April bill, unless the amount is over \$600, then a check will be mailed. Inactive members will receive a check in the mail if their amount is over \$10 or it is their final capital credit check.

Some checks go unclaimed due to addresses that are not current for former members. If you know someone who has moved, please ask them to update their address with us. Forms may be obtained from our website at www.nwe-cok.coop or by emailing us at cc@nwecok.org.

ANNUAL MEETING EVENTS

Grand Prize

Bring your registration card to the meeting. Place the card in the drawing box for your chance to win 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 **Businesses, Organizations** and Corporations Notice must be presented at the registration desk.

•Registration Gifts

Members attending the meeting will receive a roll up fleece blanket sporting NWEC's logo (one per membership please).

Entertainment

The A Bar Bunkhouse Band is providing live entertainment before the meeting from 5 to 6:30 p.m. This western swing band will make you want to get up and dance with their lively vocals, fiddle, guitar and slap bass.

Kids Drawing

A separate drawing for a variety of prizes will be held for children attending the meeting.

EMPLOYEE SERVICE AS OF APRIL 7, 2016

Dwayne Halderman 41 years	David Leach14 years	Charley Kintz2 years
John Kirkwood28 years	Tyson Littau14 years	Vidal Moreno2 years
Jonna Hensley26 years	Brian Snider14 years	Michael Schrant 2 years
Larry Stebens25 years	Clint LeForce11 years	Wendy Zapata2 years
Robert Bohling24 years	Lee Overton11 years	Kaylie Cole1 year
Rhonda McMakin 24 years	Tyrel Stahlman 11 years	Reagan Dezort1 year
Donna (Dee) Rader 24 years	Curt Cloyd8 years	Sheldon Hart1 year
Donnie Irvin23 years	Jaret Dowler 8 years	Tanner Loomis1 year
Shayne Hamilton20 years	Amy Mata8 years	Travis Wineinger1 year
Ronda Cook19 years	Chris McGraw 8 years	Mario Alvarado<1 year
Brent McDowell 19 years	Jamie Ruble 8 years	Brogan Goodwin <1 year
Cyndi Giacomo 17 years	Trevor Howard7 years	Arlan Penrice<1 year
Sheri Hayes17 years	Jacob Collier 5 years	T. J. Province<1 year
Stacie Wilson17 years	D. J. Touchstone5 years	Tony Ramirez<1 year
Julie Coulter16 years	Gage Heath4 years	Tecia Spray<1 year
Jerry Maedgen16 years	Jackie McIlvain4 years	Jordan Weber<1 year
Melissa Washmon 16 years	Tra Dunham3 years	
Michael Boston 14 years	Adam Parker3 years	

BOARD OF TRUSTEES AND CEO

Kenny Knowles *President*

Ray Smith *Vice President*

John Bruce, Jr. Secretary/Treasurer

Clair Craighead Trustee **Duane Henderson** *Trustee*

Wayne Hall Trustee

Lee Huckaby
Trustee

Marvin Wilkinson
Trustee

Gil Perkins
Trustee

Tyson Littau *CEO*

Mike Mitchel Legal Counsel to the Board

ANNUAL MEETING SCHEDULE

THURSDAY, APRIL 7, 2016

5 PM to 6:30 PM Registration and Barbecue at the Woodward County Event Center

5 PM to 6:30 PM Entertainment

6:30 PM Call to Order Invocation

National Anthem

Welcome

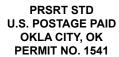
Introduction of Trustees, Employees and Guests

6:45 PM Business Session

Report of Quorum & Reading of Official Notice

Action of 2015 Annual Meeting Minutes

Financial Report Drawing of Prizes Adjournment



Investing in our Future

ELECTRIC COOPERATIVE, INC.
Your Touchstone Energy® Partner

WOODWARD, OK 73802-2707

P.O. BOX 2707

GROSS RECEIPTS TAX HELPS SCHOOLS

In 2015, Northwestern Electric Cooperative and Western Farmers Electric Cooperative paid \$1,875,814.81 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:

Beaver County:		
Balko	NWEC	\$12,091.08
	WFEC	\$20,842.51
Beaver	NWEC	\$11.475.77
Forgan	NWEC	\$15,328.55
- G		
Dewey County:		
Leedey	NWEC	\$198.40
Seiling	NWEC	\$22,671.52
J		\$132,255.20
Taloga		
C		\$38,436.84
Vici		
		\$72,948.79
Ellis County:		
Arnett	NWEC	\$72,905.63
		\$25,579.44
Fargo		
C	WFEC	\$41,739.16
Gage	NWEC	\$23,268.77
<i>C</i>	WFEC	\$730.84
Shattuck	NWEC	\$38,931.52

Harper County:		
Buffalo	NWEC	\$59,083.45
		\$81,204.59
Laverne		
		\$101,803.48
Major County:		
Fairview	NWEC	\$4,992.97
		\$70,187.83
Woods County:		
Freedom	NWEC	\$9,919.90
		\$53,622.09
Waynoka		
,		\$72,759.31
Woodward County	:	
Ft. Supply	NWEC	\$21,649.48
11 7		\$97,418.44
Mooreland	NWEC	\$58,469.66
		\$214,434.24
Sharon-Mutual	NWEC	\$32,174.50
	WFEC	\$84,019.68
Woodward	NWEC	\$56,100.77
		\$108,543.46