



NWEC

NORTHWESTERN

ELECTRIC COOPERATIVE, INC.

Your Touchstone Energy® Partner



2016

ANNUAL REPORT

ANNUAL MEETING

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, 105A Temple Houston Drive, in Woodward, Okla., at 6:30 in the evening on Thursday, April 6, 2017, 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 22nd day of March, 2017.



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.

• Grand Prize



Bring your registration card to the meeting for your chance to win the grand prize, a Kubota 54" zero-turn mower 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 an insulated Zeti tumbler (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.

CUT AND MAIL 

NOTICE TO BUSINESSES, ORGANIZATIONS, AND CORPORATIONS

Dear Member:

We cordially invite your organization's representative attendance at the Annual Meeting of Northwestern Electric Cooperative, Inc., on the 6th day of April 2017. It is necessary a delegate be designated by your organization as a voting representative. This written authorization must be received in our Cooperative's office by April 5, 2017, or be delivered to our registration personnel at the Annual Meeting and must be signed by the proper officer of your organization designating that person as your delegate.



John Bruce, Jr., Secretary

This authorizes _____ as our voting delegate
(PLEASE PRINT)

at the 2017 Annual Meeting of Northwestern Electric Cooperative, Inc.

Signed _____
(PRINT NAME) (SIGNATURE)

Organization _____
(PLEASE PRINT)

ANNUAL MEETING SCHEDULE

THURSDAY, APRIL 6, 2017
WOODWARD COUNTY EVENT CENTER

5 PM to 6:30 PM
Registration and Barbecue
Entertainment

6:30 PM
Call to Order
Invocation
National Anthem
Welcome
Introductions

6:45 PM
Business Session
Report of Quorum
Reading of Official Notice
Action of 2016 Minutes
Financial Report
Drawing of Prizes
Adjournment

CEO REPORT



Tyson Littau, CEO

As I write this column, many of our Northwestern Electric family are still recovering from the devastating ice storm we experienced at the beginning of 2017. The total equipment replaced so far for this storm is around 5,500 poles, 2,800 crossarms, and 92 miles of wire. In light of all that, the start of a brand new year also gives us time to think back on what were the most memorable moments of 2016.

Most of our major outages last year were a result of the drought conditions, high winds and fires. We lost over 200 poles in fires from February to April. We lost another 60 poles in a thunderstorm at the end of April. We are always learning from these events.

We started several new projects in 2016 I'm excited to talk about. One of the projects is a new meter program. We began installing the new meters last October. As of the end of March, the contractors have installed around 7,500 new meters. These meters will enable us to receive reads every 15 seconds. The faster reads will allow us to see when your meter is not reporting and will help tremendously with the outage response time. For years, electric cooperatives went with the old analog-style dial meters without needing to change them. Now, because of technology advancements, we may be forced to change meters every 10-15 years. These new meters will enable you to monitor your consumption more precisely so you can make more informed energy choices. The meter can also notify the utility of a power outage or allow us to remotely switch electricity service on or off.

The second project—vehicle tracking—will help us maneuver the crews during large outages and enable us to manage the crews more efficiently. This will also provide a layer of safety for the linemen, as many times they are working alone or in two-man crews. Many of our linemen will begin utilizing iPads in the field this year as well.

The third project Northwestern Electric just completed is a 125kW community solar farm directly behind our headquarters. This project 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 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 will begin to market this project sometime late summer.

The fourth project I want to mention is our new building 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 served the members in the Buffalo area for over 55 years. Many of you attended the open house in September for this wonderful addition to Buffalo and the surrounding areas. The employees are completely moved in and we are really proud of this building and our commitment to this community.

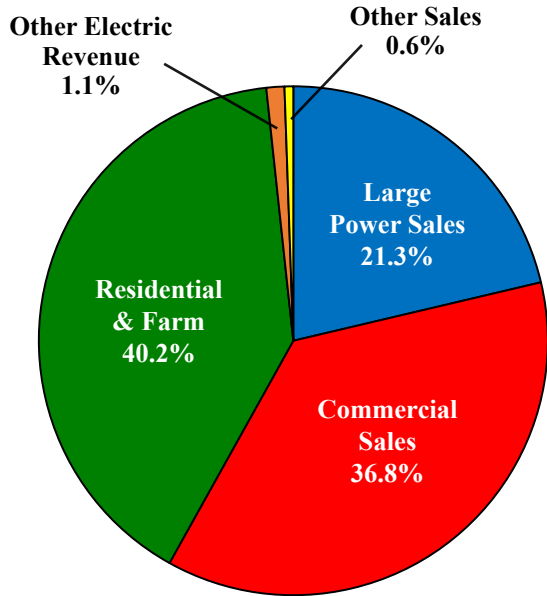
I also want to mention capital credits. As a member-owned cooperative, NWECC operates as a not-for-profit utility. Any profits made by the Cooperative are referred to as margins. At the end of the year, the margins are allocated to each member in proportion to the amount of electricity they purchased. We have been allocating credits since 1940 and have returned more than 12 million dollars to our members. This year, NWECC will pay the 1997 operating margins back to our members. Last year (for the first time ever), our wholesale power supplier retired capital credits. We received \$920,000 from WFEC for the years 1956-1976. We will attempt to pay those margins to our members as well. If you were on our lines from 1956-1976, or in 1997, you should see a credit this year on your bill. We plan to retire these amounts in April. Your board and Northwestern Electric personnel have worked really hard to get your capital credits paid back to you.

Maintaining dependable service at an affordable price remains the cornerstone of a cooperative's business. To maintain the reliability, quality, and affordability of the services NWECC provides to our members, it is sometimes necessary to adjust our prices. As mentioned in the February and March newsletters, NWECC is implementing an overall rate increase of 2.93 percent that will apply beginning with the April 2017 billing. The slowdown in economic growth, milder weather, changes to our power costs from Western Farmers, and increases in insurance, labor and materials all contributed to the need for an adjustment to the rates. The study was based on the 2015 fiscal year. (The 2017 ice storm is not reflected in this adjustment.)

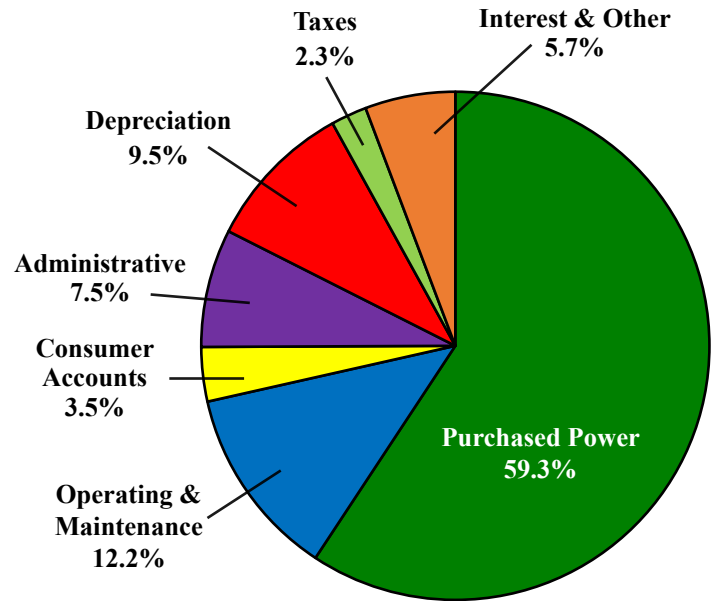
As you can see, there is a lot going on at your cooperative. Once again, I just want to thank you for supporting Northwestern Electric and encourage you to attend our 76th Annual Meeting for more updates.

2016 FINANCIAL REPORT

INCOME & EXPENSES

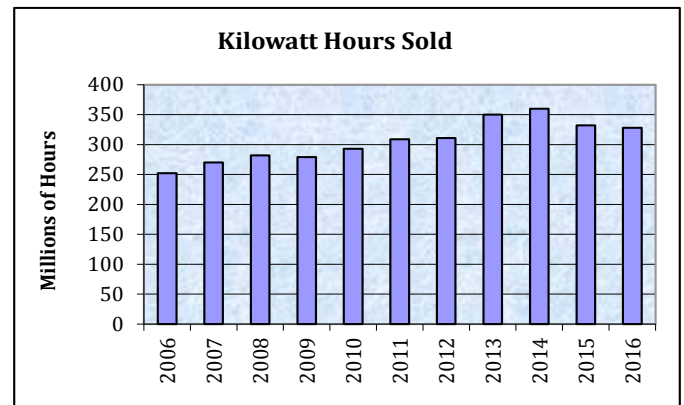
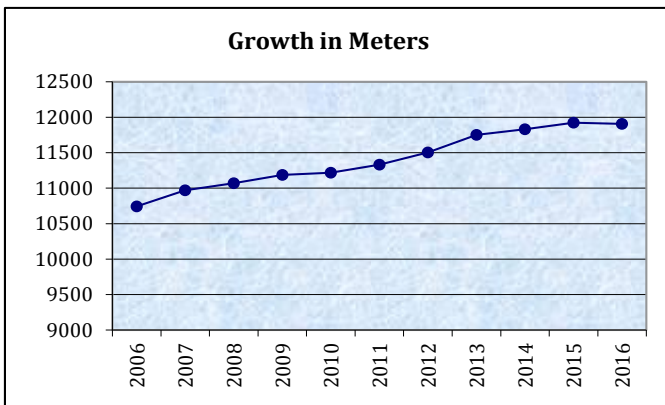
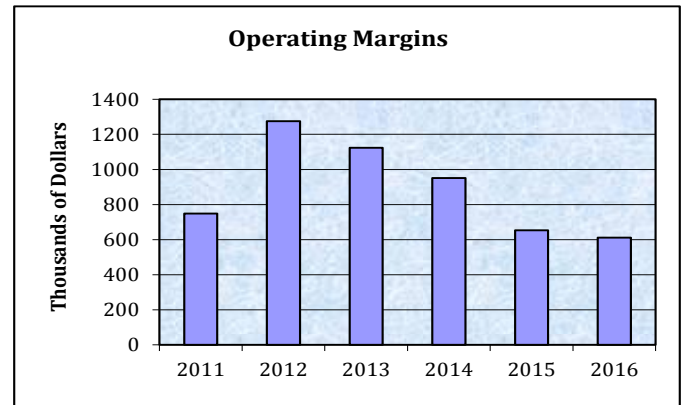
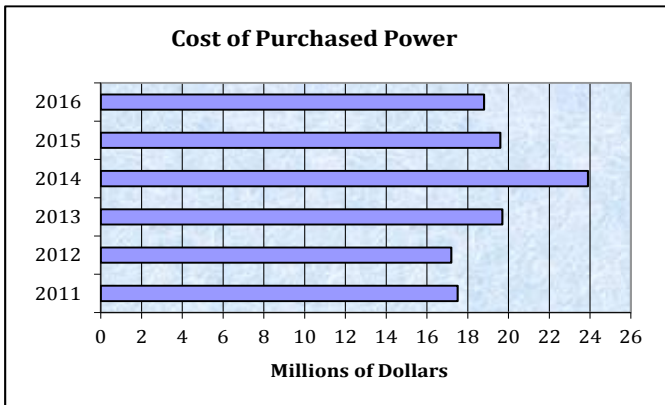


WHERE THE MONEY COMES FROM



WHERE THE MONEY GOES

COMPARATIVE STATISTICS



COMPARATIVE STATEMENT OF OPERATIONS

For the Years Ending December 31, 2015 and 2016

	2015	2016
Operating Revenue	\$32,781,245	\$32,252,444
Cost of Electric Service		
Cost of Purchased Power	19,626,816	18,757,556
Distribution Expense	4,112,278	3,858,023
Consumer Accounts Expense	1,017,585	1,093,378
Administrative and General Expense	2,087,492	2,377,867
Total Operating Expense	\$26,844,171	\$26,086,824
Depreciation	2,790,037	3,015,227
Tax Expense - Gross Receipts & Franchise Tax	754,688	721,771
Interest Expense	1,739,305	1,817,886
Total Cost of Electric Service	\$32,128,201	\$31,641,708
Operating Margins	653,045	610,737
Non-Operating Margins - Interest	95,547	72,031
Income (Loss) from Equity Investments	0	0
Non-Operating Margins	27,214	61,156
Patronage Allocations	1,452,318	1,105,663
Patronage Capital or Margins	\$2,228,124	\$1,849,587

BALANCE SHEET *for year ending December 31, 2016*

ASSETS

Utility Plant.....	\$92,398,999
Less Accumulated Depreciation	28,116,122
Net Utility Plant.....	64,282,877
Other Property & Investments	
Investments in Associated Organizations	14,066,231
Other Investments.....	84,020
Total Other Property & Investments	14,150,251
Current Assets	
Cash and Temporary Investments.....	1,680,576
Accounts Receivable	2,676,244
Materials & Supplies	789,452
Pre-Payments	129,695
Other Current and Accrued Assets.....	847,825
Total Current & Accrued Assets.....	6,123,792
Deferred Charges	1,833,680
Total Assets	\$86,390,600

LIABILITIES

Ownership & Liabilities	
Equities and Margins	4,074,222
Memberships.....	0
Patronage Capital.....	26,321,029
Total Margins & Equities	30,395,251
Liabilities	
Long-Term Debt, RUS & CFC.....	49,327,168
Current Liabilities	
Notes Payable to Associated Organizations.....	2,500,000
Accounts Payable.....	2,062,468
Consumer Deposits.....	77,135
Current Maturities Long-Term Debt.....	1,674,640
Other Current and Accrued Liabilities.....	248,229
Total Current & Accrued Liabilities	6,562,472
Deferred Credits.....	105,709
Total Liabilities	86,390,600

Financial reports are reviewed annually by an independent auditing firm.

WE WORK FOR YOU

Seven COOPERATIVE PRINCIPLES

1

**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**

7

**Concern for
Community**

BOARD OF TRUSTEES AND CEO

DISTRICT 1

Kenny Knowles
President

DISTRICT 5

Ray Smith
Vice President

DISTRICT 4

John Bruce, Jr.
Secretary/Treasurer

DISTRICT 2

Clair Craighead
Trustee

DISTRICT 3

Duane Henderson
Trustee

DISTRICT 6

Wayne Hall
Trustee

DISTRICT 7

Lee Huckaby
Outgoing Trustee

Darla Young
Incoming Trustee

DISTRICT 8

Marvin Wilkinson
Trustee

DISTRICT 9

Gil Perkins
Trustee

Tyson Littau
CEO

John Meinders
Legal Counsel

CAPITAL CREDITS

Northwestern Electric Cooperative, Inc., (NVEC) belongs to you and our other members who receive electric service from us. Your ownership interest in NVEC is known as capital credits.

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

When NVEC's financial condition permits, your board of directors vote to pay out capital credits. This year, we are issuing \$413,000 in operating margins to members who had capital credits allocated for electric service in 1997.

Last year, Western Farmers Electric Cooperative, Inc. (WFEC), our wholesale power supplier, returned \$920,000 in capital credits to NVEC. This amount will also be paid back to our members who had electric service from 1956 to 1976. Collectively, we are returning \$1,333,000 back to our members.

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.nwecok.coop or by emailing us at cc@nwecok.org.

NVEC is an equal opportunity provider and employer.

EMPLOYEE SERVICE AS OF APRIL 6, 2017

42 YEARS

Dwayne Halderman

Journeyman Lineman/R-O-W Coordinator

29 YEARS

John Kirkwood

Director of Operations/Safety Coordinator

27 YEARS

Jonna Hensley

Member Services & Communications Coordinator

26 YEARS

Larry Stebens

Area Supervisor

25 YEARS

Robert Bohling

Journeyman Lineman

Rhonda McMakin

Staff Assistant/Human Resources Administrator

Donna (Dee) Rader

Operations Clerk & Dispatcher

24 YEARS

Donnie Irvin

Staking Engineer

21 YEARS

Shayne Hamilton

Journeyman Lineman

20 YEARS

Ronda Cook

Cashier/Consumer Accounts Representative II

Brent McDowell

Line Foreman

18 YEARS

Cyndi Giacomo

Membership Records Administrator

Sheri Hayes

Consumer Accounts Representative III

Stacie Wilson

Consumer Accounts Representative II

17 YEARS

Julie Coulter

Collection Coordinator

Jerry Maedgen

Mapping Administrator & IT Support Specialist

Melissa Washmon

Marketing & Key Accounts Coordinator

15 YEARS

Michael Boston

Journeyman Lineman

David Leach

Journeyman Lineman

Tyson Littau

Chief Executive Officer

Brian Snider

Line Foreman

12 YEARS

Clint LeForce

Line Foreman

Lee Overton

Journeyman Lineman/Meter Tech Apprentice

Tyrel Stahlman

Meter Technician/Journeyman Lineman

9 YEARS

Curt Cloyd

Manager Information Technology

Jaret Dowler

Director of Engineering/Purchasing Agent

Amy Mata

Consumer Accounts Representative I

Chris McGraw

Mechanic Assistant

Jamie Ruble

Director of Finance & Administration

8 YEARS

Trevor Howard

Journeyman Lineman

Jarrold Randall

Journeyman Lineman

6 YEARS

Jacob Collier

Journeyman Lineman

D. J. Touchstone

Journeyman Lineman

5 YEARS

Gage Heath

Warehouseman

Jackie McIlvain

General Accounting & Work Order Administrator

4 YEARS

Tra Dunham

Lineman Tech IV

Kurt Halling

Journeyman Lineman

3 YEARS

Charley Kintz

Lineman Tech IV

Wendy Zapata

Consumer Accounts Representative II

2 YEARS

Kaylie Cole

Consumer Accounts Representative II

Reagan Dezort

Lineman Tech I

Brogan Goodwin

Lineman Tech I

Sheldon Hart

Lineman Tech III

Tanner Loomis

Lineman Tech II

Arlan Penrice

Lineman Tech III

Tony Ramirez

Lineman Tech II

Travis Wineinger

Lineman Tech III

1 YEAR

Mario Alvarado

Lineman Tech II

T. J. Province

Lineman Tech II

Tecia Spray

Accounting/Payroll Specialist

Robyn Medina

Human Resources Assistant

LESS THAN 1 YEAR

Sean Clemence

Warehouse

Audra Hopper

Consumer Accounts Representative I/Cashier

Randy Kraus

Mechanic Assistant

GROSS RECEIPTS TAX HELPS SCHOOLS

In 2016, Northwestern Electric Cooperative and Western Farmers Electric Cooperative paid \$1,775,004.79 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	\$11,546.45
	WFEC	\$19,602.48
Beaver	NWEC	\$10,937.64
Forgan	NWEC	\$14,624.72

Dewey County:

Leedey	NWEC	\$189.35
Seiling	NWEC	\$22,193.49
	WFEC	\$124,386.66
Taloga	NWEC	\$16,707.58
	WFEC	\$36,150.03
Vici	NWEC	\$40,790.63
	WFEC	\$68,608.69

Ellis County:

Arnett	NWEC	\$69,617.97
	WFEC	\$24,057.59
Fargo/Gage	NWEC	\$49,174.66
	WFEC	\$39,943.24
Shattuck	NWEC	\$37,253.45

Harper County:

Buffalo	NWEC	\$56,109.63
	WFEC	\$76,373.31
Laverne	NWEC	\$111,574.94
	WFEC	\$95,746.67

Major County:

Fairview	NWEC	\$4,762.70
	WFEC	\$66,011.99

Woods County:

Freedom	NWEC	\$9,505.67
	WFEC	\$50,431.84
Waynoka	NWEC	\$14,344.64
	WFEC	\$68,430.48

Woodward County:

Ft. Supply	NWEC	\$20,668.16
	WFEC	\$91,622.51
Mooreland	NWEC	\$56,082.02
	WFEC	\$201,676.44
Sharon-Mutual	NWEC	\$31,062.73
	WFEC	\$79,020.91
Woodward	NWEC	\$53,709.87
	WFEC	\$102,085.65