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 5, 2018, 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 21st day of March, 2018.

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.

IMPORTANT
Annual Meeting Information

To be eligible to receive a registration gift and to enter the prize drawing, you must bring your registration card to the meeting. If you haven’t received your registration card yet, it should arrive in the mail within the next few days.

• Registration Gift
Members attending the meeting will receive an LED pop-up lantern.

• Prize Drawing
NWEC is giving away lots of prizes including a Kubota 48” zero-turn mower sponsored in part by Arnett New Holland/Kubota. In order to qualify for the drawing, the member must be present.

• Kids Drawing
Children ages 3-16 can enter a separate drawing for a variety of prizes at the children’s booth. They also receive their own registration gift—a light-up fidget spinner. An alternate gift will be available for children under three.

Remember, you can’t win if you don’t attend!

NORTHWESTERN ELECTRIC COOPERATIVE
77TH ANNUAL MEETING
Thursday, April 5, 2018
Woodward County Event Center
105A Temple Houston Drive, Woodward, Okla.

5 - 6:30 PM
Registration and free barbecue dinner catered by Adventures In Catering
Entertainment provided by A Bar Bunkhouse Band

6:30 PM
Welcome C. J. Montgomery, Woodward Chamber President
Invocation Shannon Davis, Woodward First United Methodist Pastor
National Anthem Boomer Expressions
Call to Order Kenny Knowles, President
Introductions Tyson Littau, CEO
Report of Quorum Kenny Knowles
Reading of Official Notice John Bruce, Jr., Sec.-Treasurer
Action of 2017 Minutes Kenny Knowles
Financial Report Jamie Ruble, Director of Finance & Administration
NWEC Update Tyson Littau
Drawing of Prizes Jonna Hensley, Member Services & Communications Coordinator
Adjournment
As most of you are well aware, in 2017 we had two major disasters within 60 days of each other. We had the ice storm that began on January 14, and the devastating fires that started on March 6. Many of our members experienced ice storm related outages that lasted from January 14 to February 2. We have roughly 11,500 meters and, at one time, we lost power to over 9,700 meters. During that storm, we replaced 6,107 poles, 1,826 crossarms and over 395,000 feet of conductor, all while housing and feeding over 450 linemen. From March 6 to March 11, over 1200 meters lost power due to several fires and your cooperative replaced an additional 347 poles and again housed and fed over 100 linemen.

As you can imagine, events of this magnitude have a big impact on our annual margins. For the first time in 35 years, Northwestern Electric had a negative margin. The ice storm restoration and debris removal cost us just over $21 million, and the fire expenses were over $500,000. Northwestern Electric will receive reimbursement for 75% of eligible expenses from FEMA for the ice storm, but we won’t receive any funds for the fire.

These events require huge amounts of money, all due within a short period of time. For these situations, we borrow money on emergency lines of credit and then pay off the 75% from FEMA when it’s received, but the other 25% goes into our long-term debt. We are fortunate interest rates remain extremely low, but on these large sums the interest expense still equals over $165,000 every three months while we are waiting on the government reimbursements. Your board and staff will continue to monitor the impact of these events on our financials.

On a more positive note, we made it through all of these events without an accident. When you have that many people working during extreme temperatures and timelines, we feel very fortunate all of our linemen returned home safely to their families.

This year we also completed the install of a new state-of-the-art advanced metering system which allows us to pinpoint outages, control operating costs and improve service reliability. We installed almost 12,000 smart meters across our system. This new technology will help us keep electricity safe, reliable and affordable.

Members can now view outage information on our website or by using the NWEC app on their phone. Linemen use this information to get driving directions while the outage management system predicts what electric device may be at fault. We also added software that will allow dispatchers to view locations of trucks and response vehicles. We are now able to use this new technology to push out work orders directly to the linemen on their iPads. NWEC members can pay their bill, review usage data and report outages with the Northwestern Electric app. We also added outage texting and many other programs like our member portal that is available on our website.

I will also remind you our original purpose was to provide electricity to farmers and rural communities that couldn’t get service from anyone else, and for many of you that is still probably true. We are still a non-profit organization. We pay all of our margins back to you, the member. In 2017, we paid back the 1997 Northwestern Electric Cooperative margins and the 1956-1977 Western Farmers Electric Cooperative margins which totaled more than $1.3 million.

Even with all the weather events, we continued to stay active in your communities by sponsoring many youth programs, scholarships and safety programs. We also sent one of our own linemen to Guatemala with 12 other linemen from Oklahoma to build line and provide power to a group of people who have never had electricity.

As you can see, NWEC had a very busy year. Please call or come by the office if you have any questions. We appreciate the opportunity to serve you and hope to see you at the annual meeting.

“We are still a non-profit organization. We pay all of our margins back to you, the member.”
2017 FINANCIAL REPORT

WHERE THE MONEY COMES FROM

- Residential & Farm: 40%
- Commercial Sales: 37.9%
- Large Power Sales: 20.4%
- Other Income: 1.7%

TOTAL INCOME $32,779,030

WHERE THE MONEY GOES

- Purchased Power: 55.8%
- Operations & Maintenance: 14.1%
- Administrative: 6.6%
- Depreciation: 11.2%
- Consumer Accounts: 3.3%
- Interest & Other: 6.8%
- Taxes: 2.2%

TOTAL EXPENSES $33,633,410

COMPARATIVE STATISTICS

- Cost of Purchased Power
- Operating Margins
- Growth in Meters
- Kilowatt Hours Sold
### Operating Revenue

- 2016: $32,252,444
- 2017: $32,779,030

### Cost of Electric Service

<table>
<thead>
<tr>
<th>Service</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of Purchased Power</td>
<td>18,757,556</td>
<td>18,762,782</td>
</tr>
<tr>
<td>Distribution Expense - Operations &amp; Maintenance</td>
<td>3,858,023</td>
<td>4,751,547</td>
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<tr>
<td>Consumer Accounts Expense</td>
<td>1,093,378</td>
<td>1,117,978</td>
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<tr>
<td>Administrative and General Expense</td>
<td>2,377,867</td>
<td>2,212,299</td>
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<tr>
<td>Depreciation</td>
<td>3,015,227</td>
<td>3,760,876</td>
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<tr>
<td>Tax Expense - Gross Receipts &amp; Franchise Tax</td>
<td>721,771</td>
<td>742,979</td>
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<tr>
<td>Interest Expense on Long-Term Debt</td>
<td>1,811,254</td>
<td>1,761,437</td>
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<tr>
<td>Interest Expense on Lines of Credit</td>
<td>6,632</td>
<td>523,512</td>
</tr>
</tbody>
</table>

**Total Cost of Electric Service:**

- 2016: $31,641,708
- 2017: $33,633,410

### Net Operating Margins

- 2016: $610,736
- 2017: -854,380

<table>
<thead>
<tr>
<th>Source</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Income</td>
<td>72,031</td>
<td>60,536</td>
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<tr>
<td>Non-Operating Margins</td>
<td>61,156</td>
<td>-151,670</td>
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<tr>
<td>Patronage Capital Allocations</td>
<td>1,105,663</td>
<td>787,219</td>
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</table>

**Total Patronage Capital or Margins:**

- 2016: $1,849,586
- 2017: -158,295

### BALANCE SHEET for year ending December 31, 2017

**ASSETS**

<table>
<thead>
<tr>
<th>Asset</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utility Plant</td>
<td>$101,904,673</td>
<td></td>
</tr>
<tr>
<td>Less Accumulated Depreciation</td>
<td>29,324,472</td>
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<tr>
<td>Net Utility Plant</td>
<td>$72,580,201</td>
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<tr>
<td>Other Property &amp; Investments</td>
<td></td>
<td></td>
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<tr>
<td>Investments in Associated Organizations</td>
<td>13,886,359</td>
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<tr>
<td>Other Investments</td>
<td>479,986</td>
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<td>Total Other Property &amp; Investments</td>
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<tr>
<td>Current Assets</td>
<td></td>
<td></td>
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<tr>
<td>Cash and Temporary Investments</td>
<td>1,188,209</td>
<td></td>
</tr>
<tr>
<td>Accounts &amp; Notes Receivable</td>
<td>2,376,329</td>
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<tr>
<td>FEMA Receivable</td>
<td>16,060,767</td>
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<tr>
<td>Materials &amp; Supplies</td>
<td>847,353</td>
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<tr>
<td>Pre-Payments</td>
<td>129,639</td>
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<tr>
<td>Other Current and Accrued Assets</td>
<td>847,038</td>
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<tr>
<td>Total Current &amp; Accrued Assets</td>
<td>$21,449,335</td>
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<tr>
<td>Deferred Charges</td>
<td>1,271,285</td>
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<tr>
<td>Total Assets</td>
<td>$109,667,166</td>
<td></td>
</tr>
</tbody>
</table>

**EQUITIES & LIABILITIES**

<table>
<thead>
<tr>
<th>Source</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ownership</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equities and Margins</td>
<td></td>
<td>$2,882,899</td>
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<tr>
<td>Patronage Capital</td>
<td></td>
<td>26,821,456</td>
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<tr>
<td>Total Margins &amp; Equities</td>
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<td>29,704,355</td>
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<tr>
<td>Non-Current Liabilities</td>
<td></td>
<td></td>
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<tr>
<td>Long-Term Debt</td>
<td></td>
<td>46,229,892</td>
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<tr>
<td>Other Non-Current Liabilities</td>
<td></td>
<td>1,474,287</td>
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<tr>
<td>Total Non-Current Liabilities</td>
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<td>47,704,179</td>
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<tr>
<td>Current Liabilities</td>
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</tr>
<tr>
<td>Notes Payable - Lines of Credit</td>
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<td>27,500,000</td>
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<tr>
<td>Accounts Payable</td>
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<td>2,098,112</td>
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<tr>
<td>Consumer Deposits</td>
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<td>90,700</td>
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<tr>
<td>Current Maturities Long-Term Debt</td>
<td></td>
<td>1,872,879</td>
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<tr>
<td>Other Current and Accrued Liabilities</td>
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<td>552,635</td>
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<tr>
<td>Total Current &amp; Accrued Liabilities</td>
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<td>32,114,326</td>
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<tr>
<td>Deferred Credits</td>
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<td>144,306</td>
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<tr>
<td>Total Liabilities</td>
<td></td>
<td>$109,667,166</td>
</tr>
</tbody>
</table>
Northwestern Electric Cooperative, Inc. (NWEC) belongs to you and our 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, we allocate them 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 are issuing $682,000 in operating margins to members who had capital credits allocated for electric service in 1998.

Last year, Western Farmers Electric Cooperative, Inc. (WFEC), our wholesale power supplier, returned $585,000 in capital credits to NWEC. This amount will also be paid back to our members who had electric service from 1977 to 1979. Collectively, we are returning $1,267,000 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.

NWEC is an equal opportunity provider and employer.
EMPLOYEE SERVICE AS OF APRIL 5, 2018

43 YEARS
Dwayne Halderman
Journeyman Lineman/R-O-W Coordinator

30 YEARS
John Kirkwood
Director of Operations

28 YEARS
Jonna Hensley
Member Services & Communications Coordinator

27 YEARS
Larry Stebens
Area Supervisor

26 YEARS
Robert Bohling
Journeyman Lineman
Donna (Dee) Rader
Operations Clerk & Dispatcher

25 YEARS
Donnie Irvin
Staking Engineer

22 YEARS
Shayne Hamilton
Journeyman Lineman

21 YEARS
Ronda Cook
Capital Credit Data Entry
Brent McDowell
Line Superintendent/Safety Coordinator

19 YEARS
Cyndi Giacomo
Membership Records Administrator
Sheri Hayes
Consumer Accounts Representative III
Stacie Wilson
Consumer Accounts Representative II

18 YEARS
Julie Coulter
Collection Coordinator
Jerry Maedgen
Mapping Administrator & IT Support Specialist
Melissa Washmon
Marketing & Key Accounts Coordinator

16 YEARS
Michael Boston
Journeyman Lineman
David Leach
Journeyman Lineman
Tyson Littau
Chief Executive Officer
Brian Snider
Line Foreman

13 YEARS
Clint LeForce
Line Foreman
Lee Overton
Journeyman Lineman/Meter Tech Apprentice
Tyrel Stahlman
Meter Technician/Journeyman Lineman

10 YEARS
Curt Cloyd
Manager Information Technology
Jaret Dowler
Director of Engineering/Purchasing Agent
Amy Martinez
Consumer Accounts Representative I
Chris McGraw
Mechanic
Jamie Ruble
Director of Finance & Administration

9 YEARS
Trevor Howard
Journeyman Lineman
Jarrod Randall
Line Foreman

7 YEARS
Jacob Collier
Journeyman Lineman
D. J. Touchstone
Journeyman Lineman

6 YEARS
Gage Heath
Staking Tech Apprentice
Jackie McIlvain
General Accounting & Work Order Administrator

5 YEARS
Tra Dunham
Journeyman Lineman
Kurt Halling
Journeyman Lineman

4 YEARS
Charley Kintz
Journeyman Lineman
Wendy Zapata
Consumer Accounts Representative II

3 YEARS
Kaylie Cole
Consumer Accounts Representative II
Reagan Dezort
Lineman Tech III
Brogan Goodwin
Lineman Tech II
Tanner Loomis
Lineman Tech III
Arlan Penrice
Lineman Tech IV
Tony Ramirez
Lineman Tech III
Travis Wineinger
Lineman Tech III

2 YEARS
Mario Alvarado
Lineman Tech IV
T. J. Province
Lineman Tech III
Tecia Spray
Accounting/Payroll Specialist
Robyn Medina
Human Resources

1 YEAR
Sean Clemence
Warehouseman
Audra Hopper
Consumer Accounts Representative I/Cashier
Randy Kraus
Mechanic

<1 YEAR
Jesus Alvarado
Lineman Tech I
Tyson Duperron
Warehouse Clerk
Matt Salmons
Lineman Tech II
Preston Lemons
Lineman Apprentice
In 2017, Northwestern Electric Cooperative and Western Farmers Electric Cooperative paid $1,793,415.94 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.

<table>
<thead>
<tr>
<th>County</th>
<th>NWEC Amount</th>
<th>WFEC Amount</th>
<th>Total Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beaver County</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balko</td>
<td>$11,946.72</td>
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<td>Beaver</td>
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<td>$11,311.14</td>
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<td>Forgan</td>
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<td>$15,130.06</td>
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<tr>
<td>Dewey County</td>
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<tr>
<td>Leedey</td>
<td>$195.98</td>
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<td>$195.98</td>
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<tr>
<td>Selling</td>
<td>$22,984.30</td>
<td>$123,886.61</td>
<td>$146,870.91</td>
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<td>Taloga</td>
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<td>Vici</td>
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<td>Ellis County</td>
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<td>Arnett</td>
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<td>$71,972.90</td>
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<td>Fargo/Gage</td>
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<td>$50,877.65</td>
<td>$74,838.53</td>
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<tr>
<td>Shattuck</td>
<td>$38,745.85</td>
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<td>$38,745.85</td>
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<tr>
<td>Harper County</td>
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<tr>
<td>Buffalo</td>
<td>$58,032.35</td>
<td>$76,066.28</td>
<td>$134,108.63</td>
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<tr>
<td>Laverne</td>
<td>$115,487.65</td>
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<td>$210,849.41</td>
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<td>Major County</td>
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<tr>
<td>Fairview</td>
<td>$4,929.48</td>
<td>$65,746.62</td>
<td>$70,676.10</td>
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<td>Woods County</td>
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<tr>
<td>Freedom</td>
<td>$9,795.00</td>
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<td>Waynoka</td>
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<tr>
<td>Woodward County</td>
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<td>Ft. Supply</td>
<td>$21,487.21</td>
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<td>Mooreland</td>
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<td>Sharon-Mutual</td>
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<td>Woodward</td>
<td>$55,605.72</td>
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<td>$157,281.98</td>
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