



NORTH WESTERN ELECTRIC COOPERATIVE, INC.

2023 annual report

Management Summary

In a world where power often symbolizes control and influence, we celebrate a different kind of power — the power of community, collaboration, and collective strength.

As member-owners of North Western Electric Cooperative, each one of you plays a pivotal role in shaping the future of our shared energy landscape. Each member-owner “has the power” to utilize the latest outage restoration technology, monitor their electric usage, take control of their account through SmartHub, and make their voice heard to their co-op staff and trustees.

You possess the power to shape the future of our cooperative through democratic processes. Your ability to elect trustees and vote on changes to our Code of Regulations ensures that your voice is heard and your interests are represented. Your trustees are empowered to further their education to best represent you; in 2023, trustees Ryan Wehri and Chris Oberlin earned their Certified Credentialed Director certifications through the National Rural Electric Cooperative Association (NRECA).

Rest assured that your cooperative is staffed by highly skilled professionals dedicated to serving you and holding down costs. Our cooperative’s financial health is a testament to your unwavering support. From our lineworkers to

**YOU HAVE THE
POWER**



Chris Oberlin
Chairman of the Board



Darin Thorp
President/CEO

our management team, each employee brings expertise and passion to their role, ensuring that you receive the reliable service you deserve. In 2023, we expanded that team, hiring two new employees: Natalee Collins (Accounting Manager) and Jaden Valderas (Staking/Field Technician).

Our member-owners have the power to save money, too, as we offer programs and services like appliance rebates, free home energy audits, Kill-A-

Watt monitors, and energy analytics tools in SmartHub. As a not-for-profit co-op, NWECC returned \$590,800 in capital credits to member-owners last year. This represents a return on your investment in the cooperative.

We remain at the forefront of technological advancements to provide you with the reliable service you expect and deserve. In 2023, your power was on 99.9% of the time with the majority of outages caused by animals, trees, and ice. By investing in the latest technologies and infrastructure upgrades, we ensure that your power stays on, even in the face of challenges like the February 2023 ice storm in northern Williams County.

At the height of that storm, we had 1,244 member-owners without power, mainly due to downed lines and meters being ripped from houses. Despite the extreme wind and harsh

conditions, our crews restored all services in just over two days, replacing 11 poles at Lake Seneca.

2023 Year-in-Review Projects:

- 40 new services were built and 52 were upgraded
- Rebuilt 1.5 miles of transmission line along County Road 3-75
- Improved low voltage with a three-phase rebuild along US Highway 20
- Completed 6+ miles of overhead and underground line construction projects, including replacing nearly a mile of copper line
- Conducted maintenance at Milford and Seneca substations, plus an upgrade at Farmer Substation for improved reliability
- Replaced 54 condemned poles
- Prepared for the new Pilot Travel Center in Edon, installing 1,860+ feet of underground and overhead line and new services for the gas station, tire shop, and EV charging station

But we aren't only concerned with electric power — your co-op also owns and operates a subsidiary propane business, NW Ohio Propane (NWOP). Six years into business, NWOP now provides service to 2,055 accounts at 2,383 locations in the tri-state region. Nearly half of those accounts are also NVEC member-owners. We are appreciative of all the support from our customers, especially our cooperative member-owners.

Through various initiatives, we continue to make a tangible difference in the lives of those we serve. Most notably, Operation Round Up approved 22 applications for assistance in 2023, awarding \$25,350. Since 2001, ORU has distributed more than \$587,000 to support local

causes and individuals in need, demonstrating the profound “power” our member-owners have when they pool their spare change.

By participating in events like the United Way of Defiance County Hot Air Balloon Festival and five local parades, we not only connected with our members but also gave back to our community. After the Touchstone Energy Cooperatives hot air balloon appearance at the festival, we were able to donate \$1,050 to the Defiance County Agricultural Society.

Giving the public the power of making safe choices around electricity was also a priority, as NVEC conducted tabletop safety demos and touch-a-truck events for more than 400 people. Our employees also participated in career fairs and “Real Money, Real World” scenarios at area high schools to prepare the students for life after graduation.

Furthermore, our commitment to education was evident through the awarding of \$7,000 in scholarships to seven deserving local students. Notably, Jenna Dulle, daughter of lineman Doug Dulle, secured the \$2,000 Ohio Lineworkers Supervisor Association Scholarship. Molly Hennessey (Edgerton) won \$1,700 at our Ohio's Electric Cooperatives statewide competition and Heidi Miller (Sherwood) won \$1,200 toward trade school. Our Youth Tour participants, Brooklyn Wright and Ashlyn Steury (both from Hicksville), had the opportunity to explore our nation's capital, enriching their leadership skills.

With an ACSI survey score of 88, we are proud to be in tune with our members' needs, reaffirming our commitment to serving our community with excellence and dedication.

As we look to the future, the power of each member has never been more apparent. Together, we have the resilience, innovation, and determination to overcome any obstacle. Your membership is not just a transaction; it's a partnership — one that empowers us to achieve greatness together.



Your Board of Trustees

Back row: Jordan Ruffer (District 6), Richard Polter (District 7), Ryan Wehri (District 5), Kim Shoup (Vice Chairman, District 3); front row: Keith Stark (District 1), Mitch Headley (Secretary, District 2), Chris Oberlin (Chairman, District 4)

What do a co-owner of an auto parts store, an agronomy salesman at a farmer's co-op, a retired manager of a county recycling program, a commercial group manager at a large construction company, a retired service manager of an office supply company, an owner of an engine rebuilding business, and a project coordinator for a large steel building manufacturing company have in common?

First, they are all members of NWEC and second, they have all volunteered to serve as trustees on the NWEC Board. Each one was elected by their fellow cooperative members to represent a different district in our service area.

Having such a diverse group of individuals on the board is a benefit for cooperative members. Each trustee brings a different skill set, different life experiences and different educational background to the position. This variety ensures that the membership is fairly represented.

Prior to being elected to the NWEC Board of Trustees, none of these members had experience making decisions for an electric cooperative. What they did have was the desire and willingness to serve their community. As a part of the governing body of their local cooperative, they have committed their time and energy to educate

themselves so that they can make informed, long-term decisions for the continuation of the cooperative.

As elected representatives, these members are accountable to the entire membership. They bring the collective voices of more than 6,000 cooperative members to the table when they attend the monthly board meetings. But their representation does not stop there. They also represent all the NWEC membership at state and national organizations. They make sure that "you have the power" of a decision-making voice when it needs to be heard.

These trustees are your neighbors, your friends or may even be a member of your family. They live and work in the same community as all of you. They each pay an electric bill each month, just like you. They each want reliable and affordable electricity now and, in the future, just like you.

By obtaining education, gaining experience, and serving on the NWEC board, they are ensuring that our cooperative and our community thrive for another 88 years and beyond!

Thank you to all the NWEC Board of Trustees members for all you do for our cooperative and our community!



YOU HAVE THE POWER

As a member of NWECC, you obviously “have the power” in the form of reliable, affordable and safe electricity, but it is more than that!



You have the POWER because...

you have control of your electric usage and your bill. NWECC offers several programs and options to assist you in managing your account but you determine the amount of electricity you need.



You have the POWER because...

you can vote for the leaders of your cooperative. You can also vote on changes to the Code of Regulations, the governing document for the basic structure of the cooperative.



You have the POWER because...

you have a group of dedicated, local individuals who work for you around the clock. Our employees receive training and education throughout their careers to enable them to provide you with the very best in member services.



You have the POWER because...

you can change lives in our community. By participating in the Operation Round Up program and rounding up the amount you pay each month, you are helping provide food and needed services to organizations and individuals right here in our area.



You have the POWER because...

you have a Board of Trustees who are committed to educating themselves and are capable of providing proper guidance and sound decisions for the future of the cooperative. You even have the opportunity to become a trustee yourself, if you want.



You have the POWER because...

you have state and national cooperative organizations that advocate on behalf of all cooperative members for legislative policies that make sense and secure the resources needed for the future.



You have the POWER because...

you can support or voice your opinion to legislators who are responsible for making the decisions that may affect the reliability of your electricity and the cost of your service.



You have the POWER because...

you have access to the very best in technology and innovations in the electric industry. Your cooperative regularly maintains and updates the infrastructure of our system to ensure that our members are receiving the service you expect and deserve.

Statement of Revenue & Expenses

For the years ended December 31, 2023 and 2022

	2023	2022
REVENUE:		
Electric Energy Revenue – Customer	16,744,553	17,079,140
Other Operating Revenue	172,744	173,113
TOTAL OPERATING REVENUE	\$16,917,297	\$17,252,253
OPERATING EXPENSES:		
Cost of Power	10,644,719	11,093,805
Operation Expense	552,273	572,476
Maintenance Expense	726,176	692,089
Customer Account Expense	362,065	409,555
Sales Expense	26,071	33,134
Administrative & General Expense	1,353,455	1,202,165
TOTAL OPERATING EXPENSE	\$13,664,759	\$14,003,224
OTHER DEDUCTIONS:		
Depreciation Expense	1,313,103	1,274,186
Interest Expense	670,860	563,667
Property Tax Expense	680,287	670,749
Other Deductions	4,180	1,222
TOTAL OTHER DEDUCTIONS	\$2,668,430	\$2,509,825
TOTAL COST OF ELECTRIC SERVICE	\$16,333,189	\$16,513,049
OPERATING MARGINS	\$584,108	\$739,204
ADD: NONOPERATING MARGINS:		
Interest Income & Other	382,935	86,375
G & T Capital Credits	597,767	541,729
NONOPERATING MARGINS	\$980,702	\$628,105
TOTAL MARGINS	\$1,564,811	\$1,367,308
TIMES INTEREST EARNED RATIO	3.33	3.43

Financial Reporting

Financial statements are reports about NWECC's financial results and financial condition. They are useful for the following reasons:

1. To determine whether a business has the capability to pay back its debts.
2. To track financial results on a trend line to spot any looming profitability issues.
3. To derive financial ratios that can indicate the condition of the business.

BALANCE SHEET

Presents the financial position of an entity at a given date. This is a two-year comparison. It comprises the following three elements:

Assets

Something a business owns or controls (cash, inventory, plant and investments, etc.)

Liabilities

Something a business owes to someone (creditors, bank loans, etc.)

Equity

What the business owes to its member-owners. This represents the amount of capital that remains in the business after its assets are used to pay off its outstanding liabilities.

Equity represents the difference between the assets and liabilities.

INCOME STATEMENT

Also known as the Statement of Revenue and Expense, reports the company's financial performance in terms of net profit or loss over a specified period. This is a two-year comparison. It is composed of the following two elements:

Income

What the business has earned over a period (sales revenue).

Expense

The cost incurred by the business over a period (salaries and wages, depreciation, cost of power, etc.).

Net profit and loss is calculated by deducting expenses from income.

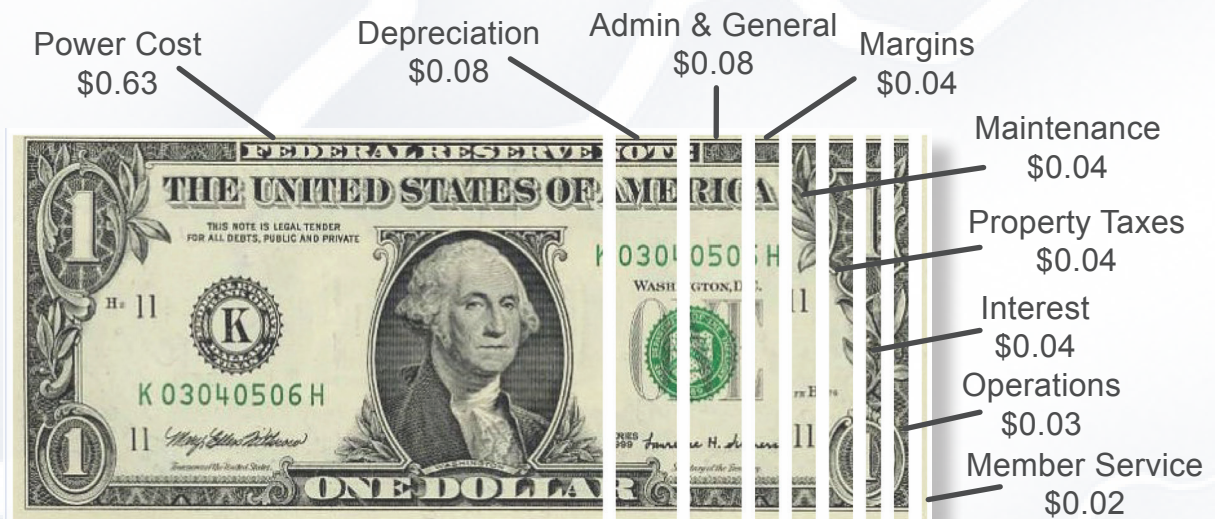


Balance Sheet

As of December 31, 2023, as compared with December 31, 2022

	2023	2022
ASSETS:		
Utility Plant	45,277,905	42,975,655
Less: Reserve for Depreciation	-15,955,126	-15,197,311
Book Value of Utility Plant	29,322,779	27,778,344
Cash & Short Term Investments	1,284,643	980,961
Receivables – Accounts, Notes & Interest	2,804,383	3,009,635
Investments in Associated Organizations	10,597,144	9,955,827
Materials & Supplies	652,952	578,548
Other Assets	344,499	302,869
TOTAL ASSETS	\$45,006,401	\$42,606,183
LIABILITIES:		
Accounts Payable	1,793,713	1,406,078
Accrued Taxes & Deferred Credits	1,132,003	1,076,739
Long-term Debt	21,490,887	20,629,566
Short-term Debt	300,000	0
TOTAL LIABILITIES	\$24,716,603	\$23,112,383
EQUITY:		
Patronage Capital – Regular	14,312,734	13,889,892
Patronage Capital – G & T	5,977,064	5,603,908
TOTAL EQUITY	\$20,289,798	\$19,493,800
TOTAL LIABILITIES & EQUITY	\$45,006,401	\$42,606,183
EQUITY RATIO	45.08%	45.75%

How your power bill dollar was spent



Your Employees



A Touchstone Energy Cooperative



Andrew Overman, Director of Finance & Accounting

Bob Carter, Director of Operations

Braden Miller, Journeyman Lineman

Brad Plummer, Journeyman Lineman

Chad Livensparger, Journeyman Lineman

Darin Thorp, President/CEO

Doug Dulle, Journeyman Lineman

Doug Hammond, Warehouse Coordinator

Jaden Valderas, Staking/Field Technician

Jessica Cummins, Member Services Representative

Joe Belcher, System Equipment & Maintenance Specialist

Levi Brandt, Journeyman Lineman

Natalee Collins, Accounting Manager

Nolan Swank, Apprentice Lineman

Pearl Rakes, Director of Marketing & Communications

Preston Knecht, Staking Technician/Fleet & Safety Manager

Shane Zulch, Groundman

Tom Clark, Crew Chief

Tracey Carter, Director of Human Resources



Dakota Parish, Service Technician

Jade Linnemeier, Customer Service Representative

Josh Curry, Delivery Driver/Service Representative

Josh Mansel-Pleydell, Delivery Driver/Service Representative

Lyndsay Villalovos, Customer Service Representative, Seasonal

Peter Coolman, Director of Operations

