



# 2022 Annual Report

***NORTH WESTERN  
ELECTRIC***

A Touchstone Energy® Cooperative





# 2022 ANNUAL REPORT

## Management Summary

Reliable electric service from your cooperative doesn't just happen overnight. You see the lights turn on when you flip a switch, but reliability is a process that requires years of strategic financial planning by a knowledgeable board of trustees and hard work by dedicated employees. This past year was a testament to that.

Amidst a struggling economy in 2022, your cooperative was faced with rising costs for materials, fuel for our vehicles, and transmission charges; yet, as a result of our consistent financial stability, we were able to weather those increases with only a minimum rate adjustment for our member-owners, effective in February 2023. The successful long-term financial planning by the NWECC Board of Trustees allowed your cooperative to remain financially sound and able to meet all key financial targets required by our financial partners, the United States Department of Agriculture/Rural Utility Service (USDA/RUS) and the National Rural Utilities Cooperative Finance Corporation (CFC).

Each year, we then share our financial successes with our member-owners, giving you back a return on your investment. In December, the NWECC Board of Trustees approved capital credits refunds totaling \$611,200 to current and former member-owners of the cooperative. Your cooperative has refunded these excess margins annually



**Chris Oberlin**  
Chairman of the Board



**Darin Thorp**  
President/CEO

since 1978, holding a portion to fund capital improvements that keep our service reliable.

In 2022, NWECC invested more than \$2 million dollars in capital improvements, which included replacing more than a mile of copper wire and converting more than two miles of single-phase to three-phase wiring. The crews also constructed 43 new services. Annual maintenance was performed on poles, wires, regulators, and breakers.

Most of these projects were scheduled as part of the four-year work plan that is created by the NWECC management and staff, then approved by the board of trustees. This strategic plan provides a realistic "roadmap" that drives material purchases,



job scheduling, finances, and staffing. Some of the projects are accomplished with the help of outside contractors, but most of the work is completed by NWECC's seven lineworkers. These employees also handle the day-to-day requests and outages as they happen.

All this — and more — was possible despite the current economy and ongoing supply chain shortages, again thanks to the stable financial foundation built by NWECC's management, our employees and the board of trustees. We understand how important the reliability of our electric system is to each of you, and it's our job to make sure your power is there when you need it 24/7/365.

We know that this past year was financially hard on some of our member-owners, too. That is why we continued to offer opportunities to help you spend less on your electric bill, such as our free home energy audits and rebates for new appliance purchases. We also offered payment plans and budget billing for those who just needed a little more time to stretch out their paychecks. Our commitment to you does not stop with just keeping the lights on.

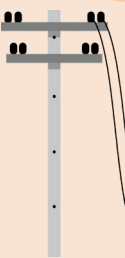


No matter how distressed the nation's economy may seem, all of us here at NWECC believe that opportunities should still be available to the young people in our community. That's why we're proud to continue our support of the Ohio's Electric Cooperatives Youth Tour, a leadership program that provides a weeklong, all-expenses-paid trip to Washington, D.C., for students across the state and nation. NWECC sponsored two local students for this life-changing experience.


NWECC also awarded \$7,000 in scholarships to seven local students. Their determination to continue their education is commendable — and costly — so we are here to ease the burden for a few families in our area.

Education and training are at the core of your cooperative, whether it is helping local students pursue scholastic endeavors or providing educational tools for our employees and board so that they can work safely, make sound decisions, and understand their role in providing service to our membership. Investments like this are essential to the success of the community where we all work, live and play.

NWECC is committed to providing a strong electric system and remaining financially strong, despite economic challenges. We are all dedicated to doing our part to ensure that NWECC's future is as bright and successful as our past.

## Reaching into our **COMMUNITY**

- 
  - Performed electrical safety demonstrations for over 700 people
  - Participated in career exploration events reaching over 350 people
- 
  - Awarded scholarships to seven students totaling \$7,000
  - Sponsored two students for the Ohio Youth Tour trip to Washington, D.C.
  - Rewarded eleven students with \$25 each for putting forth their best effort at home and school with our Give Us An "A" with a twist contest
- 

Participated in the United Way of Defiance Co. Hot Air Balloon Festival to help raise money for the Community Engagement Center
- 

Distributed \$28,450 in grants to 29 different community organizations through the Operation Round Up program

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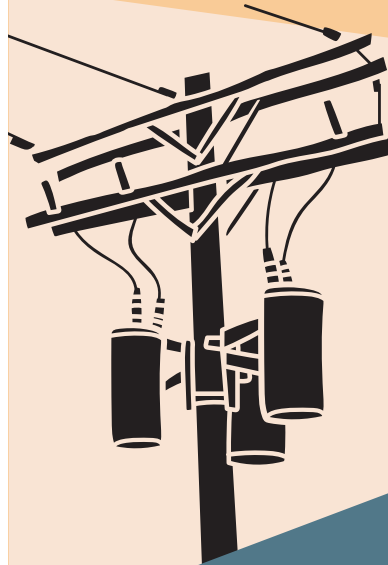
This project at County Road C and State Route 576 required “all hands on deck” to complete.



These photos show examples of the need to replace aging copper wire throughout our system. The wire is twisted strand and over time the copper becomes brittle. When that happens, any movement, such as high winds or the accumulation of heavy ice, will cause the individual strands to break. This results in a loss of the continuous flow of electricity and also increases the chance of downed live wires.

The crews made great progress on this project in 2022 but their work is not done. They are committed to continuing to upgrade the system to ensure that it is safe and reliable for everyone.

## *Building for* **RELIABILITY**



construction  
projects  
completed in  
**2022**

**11,880**  
feet

conversion of  
overhead  
single-phase to  
three-phase

**8,093**  
feet

replacement of  
aging copper  
wire with new  
style conductor

**4,484**  
feet

construction  
of overhead  
three-phase

**1,170**  
feet

rebuild of  
overhead  
three-phase

**730**  
feet

construction of  
overhead  
single-phase





**Keith Stark**  
District 1



**Mitch Headley**  
District 2



**Kim Shoup**  
District 3



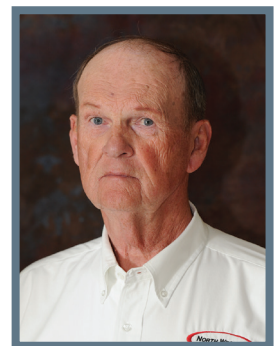
**Chris Oberlin**  
District 4



**Ryan Wehri**  
District 5



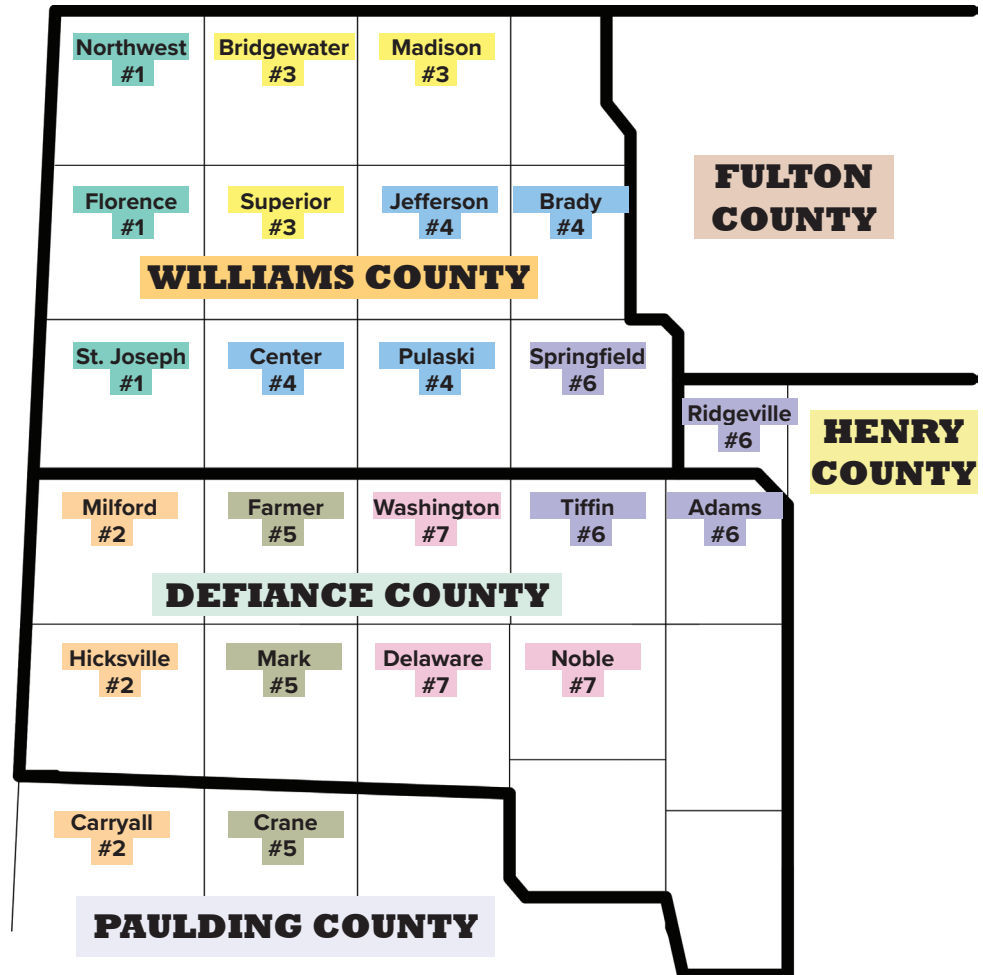
**Jordan Ruffer**  
District 6



**Richard Polter**  
District 7

## Your Board of Trustees

North Western Electric is a democratic organization with a board of trustees. The board has seven trustees, each representing a different district in our service area. The trustees are member-owners of the cooperative who are elected by their fellow member-owners. Their duty is setting policies and making decisions for the continuation of the cooperative and as elected representatives who are accountable to the membership. Trustees serve three-year terms and are elected at the annual meeting.



# 2022 ANNUAL REPORT

## Statement of Revenue & Expenses

For the years ended December 31, 2022 and 2021

|                                       | 2022                | 2021                |
|---------------------------------------|---------------------|---------------------|
| <b>REVENUE:</b>                       |                     |                     |
| Electric Energy Revenue – Customer    | 17,079,140          | 16,292,170          |
| Other Operating Revenue               | 173,113             | 164,031             |
| <b>TOTAL OPERATING REVENUE</b>        | <b>\$17,252,253</b> | <b>\$16,456,202</b> |
| <b>OPERATING EXPENSES:</b>            |                     |                     |
| Cost of Power                         | 11,093,805          | 10,409,616          |
| Operation Expense                     | 572,476             | 372,350             |
| Maintenance Expense                   | 692,089             | 748,437             |
| Customer Account Expense              | 409,555             | 372,278             |
| Sales Expense                         | 33,134              | 36,139              |
| Administrative & General Expense      | 1,202,165           | 1,096,705           |
| <b>TOTAL OPERATING EXPENSE</b>        | <b>\$14,003,224</b> | <b>\$13,035,524</b> |
| <b>OTHER DEDUCTIONS:</b>              |                     |                     |
| Depreciation Expense                  | 1,274,186           | 1,271,179           |
| Interest Expense                      | 563,667             | 550,670             |
| Property Tax Expense                  | 670,749             | 649,013             |
| Other Deductions                      | 1,222               | 1,892               |
| <b>TOTAL OTHER DEDUCTIONS</b>         | <b>\$2,509,825</b>  | <b>\$2,472,753</b>  |
| <b>TOTAL COST OF ELECTRIC SERVICE</b> | <b>\$16,513,049</b> | <b>\$15,508,278</b> |
| <b>OPERATING MARGINS</b>              | <b>\$739,204</b>    | <b>\$947,924</b>    |
| <b>ADD: NONOPERATING MARGINS:</b>     |                     |                     |
| Interest Income & Other               | 136,875             | 386,859             |
| G & T Capital Credits                 | 541,729             | 400,849             |
| <b>NONOPERATING MARGINS</b>           | <b>\$678,605</b>    | <b>\$787,708</b>    |
| <b>TOTAL MARGINS</b>                  | <b>\$1,417,808</b>  | <b>\$1,735,632</b>  |
| <b>TIMES INTEREST EARNED RATIO</b>    | <b>3.52</b>         | <b>4.15</b>         |



## 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.).

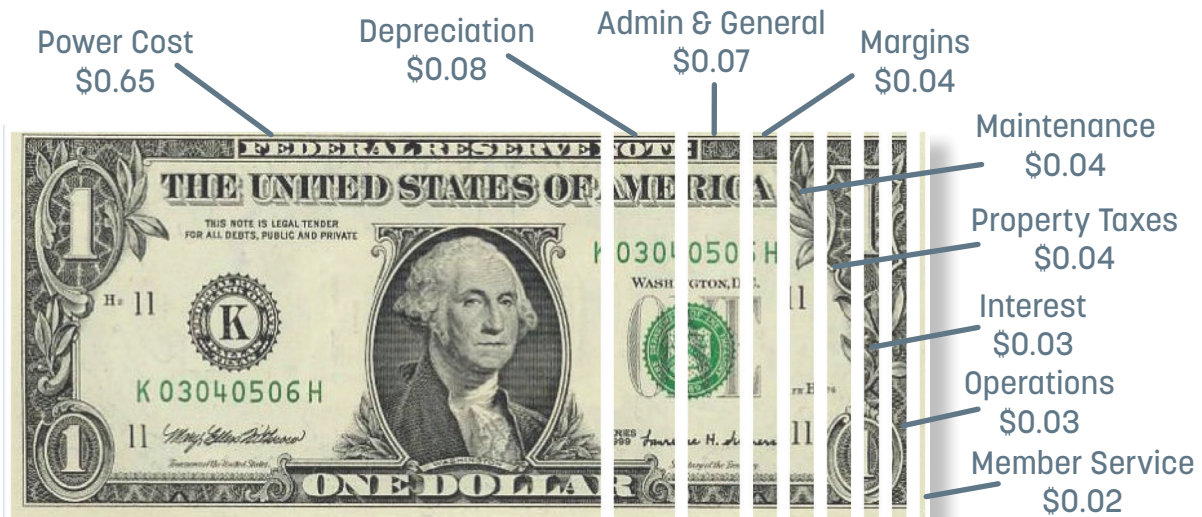
Net profit and loss is calculated by deducting expenses from income.

# Balance Sheet

As of December 31, 2022, as compared with December 31, 2021

|  | 2022                | 2021                |
|--|---------------------|---------------------|
| <b>ASSETS:</b>                           |                     |                     |
| Utility Plant                            | 42,975,655          | 42,466,180          |
| Less: Reserve for Depreciation           | -15,197,311         | -15,293,304         |
| Book Value of Utility Plant              | 27,778,344          | 27,172,876          |
| Cash & Short Term Investments            | 980,961             | 98,501              |
| Receivables – Accounts, Notes & Interest | 3,009,635           | 2,600,066           |
| Investments in Associated Organizations  | 10,006,327          | 9,970,315           |
| Materials & Supplies                     | 578,548             | 428,887             |
| Other Assets                             | 302,869             | 354,621             |
| <b>TOTAL ASSETS</b>                      | <b>\$42,656,683</b> | <b>\$40,625,266</b> |
| <b>LIABILITIES:</b>                      |                     |                     |
| Accounts Payable                         | 1,406,078           | 1,417,868           |
| Accrued Taxes & Deferred Credits         | 1,076,739           | 1,022,602           |
| Long-term Debt                           | 20,629,566          | 19,015,512          |
| Short-term Debt                          | 0                   | 200,000             |
| <b>TOTAL LIABILITIES</b>                 | <b>\$23,112,383</b> | <b>\$21,655,981</b> |
| <b>EQUITY:</b>                           |                     |                     |
| Patronage Capital – Regular              | 13,940,392          | 13,474,626          |
| Patronage Capital – G & T                | 5,603,908           | 5,494,658           |
| <b>TOTAL EQUITY</b>                      | <b>\$19,544,300</b> | <b>\$18,969,285</b> |
| <b>TOTAL LIABILITIES &amp; EQUITY</b>    | <b>\$42,656,683</b> | <b>\$40,625,266</b> |
| <b>EQUITY RATIO</b>                      | <b>45.82%</b>       | <b>46.69%</b>       |

## How your power bill dollar was spent






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## Employees

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  
Joe Belcher, System Equipment & Maintenance Specialist  
Levi Brandt, Journeyman Lineman  
Nikki Mittelstaedt, Accounting Manager  
Nolan Swank, Apprentice Lineman  
Pearl Rakes, Director of Marketing & Communications  
Preston Knecht, Staking Technician/Fleet & Safety Manager  
Shane Zulch, Staking/Field Technician  
Tom Clark, Crew Chief  
Tracey Carter, Director of Human Resources



A Touchstone Energy® Cooperative 



Dakota Parish, Delivery Driver/Service Representative  
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, Operations Manager

