



A Touchstone Energy® Cooperative 

LIVE LINES

Woodbury County Rural Electric Cooperative

August 2023

Invitation to attend the annual membership dinner and meeting!

It's that time of year again – annual meeting time! On behalf of the Woodbury County REC, you are invited to join us on August 23, 2023 at our Merville headquarters building. We look forward to gathering with you – the members of the community – to enjoy some good food and fellowship. A meal will be served starting at 5:00 p.m. followed by the business meeting at 6:30 p.m.

This event is not only a chance to visit with members of our coop community – it is also a great opportunity to learn about programs offered by the cooperative and get to know your coop board of directors and staff. Our annual meeting is one way we can inform you about important operational and industry issues that face the cooperative. However, our phone is always on, and you can walk in any time during office hours to sit and visit about issues that matter to you, your family, business, and local communities.

Woodbury County REC is not owned by far away investors, and it is not run by an appointed board of directors. We are run by a democratically elected board of directors – a board who is given the privilege to serve because of your vote. Our directors are members of the cooperative and members of your community. They are concerned with the issues you face every day because they face them too. Please complete your ballot and return it in the enclosed return envelope as soon as possible. Be sure to mail your mail-in-ballot prize card with your ballot so you are eligible for our mail-in-ballot prize drawing. Mail your ballot early so it can arrive at the post office in Merville prior to 3pm, on Wednesday, August 23rd.

Come join the meeting, enjoy the meal, and receive a handout for attending. We hope to see you on August 23rd.

OFFICIAL NOTICE OF THE 85th ANNUAL MEETING

TO THE MEMBERS OF WOODBURY COUNTY RURAL ELECTRIC COOPERATIVE:

You are hereby Notified that the Annual Meeting of the members of Woodbury County Rural Electric Cooperative will be held at the Cooperatives headquarters building, 1495 Humbolt Avenue, Merville, Woodbury County, Iowa on August 23, 2023, at 6:30 PM.

This meeting is the regular Annual Meeting for the year 2023 as provided in the Articles and By-Laws. At said meeting, action will be taken upon the following matters:

1. Reading of the notice of the meeting and of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
2. Presentation and consideration of, and acting upon, reports of officers, directors and committees.
3. Election of Directors of the Cooperative as follows: Three(3) Directors to be elected for a term of three(3) years ending at the 2026 Annual Meeting, or when their

successors have been duly elected, to succeed Chris Countryman, Bruce Sadler, and Chuck Widman whose terms will expire at this meeting.

4. All other business which may properly come before the meeting.

In connection with the election of Directors of the Cooperative, a Committee on Nominations has been appointed and has filed its report. The ballot to be used at this meeting is attached here too. Please include your return address on mail in ballot.

Dated: August 9, 2023 /s/Chris Countryman, Secretary

**Grand Prize
\$300 Bill Credit**

Those members who vote by mail will be eligible for a \$300 credit on their next electric bill. The name will be drawn at the Annual Meeting on August 23rd. Winner will be published in September Live Lines.

Director Candidates for 2023

The Board of Directors of your electric cooperative is a very important part of the cooperative way of doing business. Directors are the ones who are elected by the membership to oversee the finances and operation of the cooperative. They meet monthly to review the past month's financial records and to set any needed policy.

Woodbury County REC's Board is made up of seven members whose term is for three years. At the 2023 Annual Meeting, to be held on August 23rd, the term of three of those directors will have expired. Pictured here are those Woodbury County REC members who have been nominated to run for election to the three vacant seats. Beside the picture of each is a short biography so that you may get to know them better.

Enclosed with this Annual Report is a ballot where you may vote for the persons you would like to represent your interest on the Board of Directors. Please take a few minutes to review each candidate and voice your opinion by voting.



Kim Brouwer

Kim Brouwer is married to her husband Kelly and they are the parents of three children. Kim is a substitute teacher, former business teacher, and school business official serving as board secretary for 11 years at Lawton-Bronson CSD. Kim has lived in rural Bronson her entire life and has been a member of Woodbury REC for 22 years. In her spare time Kim enjoys attending children's events, knitting, quilting, and spending time with family.

Chris Countryman is married to Jodi, and they are the parents of four children and two grandchildren. Chris is a Financial Advisor and the owner of Countryman Financial Group LLC. He is a member of the Merville Chamber of Commerce, the National Association of Insurance and Financial Advisors, the Merville Community Development Association Inc., and is the current Board Secretary for the Woodbury County REC. Besides work, Chris enjoys spending time with his family, fishing, hunting, golfing, and farming.



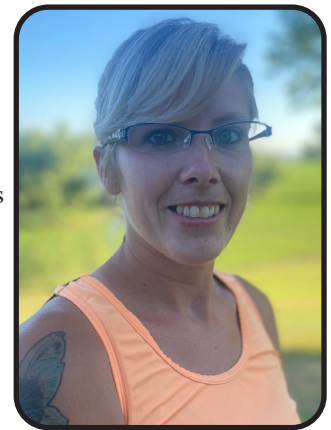
Chris Countryman



Matt Lawler

Matt Lawler and his wife Cari have two daughters and one son. Matt has lived in the area for 37 years and a member of the Woodbury REC for 7 years. He is Financial Advisor for F&M Wealth Management where he works with pre-retirees and retired individuals on planning for retirement. Some of Matt's previous committee and board experiences have been Downtown Sioux City Rotary, Kiwanis Club, Briar Cliff Board of Trustees and Securities America Inc. FI Advisory Board. In his free time he enjoys golfing, bicycling, hunting, fishing, and quality time with family.

Laura Myrtue has a daughter Gracie. Ms. Myrtue has lived in the Smithland area for 34 years and has been and REC member for the last 11 years. Laura farms with her brother which they have a cow/calf herd and raise crops as well. Laura is a member of the ISA Communication Squad. In her free time she enjoys fishing and spending time with family.



Laura Myrtue



Bruce Sadler

Bruce Sadler is married to Shelly and they are the parents to two daughters and five grandchildren. Bruce is a farmer by profession. Mr. Sadler is currently a Director for the Woodbury County REC, serves on the Fairfield Cemetery and has been on various boards over the years. When his busy schedule allows, he enjoys golfing, fishing and traveling with family.

The Annual Meeting will feature:

Where: Woodbury County REC office building

When: Wednesday, August 23, 2023

Supper served from 5:00 PM to 6:30 PM

Business meeting at 6:30 PM

Prize drawing at the end of meeting.

The names of 50 lucky members, who register at the meeting, will be drawn for \$20 worth of free electricity and be published in the September Live Lines. Each registered member will receive \$5 worth of free electricity.



A REPORT FROM BOARD PRESIDENT STEINHOFF AND GENERAL MANGER KENT AMUNDSON

As members of the Woodbury County REC, you expect the lights to always be there. Due to inclement weather and national reliability concerns we cannot guarantee it will be there. However, we can guarantee the cooperative staff will be here when you need us to restore localized electric service for you safely and promptly. It is also safe to say our whole power suppliers, the North West Iowa Power Cooperative (NIPCO), Basin Electric Power Cooperative, and the Western Area Power Administration (WAPA), are doing their part to provide Safe, Reliable, and Affordable power to the membership.

During 2022, our crews focused on line inspections and maintenance activities along with several new service installations. Each year we also complete one to two larger system improvement projects that are identified during our long-range planning process. This spring we relocated some of our distribution lines at the request of the Iowa DOT and Woodbury County Road Departments. We are currently working on an overhead to underground conversion project in the Sergeant Bluff area. Once completed we move to an underground replacement project between Salix and Sloan. These projects will certainly increase the reliability of service in these areas. Outages take priority during any given day, and we are proud of the problem-solving skill of our cooperative employees. Our inside staff, while always keeping up with the billing, accounting, and customer service will soon be rolling out a newly designed SmartHub web and mobile app. We have also been busy responding to members inquiries relating to energy efficiency programs, solar energy, and a few electric vehicle inquiries. Our member service and wiring department started rolling out new load control switches to members that signed up for the cooperative's Switch-Makes-Cents load control program, this program is designed to shed load at peak demand times and times when wholesale power costs are greatest. This program saves Woodbury members approximately \$400,000 annually; the upgrade will take several years to be completed. Inside staff have also worked on implementing cyber security priorities and updating the cooperatives cyber policies and procedures.

We continue to work with our economic development partners responding to commercial prospects to locate or expand in Woodbury County. The Cooperative has also been taking advantage of the USDA's Rural Economic Development Grant and Loan program that brings federal dollars to rural areas of the country for economic development purposes. These efforts in turn help our local communities and the financial stability of the cooperative. Although economic development does not happen overnight, we are starting to see movement as the number kilowatt hour sales to our commercial members will likely double by the end of 2023.

NIPCO continues to make improvements to transmission lines and substation that serve the Woodbury REC membership. To date, eight of the nine substations that serve Woodbury REC have been rebuilt; the last one is scheduled for 2024. During 2023, NIPCO rebuilt the transmission line that goes from Hinton to just north of Merville and in 2024 they plan to rebuild the line from that point going south and then east into Ida county. This line provides power to four REC substations and the municipal substation at the City of Anthon. NIPCO's transmission and substation improvements will certainly improve reliability for our member-consumers.

Although our nation does not have a formal energy policy, over the past decade there has been attempts; you may recall the Environmental Protection Agency (EPA) announcing the Obama era Clean Power Plan and the Trump era Affordable Clean Energy rule. Both plans were discarded by the courts. The EPA recently announced new proposed rules on Emission Standards using the decades old Clean Air Act as its basis and reinforced by legislation in the recent Inflation Reduction Act. These new proposed rules require carbon reductions at fossil fuel power plants or else utilities should plan on shutting them down. These rules are being implemented as electricity demands are increasing by the electrification of the transportation industry.

The Woodbury REC Board and Staff remain dedicated to providing you, our member-consumers, with safe, reliable, and affordable electric service and we will hold these principals close when conducting our daily duties and planning for the future.

Financial Report For Year End 2022

As a member/owner of Woodbury County Rural Electric Cooperative, it is important for you to be informed about the financial operation of your electric cooperative. The following is the financial statement for the year 2022, which is the last year available. In addition to the 2022 numbers, 2021's numbers are also shown for a comparison. This report includes the Balance Sheet which lists the Cooperatives Assets and Liabilities and the Statement of Operations which shows where the dollars were spent.

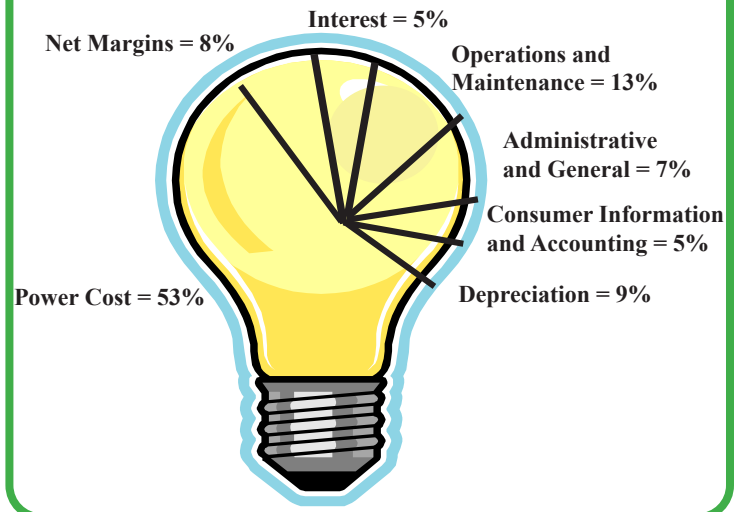
Balance Sheet

| <u>ASSETS</u> | <u>2022</u> | <u>2021</u> | <u>LIABILITIES AND EQUITIES</u> | <u>2022</u> | <u>2021</u> |
|--------------------------------------|----------------------------|----------------------------|--|----------------------------|----------------------------|
| Total Utility Plant in Service | \$36,057,722 | \$34,441,112 | Patronage Capital | \$ 8,294,041 | \$8,185,428 |
| Construction Work in Progress | <u>408,180</u> | <u>863,099</u> | Margins and Other Equities | <u>10,894,776</u> | <u>10,296,746</u> |
| Total Utility Plant | 36,465,902 | 35,304,211 | TOTAL MARGINS AND EQUITIES | <u>19,188,817</u> | <u>18,482,174</u> |
| Less: Accumulated Depreciation | <u>12,668,082</u> | <u>12,328,521</u> | LONG-TERM DEBT | <u>10,825,642</u> | <u>9,486,515</u> |
| NET UTILITY PLANT | <u>23,797,820</u> | <u>22,975,690</u> | Notes Payable | 950,000 | 750,000 |
| Investments in | | | Accounts Payable | 566,924 | 326,095 |
| Associated Organizations | 4,260,185 | 4,113,647 | Consumer Deposits | 21,439 | 22,164 |
| Other Investments | <u>910,693</u> | <u>550,565</u> | Other Accrued Liabilities | <u>359,214</u> | <u>366,304</u> |
| TOTAL INVESTMENTS | <u>5,170,878</u> | <u>4,664,212</u> | TOTAL CURRENT AND ACCRUED LIABILITIES | <u>1,897,577</u> | <u>1,464,563</u> |
| Cash | 23,034 | 1,852 | DEFERRED CREDITS | <u>10,794</u> | <u>14,673</u> |
| Temporary Investments | 52,477 | 825,434 | | | |
| Accounts Receivable | 1,145,433 | 214,184 | | | |
| Materials and Supplies | 1,571,716 | 572,564 | | | |
| Prepayments | <u>59,134</u> | <u>58,595</u> | | | |
| TOTAL CURRENT ASSETS | <u>2,851,794</u> | <u>1,672,629</u> | | | |
| DEFERRED DEBITS | <u>102,338</u> | <u>135,394</u> | | | |
| TOTAL ASSETS AND OTHER DEBITS | <u>\$31,922,830</u> | <u>\$29,447,925</u> | TOTAL LIABILITIES AND EQUITIES | <u>\$31,922,830</u> | <u>\$29,447,925</u> |

Statement of Operations

| | <u>2022</u> | <u>2021</u> |
|--|----------------------------|---------------------------|
| OPERATING REVENUE AND PATRONAGE CAPITAL | <u>\$10,446,694</u> | <u>\$9,176,024</u> |
| Cost of Power | 5,495,825 | 4,792,059 |
| Operations and Maintenance | 1,393,754 | 1,264,151 |
| Consumer Service and Marketing | 513,071 | 497,542 |
| Administrative and General | 753,663 | 682,144 |
| Depreciation | 935,318 | 886,701 |
| Interest on Long Term Debt | 458,793 | 423,970 |
| Other Expenses | <u>43,354</u> | <u>21,339</u> |
| TOTAL COST OF SERVICE | <u>9,593,778</u> | <u>8,567,906</u> |
| NET OPERATING MARGINS | <u>852,916</u> | <u>608,118</u> |
| OTHER INCOME AND MARGINS | <u>385,925</u> | <u>624,981</u> |
| TOTAL MARGINS AND PATRONAGE CAPITAL | <u>\$ 1,238,841</u> | <u>\$1,233,099</u> |

This Light Bulb graph shows where each dollar you pay for electricity is spent. As an example; 53 cents of every dollar is spent to purchase the actual wholesale electric power you use.



Growing Reliability Threats

By Jim Matheson

American families and businesses expect the lights to stay on at a cost they can afford. But that's no longer a guarantee. Nine states saw rolling blackouts last December as the demand for electricity exceeded available supply.

This is no longer a theoretical conversation. And unless policymakers change course, it's going to get worse.

Warnings and challenges mount

In May, the EPA proposed a rule to regulate power plant emissions. This proposal will further strain America's electric grid and undermine decades of work to reliably keep the lights on across the nation. And it is just the latest instance of EPA failing to prioritize reliable electricity as a fundamental expectation of American consumers.

It shouldn't have to be this way. When you find yourself in a hole, the first thing to do is stop digging. But instead of putting down the shovel, EPA wants to bring in an excavator.

But don't just take my word for it. Warnings about the threat of reliability challenges have snowballed in recent months. The 2023 NERC summer reliability assessment recently highlighted that more of the country is at risk of blackouts than last year. And NERC says that the EPA proposal will accelerate the reliability challenges facing the nation.

In May, several FERC Commissioners warned the U.S. Senate about threats to reliable electricity. And in March, PJM CEO Manu Asthana said that the regional transmission organization needed to slow the pace of generation retirements to avoid reliability problems by the end of the decade.

Voicing reliability concerns

America has a reliability problem. And with the help of co-op leaders across the nation, NRECA has been a leading voice in sounding the alarm on reliability. Today's energy decisions will determine if there are sufficient resources to keep the lights on tomorrow. First, lawmakers need to acknowledge the problem and identify the threats. Five issues are currently impacting the reliable delivery of electricity across the nation. They include:

- Increasing demand for electricity as other sectors of the economy are electrified.
- Decreasing electricity supply due to the disorderly retirement and insufficient replacement of existing generation.
- Permitting delays that prevent new electric infrastructure from being built and connected to the grid.
- Supply chain challenges.
- Problems with natural gas availability.

Commitment to member-consumers

None of these challenges will be easy to address, but we can start by asking ourselves this question: Is this what America is supposed to be? Should the threat of rolling blackouts be a permanent facet of U.S. energy policy? The answer to both of those questions is an obvious and resounding no for electric co-ops and the communities we serve.

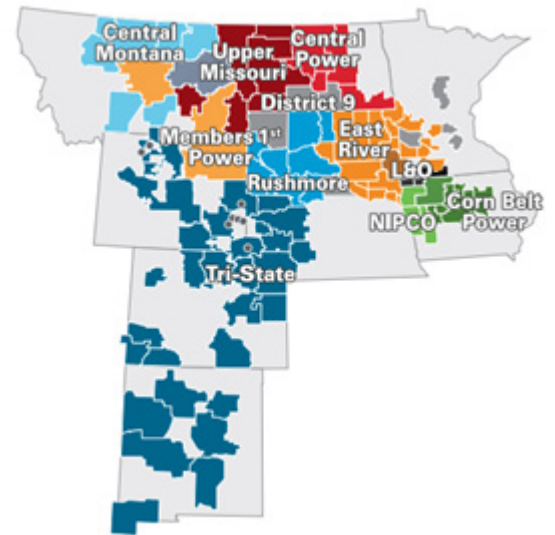
The long-term solution requires policymakers and regulators to recognize the need for time, technology development and new transmission infrastructure. These are the essential ingredients for an energy future that prioritizes reliable electricity for all consumers, including the 42 million Americans served by electric cooperatives.

Jim Matheson is the CEO of the National Rural Electric Cooperative Association



Facts and Figures from our Generation Cooperative Basin Electric Power Cooperative

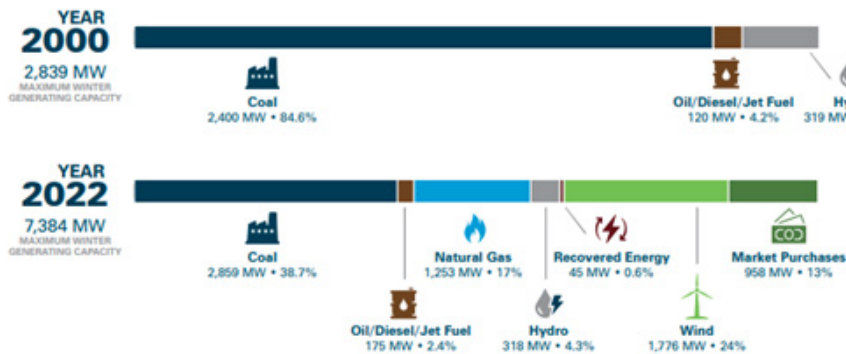
Basin Electric and its member electric cooperatives provide rural America is essential reliable, affordable, and responsible electricity delivered to 3 million consumer-members at homes, schools, businesses, and more across a nine-state region that stretches from the Canadian border to the Mexican border and across the Great Plains. The Basin Electric family of electric cooperatives work hard every day delivering on the commitment to maintain safe and reliable flow of electricity to enrich lives.



LEADERS IN ENVIRONMENTAL STEWARDSHIP

Basin Electric’s stewardship of the environment has been a guiding principle since its incorporation more than six decades ago. In the Statement of Ideals and Objectives adopted in 1967, Basin Electric’s members held “That a clean and healthy environment, which we all need and enjoy, must be maintained and that the energy industry should minimize impacts to the environment.” The cooperative’s leadership in environmental stewardship and the innovation necessary to serve electricity in a reliable, affordable, and responsible manner is evident in many ways. We have grown almost 50% in the last 20 years, and 80% of that load growth was met with wind, natural gas, and market purchases. The cooperative has more than 20 years of experience and knowledge gained in carbon capture, utilization, and storage through our subsidiary, Dakota Gasification Company, and its facility, the Great Plains Synfuels Plant. In renewables, we built and operate the largest wind project owned solely by a cooperative in the nation and have supported the largest wind portfolio of any generation and transmission cooperative in the nation with nearly 1,800 megawatts (MW) of wind generation in both owned wind projects and purchased power agreements. Looking ahead, Basin Electric has committed to 200 MW of additional wind and more than 150 MW of utility-scale solar projects across the Upper Midwest

GENERATING CAPACITY



Note: Megawatts based on winter season net generating capacity as of Dec. 31, 2022, across the entire service territory.

Looking ahead, Basin Electric has committed to 200 MW of additional wind and more than 150 MW of utility-scale solar projects across the Upper Midwest

Reduce Energy Use During Peak Hours

Peak hours are the busiest times for your local electric cooperative since many people are using electricity at the same time. In addition, it costs your co-op more to generate electricity when demand soars during peak periods – and the cost of your electricity also may rise. Obviously, using less electricity during peak periods can save your co-op – and you – money.

Here’s how you can help during peak hours, which generally are on the coldest winter days between 5 a.m. and 9 a.m. or between 4 p.m. and 9 p.m. in the spring, summer, and fall

- * Shift household chores and activities away from peak periods. Wait to run your dishwasher until you go to bed, for instance.
- * Use the most energy efficient appliances. Your microwave oven, for example, uses considerable less energy than your stove or cook top.
- * If you’re buying a new appliance, make sure you get the highly efficient one. Look for “Energy Star” labels when you’re evaluating different models.
- * Be aware of your energy consumption, and try to get in the habit of using energy efficiently year-round.

Use the energy you need, but use it wisely! You’ll help your co-op avoid building expensive new power plants and that, in turn, will help keep your electric rates stable.

