

2015

GUTHRIE COUNTY REC ANNUAL REPORT



Commitment to Service

In grade school, children comb their report cards for “exceeds expectations” marks. This excitement and attentiveness doesn’t change, even as “exceeds expectations” marks turn to traditional “A” and “B” grades. At Guthrie County REC, we also strive to exceed expectations every single day. We don’t want to simply meet your expectations for providing safe, reliable and affordable power. We aim to go farther and do better, from providing superior member service to offering programs that help save time and money.

Earlier in the year, we spotlighted Sharon Traeder and her family farm. The farm was electrified in October 1939 and Sharon lives on that farm today, making her family the longest continuously served member of Guthrie County REC. As committed as Sharon’s family is to Iowa, Guthrie County REC is committed to you, our members. When Sharon was asked about the quality of the Cooperative’s service, she replied, “They’re always just ‘Johnny-on-the-spot’”.

As a member-owned cooperative, we’re dedicated to supporting the communities we serve and improving the quality of life for all our members. To demonstrate our commitment, the cooperative has pledged to invest over \$795,000 in energy efficiency programs, rebates and incentives during the next five years. Guthrie County REC is also invested in the future of the communities we serve. From providing educational scholarships to contributing funding toward community initiatives, we believe our future is a place to grow.

Guthrie County REC and our board of directors take the Cooperative’s fiscal responsibility seriously. After all, we’re managing your resources. We recently received our new annual review of financial trends that compares our cooperative to other electric cooperatives across the country. Once again, our financial strength was recognized due to a high rate of return on equity, strong margins and favorable reliability throughout our distribution system.

I’m thankful to be a part of the Guthrie County REC family. Our employees dedicate themselves to providing exceptional service each and every day. Our cooperative is a dynamic part of the economy - because we are local.

Cozy Nelsen
Executive Vice President/General Manager



Raynold Johnson



John Masmar



Keith Peterson



Bob Batschelet



Don Schwartz



Steve Bireline



Marcel Fett



Joni Rees



Paul Hess

BOARD OF DIRECTORS

SERVICE

Ensuring the reliability of power for the member-owners of Guthrie County REC is the most important service we can provide. In 2015, the Cooperative:

- Installed a dual wound 5,000 kVA transformer in the Exira substation which allows for the conversion to 69kV lines in 2016.
- Built 9.1 miles of 3-phase line from the Perry substation to Stine Seed as a tie between the Yale and Perry substations.
- Finished 3.1 miles of 2-phase lines and 2 miles of single-phase lines out of the Yale substation.
- Completed 9.9 miles of single-phase lines out of the Guthrie substation.
- Developed a new four-year work plan to identify new projects, system upgrades and maintenance needs.

FINANCIAL

Each year, the Guthrie County REC board of directors approves a budget aligned with our mission to provide safe, reliable and fiscally sound power delivery. For the 2015 budget, the board dedicated over twice the resources, compared to 2014, for line conversion projects to enhance service reliability.

One of the unique characteristics of an electric cooperative is our ability to return profits, or margins, to our member-owners in the form of capital credits. In 2015, the Guthrie County REC board of directors:

- Allocated \$540,888.84 in patronage from 2014.
- Approved a pay out of capital credits totaling \$699,087.88 to members who received service in 2000, 2001 and 2014.

FIRST
AID KIT



Guthrie County
Rural Electric Cooperative

COMMUNITY

A commitment to community is important to Guthrie County REC and our employees. We work hard to demonstrate this with our actions year-round. In 2015, the Cooperative:

- Awarded \$4,000 in college scholarships to four deserving high school seniors in the Coon Rapids-Bayard, West Central Valley and Panorama school districts whose parents are cooperative members.
- Donated \$2,000 to the Audubon Recreation Center project with the help of the CoBank Sharing Success Program.

GROWTH

As a cooperative, Guthrie County REC is committed to balancing responsible growth with the needs of our member-owners. In 2015, this focused on forecasting and economic development activities.

Guthrie County REC worked with Stanley Consultants to complete a new sectionalizing study. This checks the cooperatives substations for overloads, voltage drops and coordination of substation feeder devices for transformer protection. The study was completed on our substations in Adair, Audubon, Bear Grove, Diamondhead, Guthrie, Panorama and Perry. While the Cooperative has made a number of system revisions over the years, we have not completed a sectionalizing study since 1990. This study ensures your cooperative is providing the most reliable service possible.

The Cooperative partnered with the Greater Dallas County Development Alliance and industrial park utility providers to certify the Perry Industrial site as a development-ready project. Guthrie County REC will be able to serve a 5 MW load within six months as we complete upgrades to regulators, transformers and potential larger substation projects. Guthrie County REC is also working with the Greater Dallas County Development Alliance and the State of Iowa to receive the state's first green industrial park certification.

THE COOPERATIVE





EMPLOYEES

Front row, from left: Marlene Chalfant, Lori Hix, Cozy Nelsen, Rebecca Schwartz and Dea Kress
Second row, from left: Jeremy Gruber, Josh Oltmann, Elden Wolfe, Jalen Spack and Larry Newbrough
Third row, from left: Jim Terwilliger, Doug Downing, Todd Tinken, Darwin Marean, Curt Knapp, Keith Hise and Brian Marso

Operating Statement

Audited Financials as of December 31, 2014

FINANCIALS

	2014	2013
Operating Revenue & Patronage Capital	\$14,660,309	\$15,982,528
Cost of Purchase Power	\$10,166,752	\$10,124,869
Distribution Expense - Operation	\$1,324,575	\$1,399,145
Distribution Expense - Maintenance	\$195,108	\$171,482
Customer Accounts Expense	\$172,671	\$219,449
Customer Service & Informational Expense	\$42,558	\$117,916
Administrative & General Expense	\$724,609	\$710,922
Total Operation & Maintenance Expense	\$12,626,273	\$12,743,783

kWh Sales:

2013 - 170,310,020

2014 - 171,438,985

kWh Purchases:

2013 - 177,003,491

2014 - 176,834,768

Line Loss:

2013 - 0.063234

2014 - 0.048139

Number of Meters:

2013 - 4,823

2014 - 4,731

Miles of Energized Lines:

2013 - 1,391 2014 - 1,390

Average Monthly kWh Residential Usage:

2013 - 1,695 kWh 2014 - 1,508 kWh

Operating Statement**Audited Financials as of December 31, 2014**

	2014	2013
Depreciation & Amortization Expense	\$852,338	\$830,180
Tax Expense - Other	\$12,071	\$13,340
Interest on Long-Term Debt	\$602,532	\$538,998
Other Deductions	\$819	\$260
Total Cost of Electric Service	\$14,094,033	\$14,126,561
Patronage Capital & Operating Margins	\$566,276	\$1,855,967
Non Operating Margins - Interest	\$30,904	\$54,438
Non Operating Margins - Other	\$42,253	\$22,228
Generation & Transmission Capital Credits	\$847,394	\$548,821
Other Capital Credits & Patronage Dividends	\$54,059	\$75,420
Extraordinary Items	\$0	\$0
Patronage Capital or Margins	\$1,540,886	\$2,556,874

Balance Sheet**Audited Financials as of December 31, 2014**

Assets	2014	2013
Total Utility Plant in Service	\$28,302,509	\$27,119,986
Construction Work in Progress	\$1,713,206	\$5,319,323
Total Utility Plant	\$30,015,715	\$32,439,309
Accumulated Provision for Depreciation & Amortization	\$11,066,177	\$11,407,082
Net Utility Plant	\$18,949,538	\$21,032,227
Total Other Property & Investments	\$3,820,200	\$3,993,999
Cash	\$289,414	\$71,338
Temporary Investments	\$2,312,811	\$4,033,630
Accounts Receivable	\$1,538,436	\$1,569,657
Materials & Supplies - Electric & Other	\$935,147	\$472,053
Prepayments	\$122,199	\$88,828
Other Current & Accrued Assets	\$2,774	\$12,012
Total Current & Accrued Assets	\$5,200,781	\$6,247,519
Other Deferred Debits	\$0	(\$7,662)
Total Assets & Other Debits	\$27,970,519	\$31,266,082

Balance Sheet**Audited Financials as of December 31, 2014**

Liabilities	2014	2013
Memberships	\$2,670	\$2,670
Patronage Capital	\$6,574,412	\$4,033,172
Operating & Non Operating Margins	\$1,540,885	\$2,556,874
Other Margins & Equities	\$4,954,141	\$4,954,141
Total Margins & Equities	\$13,072,109	\$11,546,857
Long-Term Debt - RUS	\$6,236,028	\$5,871,061
Long-Term Debt - CFC & CoBank	\$6,376,420	\$10,957,738
Long-Term Debt - RUS Econ. Development (Net)	\$580,000	\$580,000
Total Long-Term Debt	\$13,192,448	\$17,408,799
Accounts Payable	\$942,881	\$949,546
Consumer Deposits	\$43,280	\$50,109
Other Current & Accrued Liabilities	\$531,536	\$469,020
Total Current & Accrued Liabilities	\$1,517,698	\$1,468,675
Other Deferred Credits	\$188,264	\$841,752
Total Liabilities & Other Credits	\$27,970,519	\$31,266,082



Guthrie County REC

A Touchstone Energy® Cooperative



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