



**Northwestern Rural Electric  
Co-operative Association, Inc.**

A Touchstone Energy® Cooperative 

**2020 ANNUAL REPORT**



Photo by Ross Thomas, lineman

# CONTENTS

- 3 Your Co-op Management Staff
- 4 & 5 2020 Executive Report
- 6 Consolidated Financial Statements
- 10 Know the 2021 Nominees
- 11 Your Co-op Board of Directors

Managing Editor: Linda King  
(lking@northwesternrec.com)

Editor &

Graphic Designer: Amy Wellington  
(awellington@northwesternrec.com)

This 2020 Annual Report was written, compiled and produced by the employees of Northwestern Rural Electric Cooperative Association, Inc. and its subsidiaries. Photos by Ross Thomas, Norb Adam, Amy Wellington and PREA.

NORTHWESTERN REC  
22534 Highway 86, P.O. Box 207  
Cambridge Springs, PA 16403  
Phone: 800-352-0014  
www.NorthwesternREC.com  
Monday - Friday, 7 a.m. to 3:30 p.m.



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# YOUR CO-OP MANAGEMENT STAFF



## **BILL BUCHANAN**

### **President & chief executive officer**

Employed with Northwestern REC since 2019, Buchanan graduated from Western Illinois University, the University of Missouri's Graduate Institute for Cooperative Leadership and Stanford University's professional certification in energy innovation. He has over 28 years of cooperative leadership experience. Buchanan and his wife reside in Meadville with their two sons.



## **KATHY LANE**

### **Vice president & chief financial officer**

Employed with Northwestern REC since 2012, Lane has a bachelor's degree in business administration from Edinboro University and an MBA (finance) from Gannon University. She has over 15 years of work experience in the accounting field. Lane and her husband live in Cambridge Springs with their son.



## **LINDA KING**

### **Vice president of communications & energy solutions**

Employed with Northwestern REC since 1988, King has an MBA and master's degree in marketing from Gannon University, as well as a bachelor's degree from Edinboro University. She currently serves on several national committees and is an active General McLane School District board member. She and her husband live in Edinboro with their three children.



## **CLARISSA SCHNEIDER**

### **Executive secretary & human resources assistant**

Employed with Northwestern REC since 2014, Schneider has a bachelor's degree in communication arts and a master's degree in business administration with a concentration in project management. She is a past participant in the Crawford Area Young Chamber of Commerce and Business Professional Women's Club. She lives in Meadville with her boyfriend and their two cats.



## **CONNIE SOVISKY**

### **Vice president of member services**

Employed with Northwestern REC since 1998, Sovisky has a bachelor's degree from Edinboro University and is a graduate of the supervisory skills program at the Manufacturers' Association. She is an active board member for the Center for Family Services in Meadville. She and her husband live in Cambridge Springs and have two grown children.



## **KERRI FLEET**

### **Director of human resources**

Employed with Northwestern REC since 1993, Fleet is a graduate of Bradford Business School in Pittsburgh, as well as the Leadership Meadville program. She is a member of the Society for Human Resources Management, the Manufacturers' Association Human Resources Roundtable and the local Human Resources Consortium. She and her husband live in Cambridge Springs with their two daughters.



## **THOMAS DIMPERIO**

### **Vice president of information systems**

Employed with Northwestern REC since 2002, Dimperio has a bachelor's degree in computer science from Edinboro University. He has over 25 years of experience working in education, manufacturing and utility environments. He and his wife live in Erie with their two sons.

# 2020 EXECUTIVE REPORT

Time and time again, cooperatives have proven how resilient they are in challenging times. Just look back to 1936. Northwestern Rural Electric Cooperative, known as Steamburg Electric Cooperative back then, was created by resilient people who were told by investor-owned utilities that providing electricity to their rural farms would be far too expensive and never would be feasible. Challenge accepted.

Without a doubt, 2020 will go down in record books as the year COVID-19 shut down the world. Each and every one of us was affected by the coronavirus in one way or another, and some more than others. I for one hope we never see another year like it.

Overnight, the cooperative was challenged with providing all the same products and services to our members as normal but with mandatory remote working orders and social distancing requirements. The employees of your cooperative were resilient in finding ways to quickly adapt to these challenges. They did so with great tact and consideration for the members. Other than temporarily halting new hot water tank installations and closing the front lobby to visitors, we hope this transition was relatively seamless for the members.

It is always our goal to be there for the members and to always provide reliable, safe, and affordable electricity, pandemic or not. In many ways, it was business as usual.

Mother Nature never pauses, even though we sometimes wish she would. In 2020, trees were the cause of 74% of



our outages, and other natural causes, such as severe weather or animals, were responsible for 3%. In other words, more than three-quarters of our total outages in 2020 were caused by Mother Nature alone. Yet, as a locally owned (by you) and locally operated cooperative, the average member still had power 99.88% of the time.

We strive for this level of service excellence, no matter what is thrown in our path. Outages are inevitable, but we are able to minimize their impact through our aggressive right-of-way (ROW) and utility pole maintenance programs. Last year alone, we cleared or side trimmed 547 miles of ROW and inspected 5,141 utility poles.

But there is one statistic that stands above all the others for 2020. We are thankful to have made it through the entire year without a lost-time work incident. Even without a pandemic at hand, our field personnel face all sorts of hazards each day from small things such as poison ivy, groundhog holes, or tick-borne diseases, to large risks

like falling tree limbs, auto-related incidents in work zones, or, heaven forbid, an electric contact incident. At the end of the workday, if we were able to say each employee made it home safely and in good health, that is the best day.

In 2020, the cooperative did see a significant increase in hardship requests from members. Special LIHEAP (Low Income Home Energy Assistance Program) and other COVID-19 funds were made available for everyone impacted by the pandemic. The extent of the coronavirus pandemic will be felt into the unforeseeable future, but thankfully, your electric rates remain stable.

If you have attended cooperative meetings in the past or read previous annual reports, you should be relatively familiar with the generation makeup of your cooperative. Through Allegheny Electric Cooperative, Inc., your generation and transmission co-op, all the Pennsylvania and New Jersey cooperatives own more than 57% of their generation. An additional

8% comes from renewable resources of the New York Power Authority. You can see a complete breakdown of our power mix in the adjacent chart.

With such a stable sources of power generation, your cooperative rates have not changed for the past 10 years. And they are not predicted to change well into the future. Our local investor-owned counterparts, unfortunately, are not able to make the same claim. Their rates, already higher than your electric cooperative rates, recently have been reported to skyrocket about 30% and continue to fluctuate.

We are a local, not-for-profit, rural electric distribution cooperative owned by those who receive our service. We face every challenge head on. It is through our history of a strong and unwavering commitment to community, especially during times of adversity, that we remain vigilant and resilient. Together, we are People You Can Count On.™

If there is ever anything we can do for you, the member, please reach out. Although the cooperative's 85th annual meeting is closed to the public on Aug. 21, we are hopeful that next year all will be back to normal.

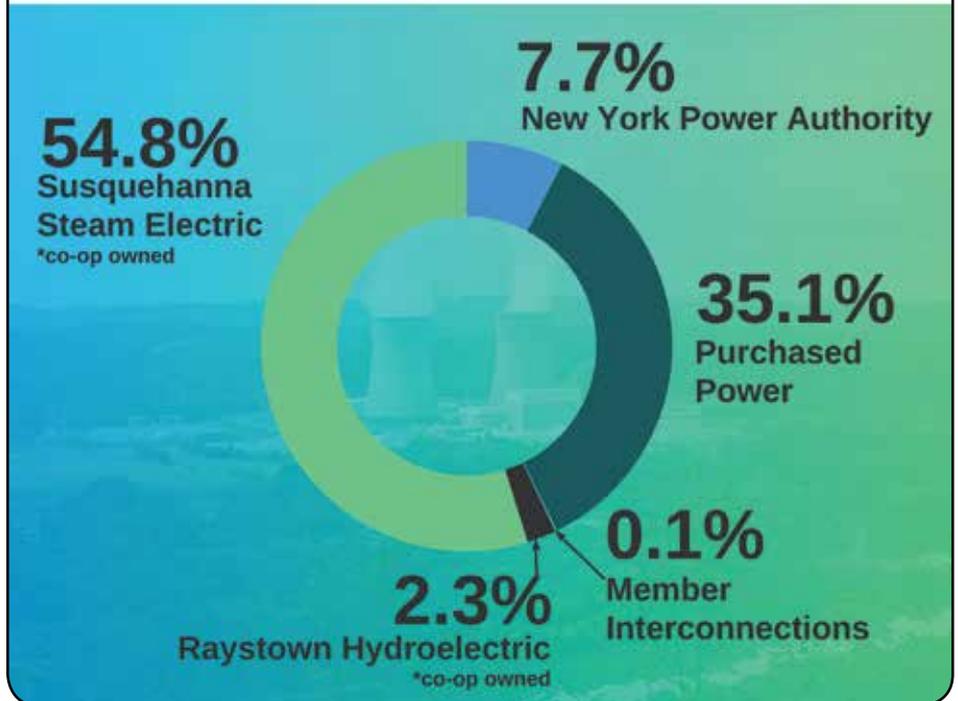
*"The answer to every adversity lies in courageously moving forward with faith."*  
— Edmond Mbiaka

Cooperatively yours,

Bill Buchanan  
President & CEO

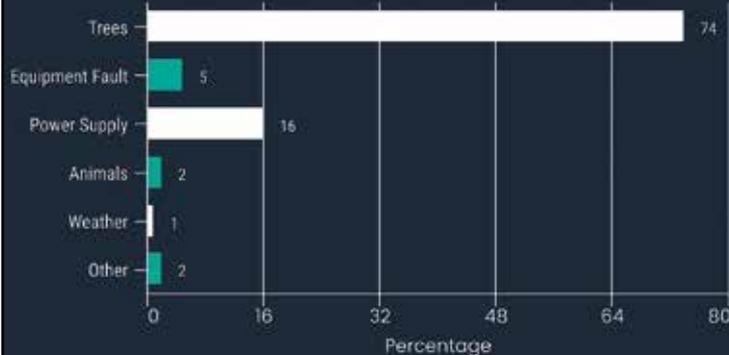
Kathryn Cooper-Winters  
Board Chair

## Where your power came from in 2020



## 2020 Outage Report

### Reason for Outage



### Averted Outage Minutes



# CONSOLIDATED FINANCIAL STATEMENTS

## Northwestern Rural Electric Cooperative Association, Inc. and Subsidiaries

### CONSOLIDATED BALANCE SHEETS

December 31, 2020 and 2019

### CONSOLIDATED STATEMENT OF REVENUES & EXPENSES

Years ended December 31, 2020 and 2019

Assets	2020	2019	2020	2019
<b>Property and equipment:</b>				
Electric plant in service - at cost	\$ 129,388,734	\$ 125,475,372		
Construction work in progress	734,564	631,714		
	130,123,298	126,107,086		
<b>Less accumulated provisions for depreciation</b>	<b>43,257,401</b>	<b>40,223,937</b>		
<b>Total electric plant</b>	<b>86,865,897</b>	<b>85,883,149</b>		
<b>Other assets and investments:</b>				
Non-utility property, at cost	261,998	261,998		
Cash surrender value of life insurance	386,968	361,493		
Investments in associated organizations	10,736,817	9,760,061		
Certificates of deposit	236,707	213,628		
Board designated funds	1,423,704	1,417,857		
<b>Total other assets and investments</b>	<b>13,046,194</b>	<b>12,015,037</b>		
<b>Current assets:</b>				
Cash and cash equivalents	4,092,593	3,753,004		
Accounts receivable, less allowance for uncollectible accounts of \$309,976 and \$200,571 for 2020 and 2019, respectively	4,737,394	4,476,229		
Pole attachments and other receivables, less allowance for uncollectible accounts of \$248,503 and \$315,145 for 2020 and 2019, respectively	37,182	65,648		
Materials and supplies	613,740	529,047		
Other current and prepaid assets	109,844	198,245		
<b>Total current assets</b>	<b>9,590,753</b>	<b>9,022,173</b>		
<b>Deferred charges</b>	<b>1,547,840</b>	<b>1,708,672</b>		
	<b>\$ 111,050,684</b>	<b>\$ 108,629,031</b>		
<b>Equities and Liabilities</b>	<b>2020</b>	<b>2019</b>		
<b>Equities:</b>				
Memberships	\$ 66,945	\$ 68,750		
Patronage capital	13,616,222	13,573,294		
Other equities	44,214,348	40,598,024		
Accumulated other comprehensive loss	(474,787)	(477,894)		
<b>Total equities</b>	<b>57,422,728</b>	<b>53,762,174</b>		
<b>Long-term debt:</b>				
CFC notes, less current maturities	39,574,522	40,077,116		
Farmer Mac notes, less current maturities	5,438,352	5,880,223		
Capital Lease obligation, less current maturities	137,962	167,568		
<b>Total long-term debt</b>	<b>45,150,836</b>	<b>46,124,907</b>		
<b>Non-current liabilities:</b>				
Accumulated post retirement benefit obligation, less current portion	698,321	686,629		
Employee deferred compensation, less current portion	68,000	92,000		
<b>Total other long-term liabilities</b>	<b>766,321</b>	<b>778,629</b>		
<b>Current liabilities:</b>				
Current maturities of long-term debt	2,429,582	2,300,104		
Current maturity of capital lease obligation	29,606	34,156		
Current post-retirement benefit obligation & deferred comp	101,676	100,927		
Accounts payable:				
Purchased power	1,223,328	1,325,770		
Other	374,819	855,903		
Capital credit retirement funding liability	401,147	415,769		
Customer deposits	480,188	402,867		
Accrued interest	372,193	394,793		
Accrued payroll	327,507	243,534		
Accrued vacation liability	511,396	430,141		
<b>Total current liabilities</b>	<b>6,251,442</b>	<b>6,503,964</b>		
<b>Total liabilities</b>	<b>52,168,599</b>	<b>53,407,500</b>		
<b>Deferred credits</b>	<b>1,459,357</b>	<b>1,459,357</b>		
	<b>\$ 111,050,684</b>	<b>\$ 108,629,031</b>		
<b>Operating revenues:</b>				
Electric energy revenue	\$ 32,387,579	\$ 32,397,390		
Customers' forfeited discounts and penalties	24,632	90,967		
Rent from electric property	1,048,015	1,111,208		
Miscellaneous electric revenue	418,348	455,035		
<b>Total operating revenues</b>	<b>33,878,574</b>	<b>34,054,600</b>		
<b>Operating expenses:</b>				
Cost of power	13,855,230	14,554,057		
Distribution - operations	1,549,325	1,202,453		
Distribution - maintenance	4,346,011	3,389,662		
Consumer accounts	1,366,277	1,315,958		
Customer service and information	710,290	726,005		
Sales	147,879	194,747		
Administrative and general	3,529,791	3,771,393		
Depreciation and amortization	3,759,172	3,629,347		
Other	106,808	118,669		
<b>Total operating expenses</b>	<b>29,370,783</b>	<b>28,902,291</b>		
<b>Operating margin before fixed charges</b>	<b>4,507,791</b>	<b>5,152,309</b>		
<b>Fixed charges:</b>				
Interest on long-term debt	1,966,680	2,019,055		
<b>Operating margin after fixed charges</b>	<b>2,541,111</b>	<b>3,133,254</b>		
<b>G &amp; T and other capital credits</b>	<b>1,405,940</b>	<b>412,288</b>		
<b>Net operating margins</b>	<b>3,947,051</b>	<b>3,545,542</b>		
<b>Non-operating margins:</b>				
Interest income	71,454	93,475		
Net loss on disposition of property	-	(38,565)		
Miscellaneous non-operating income (loss)	95,416	37,336		
<b>Total non-operating margin</b>	<b>166,870</b>	<b>92,246</b>		
<b>Net margin</b>	<b>\$ 4,113,921</b>	<b>\$ 3,637,788</b>		
<b>Other comprehensive income (loss)</b>				
Unfunded post-retirement benefit plans:				
Net actuarial loss	(18,181)	(16,657)		
Amortization of actuarial loss recognized	21,288	21,735		
<b>Total other comprehensive income (loss)</b>	<b>3,107</b>	<b>5,078</b>		
<b>Total comprehensive income</b>	<b>4,117,028</b>	<b>3,642,866</b>		

The consolidated financial statements of the cooperative for the year ended December 31, 2020, have been audited by Buffamante Whipple Buttafaro, P.C., Jamestown, New York. The audit resulted in a clean opinion stating that the financial statements presented fairly, in all material respects, the financial position of the cooperative and subsidiaries as of December 31, 2020, and results of their operations and cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America.

The auditor's complete report is on file in the office of the cooperative and is available for inspection by the membership.

# CONSOLIDATED FINANCIAL STATEMENTS

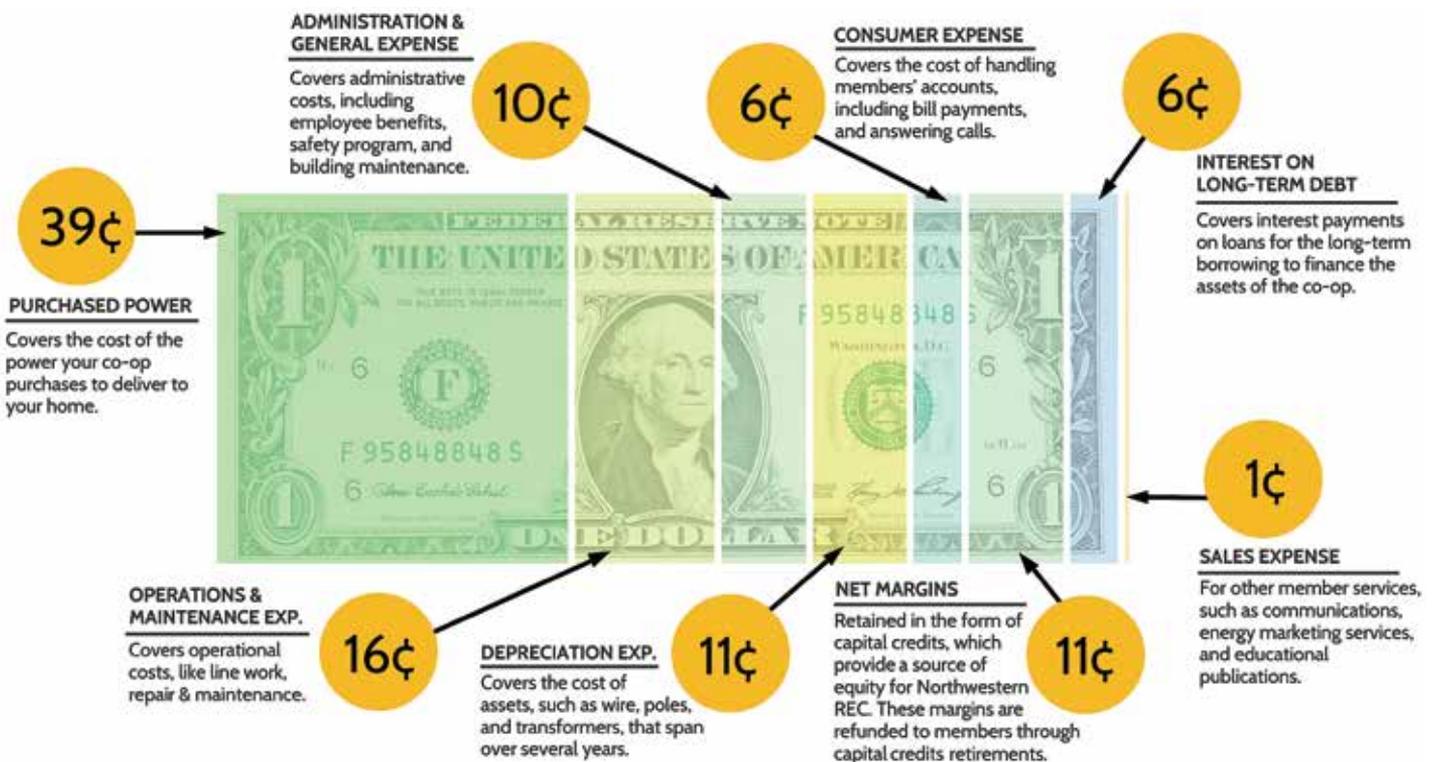
Northwestern Rural Electric Cooperative Association, Inc. and Subsidiaries

## CONSOLIDATED STATEMENT OF EQUITIES

Years ended December 31, 2020 and 2019

	Memberships	Patronage Capital	Other Equities	Accumulated Other Comprehensive Loss
<b>Balance, at December 31, 2018</b>	\$ 70,660	\$ 12,880,281	\$ 38,127,627	\$ (482,972)
Membership fees cancelled	(1,910)	-	-	-
Net operating margins	-	3,545,542	-	-
G&T patronage capital credits received and allocated	-	229,996	(229,996)	-
Non-patronage source margins	-	(1,738,604)	1,738,604	-
Net non-operating margins	-	-	92,246	-
Retirement of capital credits	-	(1,343,921)	-	-
Equity payable upon liquidation	-	-	861,427	-
Gain on early retirement of estate capital credits	-	-	8,017	-
Total other comprehensive income	-	-	-	5,078
Donated capital	-	-	99	-
<b>Balance, at December 31, 2019</b>	\$ 68,750	\$ 13,573,294	\$ 40,598,024	\$ (477,894)
Membership fees cancelled	(1,805)	-	-	-
Net operating margins	-	3,947,051	-	-
G&T patronage capital credits received and allocated	-	231,691	(231,691)	-
Non-patronage source margins	-	(2,808,889)	2,808,889	-
Net non-operating margins	-	-	166,870	-
Retirement of capital credits	-	(1,326,925)	-	-
Equity payable upon liquidation	-	-	865,866	-
Gain on early retirement of estate capital credits	-	-	6,495	-
Total other comprehensive income	-	-	-	3,107
Change in donated capital	-	-	(105)	-
<b>Balance, at December 31, 2020</b>	\$ 66,945	\$ 13,616,222	\$ 44,214,348	\$ (474,787)

## Where your co-op dollar is spent.



# YOUR COOPERATIVE IN PHOTOS



Photo by Norb Adam, lineman



# YOUR COOPERATIVE AT A GLANCE

## 2020 Year in Review



**\$13,855,230**

Cost of Purchased Power  
264,648,164 kWh purchased



**59**

Full-time  
Employees



**21,272**

Meters served  
16,717 Memberships



**2,561 miles**

Total miles of electric line  
Averaging 8 members per mile



**\$122**

Average monthly bill  
(residential)  
906 average kWh

THE 2021 ANNUAL MEETING IS CLOSED TO THE PUBLIC DUE TO THE CORONAVIRUS PANDEMIC. IT WILL STREAM LIVE ON FACEBOOK AND YOUTUBE ON SAT., AUG. 21, FROM 11 A.M. TO NOON.

**ANNUAL MEETING**

# KNOW THE 2021 NOMINEES



**Michael Sample**  
Wayne Township, PA

## **District 3: Amity, Union, Wayne, and Concord townships, and Elgin and Union City boroughs in Erie County, and Spring Creek Township in Warren County.**

Michael Sample, of Wayne Township, has been a member of Northwestern REC since 1994. He is the owner of *The Titusville Herald* and *The Forest Press*, of Tionesta, Pa. He is also a co-owner of *The Corry Journal*, a family-owned local newspaper. As a business owner in an industry that has experienced tremendous challenges, he adapts to change very well. Sample graduated from Penn State Behrend with a Bachelor of Science degree in management in 1989. He has worked at daily and weekly newspapers in Pennsylvania, New York, and Alabama, and has over 30 years of experience in the newspaper industry. He is also a notary public.

Sample has served as a representative of District 3 since 2015, serving as board secretary. During his time on the board, Sample has earned his Credentialed Cooperative Director certificate and is close to completing the Board Leadership Certificate. He has developed a network of board members from other cooperatives across the country with whom he exchanges ideas and information.

With his wife, Debbie, and two grown children, Sample has always called northwestern Pennsylvania home. He has helped regional businesses grow and prosper as a board member of the Titusville Area Chamber of Commerce and Corry Area Chamber of Commerce. In his spare time, Sample enjoys playing and watching sports and giving back to the community. The Samples are members of Christ Our Hope Parish in French Creek, N.Y., and live outside of Corry on their farm.



**Kathryn  
Cooper-Winters**  
Saegertown, PA

## **District 5: Cussewago, Hayfield, Venango, Cambridge, and Woodcock townships, and Woodcock and Saegertown boroughs in Crawford County.**

Kathryn Cooper-Winters was first elected to Northwestern REC's board in 1988. She previously served as the board treasurer for 11 years and has met the requirements for the National Rural Electric Cooperative Association (NRECA) director certification, including Credentialed Cooperative Director, Board Leadership Certificate and Director Gold Certificate.

Cooper-Winters is the board representative to the Allegheny Electric Cooperative, Inc. (AEC). She has served as the AEC board treasurer and vice chair, and currently serves as vice chair for the Accounting and Finance Committee. Cooper-Winters is also an at-large director for the National Cooperative Services Corporation (NCSC). She has been a co-op member since 1985.

Cooper-Winters was employed by Northwestern REC in communications for eight years before working as a farm consultant with Agway, Inc. In 1984, she set up her own accounting and tax business with her father, the late Jesse G. Cooper, retired Penn State University professor. AGVIZE, Inc. Cooper Associates offered accounting and tax services for 150 area client/farmers. She retired from AGVIZE in 2008.

Cooper-Winters is an active member of the Saegertown United Methodist Church and the PA Stitchers of Valor, the local chapter of the national Quilts of Valor organization that pieces, quilts and presents quilts to local veterans.

Cooper-Winters is married to William R. Winters, Sr. and has one son, five stepchildren, two grandsons, and nine step-grandchildren.



**Lanny Rodgers**  
Carlton, PA

## **District 10: Wayne Township in Crawford County; Jackson, Plum, Oakland, Cherrytree, and Canal townships in Venango County; French Creek Township in Mercer County.**

Lanny Rodgers retired as a regional manager for the Pennsylvania State Employees' Retirement System. He served in the United States Marine Corps from 1962 to 1966. Rodgers is a former director of the Franklin YMCA from 1992 to 1994.

Rodgers was first elected to the board of directors at Northwestern REC in 2000. He has served as vice president for four years and on the member ACRE Committee. He formerly served as the Pennsylvania board representative to the National Rural Electric Cooperative Association. Rodgers is also a Credentialed Cooperative Director and has attained the Board Leadership Certificate designation.

Rodgers and Georgia, his wife, have two children and five grandchildren. They have resided in the Carlton/Cochranton area for over 30 years.

**Director elections take place on a rotating basis. This year, directors from Districts 3, 5 and 10 are up for election. Nominations were accepted and verified by a Nominating Committee in May 2021. The above biographical sketches will familiarize you with the candidates.**

# YOUR BOARD OF DIRECTORS

*Northwestern REC's Board of Directors*

- District 1**: Karl Ebert
- District 2**: Earl Koon
- District 3**: Mike Sample
- District 4**: Robert Agnew
- District 5**: Kathryn Cooper-Winters
- District 6**: Kim Docter
- District 7**: David "Earl" Snyder
- District 8**: Marian Davis
- District 9**: Lisa Chausse
- District 10**: Lanny Rodgers

## Assistance Programs Available to Northwestern REC Members

### Emergency Rental Assistance Program

- \*For those who rent and are on unemployment.
- \*Money can be used for rent and utilities.

Apply online at [www.dhs.pa.gov](http://www.dhs.pa.gov).

Administered locally by:

- Center for Family Services, 814-337-8450
- Erie County Care Management, 814-923-5512
- Mercer, Venango and Warren Counties, use COMPASS to apply.

### Bridge Builders Community Foundation

- \*For NREC members who qualify in Venango Co.
- \*Administered by the United Way of Venango Co.

Apply by calling 814-676-6545

### Member-to-Member, Inc.

- \*For all members with a referral from NREC.
- \*Administered by several local agencies, visit [M2Mfund.org](http://M2Mfund.org)

Contact Northwestern REC at 800-352-0014

### [pa211nw.org](http://pa211nw.org)

- \*Powerful search engine for all available help in your area.

Visit [pa211nw.org](http://pa211nw.org), call or text 2-1-1

Member-to-Member, Inc.  
800/352-0014   
NORTHWESTERNREC.COM



**Auto Pay**  
Choose automatic payments with the SmartHub app



**Pay by Phone**  
1-800-352-0014, option 2 to make a payment



**Pay Online**  
Pay your bill online at [Northwestern-REC.com](http://Northwestern-REC.com) using the SmartHub app

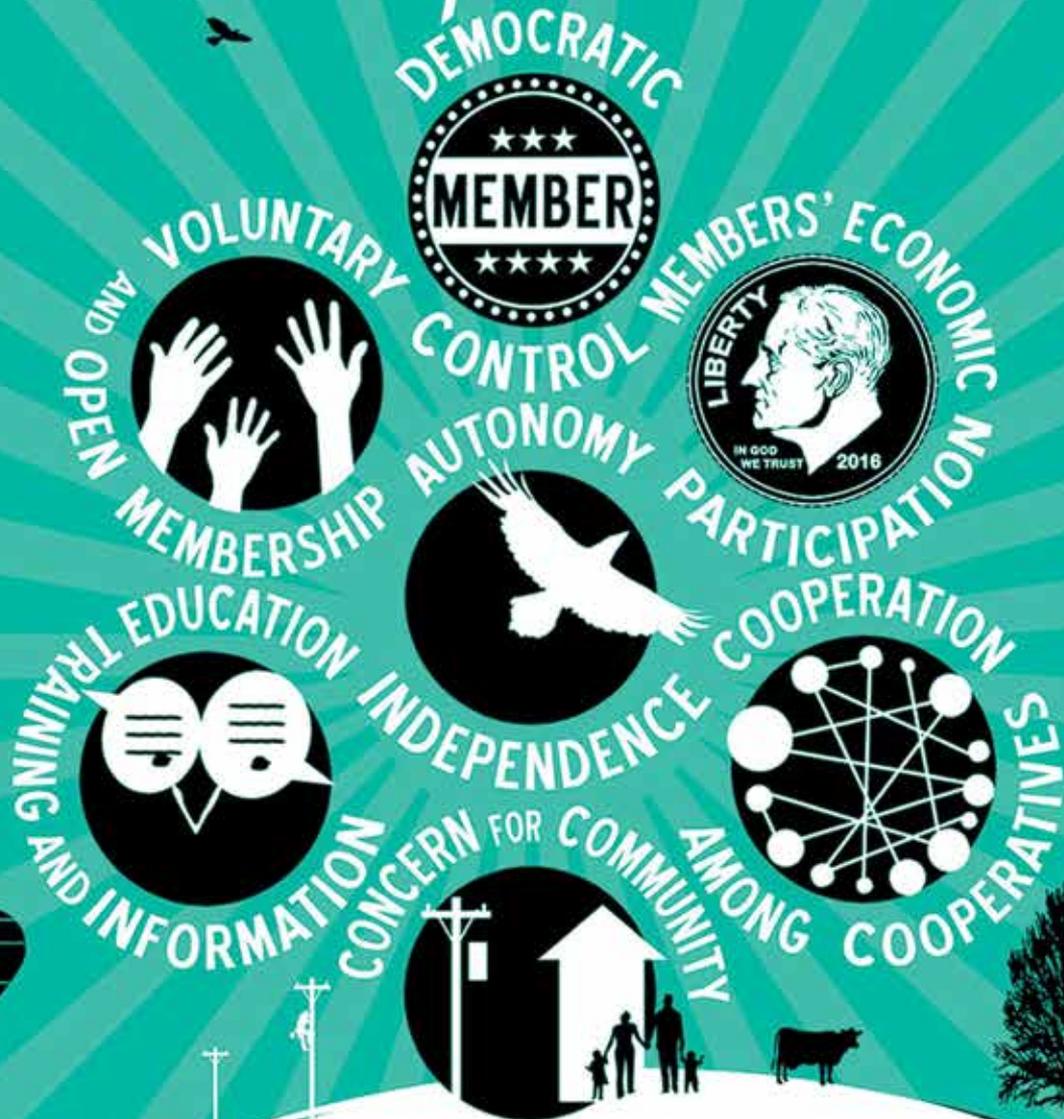


**Pay by Mail**  
Mail your payment to Northwestern REC, P.O. Box 227, Cambridge Springs, PA 16403



**Pay in Person**  
Pay with MoneyGram (15145) at Walmart, CVS or Wegmans; OR pay with cash, check, credit at our office, M-F, 7am-3:30pm

# THE SEVEN *Electric Cooperative* PRINCIPLES



## 1 Voluntary and Open Membership

Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

## 2 Democratic Member Control

Cooperatives are democratic organizations controlled by their members, who actively participate in setting policies and making decisions. The elected representatives are accountable to the membership. In primary cooperatives, members have equal voting rights (one member, one vote) and cooperatives at other levels are organized in a democratic manner.

## 3 Members' Economic Participation

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing the cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

## 4 Autonomy and Independence

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

## 5 Education, Training, and Information

Cooperatives provide education and training for their members, elected representatives, managers and employees, so they can contribute effectively to the development of their cooperatives. They inform the general public, particularly young people and opinion leaders, about the nature and benefits of cooperation.

## 6 Cooperation Among Cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

## 7 Concern for Community

While focusing on member needs, cooperatives work for the sustainable development of their communities through policies accepted by their members.



**Northwestern Rural Electric Co-operative Association, Inc.**

A Touchstone Energy<sup>®</sup> Cooperative

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