

## IT PAYS TO READ

We want to congratulate Rodney Pottebaum of rural Alton for winning a ceiling fan in the “Editor’s Choice Contest” from the *Living with Energy in Iowa* magazine and the Iowa Association of Electric Cooperatives.

Rodney was presented his prize at his home by Rob Driesen, Energy Efficiency Advisor.

Those at the magazine wish to thank everyone who participate in the monthly contests and for reading *Living with Energy in Iowa*.

Most people use ceiling fans during summer to provide a cooling breeze. But have you ever considered running a ceiling fan in the opposite direction – clockwise – during cold weather to produce a gentle updraft in a room, forcing

wasted warm air near the ceiling down into the living area and allowing you to lower the thermostat?

This fan is an Energy Star® qualified fan and is 90 percent preassembled, so it can be installed in about five minutes, if there is a suitable ceiling box in place.



## HOLIDAY HOURS



*Our offices will be closed in observance of the holidays  
December 26 and January 2.*

*Please call 1-800-766-2099 in case of an outage or emergency.*

*The board of directors and employees of North West REC would like to wish all the members and their families a very blessed holiday season.*

*We look forward to working with you and for you in 2012!*

### North West Rural Electric Cooperative

P.O. Box 435 • 1505 Albany Place SE • Orange City, IA 51041-0435

**Office Hours:**  
Monday through Friday  
7:30 a.m. till 4:00 p.m.

Orange City office open  
during noon hour

Ida Grove & Le Mars offices  
closed 12:00 - 12:30 p.m.

Outside Depository Available  
for After Hours Payments

**Phone:**

**ORANGE CITY** (712) 707-4935  
(800) 766-2099

**IDA GROVE** (712) 364-3341

**LE MARS** (712) 546-4149

**Lyle D. Korver**  
CEO & General Manager

**Darwin Dirks**  
Assistant Manager & Director of  
Operations Services

**Verdell Buss**  
Director of Finance &  
Office Services

**Lorraine Egdorf**  
Editor



# NEWS Lines

“Published monthly for the member-owners of North West Rural Electric Cooperative”

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## NIPCO RECEIVES NEW ELECTRIC SERVICE

Northwest Iowa Power Cooperative has new electric service to its headquarters building south of Le Mars, thanks to crews from North West REC.

The upgrade came when NIPCO – wholesale power supplier to North West REC – decided to replace its 1960s-vintage, single-phase back-up generator with a new 150-kW diesel-powered three-phase generator. New electric service to the building was needed to support the modern generator.

North West first brought in a contractor to bore new underground cable from the pole to the building. In the photos here, North West’s crews installed a new primary riser on the pole to feed a new transformer by the building.

The co-op’s crews worked with a local electrician to remove circuits from the old electric service and hook up the new transfer switch, which detects when power has been lost and automatically switches on the standby generator.



NIPCO’s headquarters building was opened in 1965. The standby generator enables NIPCO staff to continue operating the electric system even if electric service to the building is interrupted.



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### ENERGY TIP

*Insulation and weatherization can help you save and give you a healthier, more comfortable home.*

## ENERGY EFFICIENCY REBATE PROGRAM

Energy efficiency rebates are available from North West REC to help you save money, live more comfortably in your home and protect the environment.

### The rebate program includes:

**Ground-source heat pump** - \$1,800 rebate per unit plus an additional \$200 per unit if desuperheater is installed. New construction or replacement units qualify if they meet minimum Energy Star® requirements.

**Air-source heat pump** – rebates are \$400 to \$600 per unit based on Energy Star rating. New construction, replacement and add-on units qualify.

**Water heaters** – Must be 50 gallon or larger with minimum 90 percent energy factor and enrolled in the Switch Makes Cents load control program. Rebates will be taken off price of water heater for new load or replacement.

**Building insulation** – 30 percent of professionally installed insulation cost up to a maximum of \$500 per building; qualifying building must have electric heat as the primary heating source.

**Appliances** – rebates for Energy Star models; clothes washers \$50; refrigerators, freezers, dishwashers \$25 each; maximum appliance rebate per member-consumer account \$250.

**Central air conditioning** – rebates range from \$100 to \$200 per unit based on Energy Star rating.

**Window or portable air conditioner** - \$25 rebate per Energy Star unit.

**Appliance recycling** – Participate in our appliance recycling program and turn your old refrigerator, freezer or window air conditioner in for a \$25 rebate per appliance. Limit three appliances per member.

To learn more about how you can be more energy efficient and qualify for a rebate, call North West REC at 712-707-4935 or 800-766-2099. We're here for you!



## ENERGY ASSESSMENTS AVAILABLE TO MEMBERS

North West REC is continuing to place more and more emphasis on energy efficiency. In addition to offering energy efficiency rebates, our member service department will begin offering energy assessments to our members on September 1.

Your Cooperative has purchased a new infrared camera to help with these energy assessments. When scheduling appointments, it is important to know that there needs to be at least a 20 degree difference between the inside and outside temperatures for the camera to work effectively.

There will be a charge of \$45 to the member, applied to your electric account. We will provide the member with an energy efficiency kit as part of this program. Included in this kit are several kinds of caulk, a showerhead, faucet aerators, two CFL bulbs and energy efficiency information.

One of our member service personnel will conduct a walk-through of the house, with the member present, to look for possible ways to save energy. They will review a detailed list of energy efficiency ideas for potential savings. Simple changes in both lifestyle and in the home will pay you back year after year. Some of those improvements won't cost you a lot of money to put into effect.

For non-residential buildings, we will do the energy assessment for \$95 for up to four hours. If the member requests longer than that for using the infrared camera on a number of motors, panels, etc., there will be an additional cost per hour.

Call our office today to set up an appointment for your energy assessment.



## GODFATHER'S PIZZA ADDED TO LOCAL DISCOUNTS

Check our website for a list of local businesses at [www.nwrec.coop](http://www.nwrec.coop) and national discounts at [www.connections.coop](http://www.connections.coop)

**Godfather's Pizza** – 625 Hawkeye Ave SW, Le Mars  
50 cents off Buffet (limit 2 persons per card), \$4 off Jumbo, \$3 off Large, \$2 off Medium, \$1 off Small (all at regular menu price)

### Pizza Ranch Restaurants

Visit [www.pizzaranch.com](http://www.pizzaranch.com) for individual location hours  
Buy one adult buffet, get the 2nd adult buffet for \$5.99  
Available at Akron, Hawarden, Hull, Le Mars, Orange City, Primghar, Rock Valley, Sanborn, Sheldon and Sioux Center

**Malcoms Paint & Hardware** - 512 2nd St, Ida Grove - 10% off regular priced merchandise under \$50

**Family Table Restaurant** – 88 E State Hwy 175, Ida Grove - Buy a meal and get an appetizer half off

**Brenners** – 700 Second St, Ida Grove - Will match North West REC rebate on Energy Star appliances

**Subway** – 500 W State Hwy 175, Ida Grove & Hwy 75, Hinton - One free cookie with purchase of sandwich fresh value meal

**Joe's TV & Appliance** – 223 Central Ave NE, Orange City  
\$50 off total purchase of \$499 or more, \$100 off total purchase of \$1,099 or more - Discount must be mentioned at time of sale, cannot be added after sale complete. This discount may not be combined with any other discounts or offers.

### Subway – Le Mars

Purchase a footlong sandwich and receive a free 21 oz. beverage of choice

Call 707-4935 or 800-766-2099 if you have any questions or need more information.



## PATRONAGE RETIREMENT

Your December 2011 electric bills will show a credit for your share of \$661,000 in retired patronage dividends approved by your co-op board of directors.

This payment will include the full assignment from 1999 - \$292,000 – plus an additional \$369,000 which is a portion of the “special assignment” made in 2001.

*It really does pay to be an owner of your electric cooperative!*

## COATS FOR KIDS PROGRAM

North West REC will again be helping area kids stay warm this winter by participating in the annual "Coats for Kids" drive spearheaded by KMEG14, the Sioux City television station.

Members of North West REC are encouraged to participate by donating new or gently worn coats for children who might otherwise go without. Please drop off your donation at any of the cooperative offices (Orange City, Le Mars or Ida Grove). Office hours are 7:30 am to 4:00 pm. Hats, scarves and mittens also are welcome.

This is the second year that electric cooperatives in Northwest Iowa are participating in this effort to keep kids warm. Last winter, cooperative members and staff gathered up several hundred clothing items for the drive. In the past five years alone, Coats for Kids has brought in around 6,000 coats for children.

The used coats are first cleaned by Davenport Cleaners in Sioux City and then distributed to those in need by the Salvation Army throughout Northwest Iowa.

People who would like information about receiving coats that are collected should call the Salvation Army at 712-255-8836.



**KEEP LOVED ONES AND YOURSELF  
SAFE THIS HOLIDAY SEASON**

- Use only holiday lights that have been safety tested and have the UL label.
- Check each light strand for broken sockets, frayed cords, or faulty plugs; and always be sure to unplug the lights when replacing a bulb.
- Don't string together more than three standard-size sets of lights or you could risk overheating the circuit.
- Match plugs with outlets. Don't force a three-pronged plug into a two-pronged outlet or extension cord, or remove the third prong.
- Always unplug lights before going to bed or leaving your home.
- Make sure extension cords are in good condition and are UL-approved cords rated to carry the electrical load you will connect to them.
- Place fresh-cut trees away from heat sources such as heat registers, fireplaces, radiators and televisions; and water a fresh-cut tree frequently.

## AN EASIER WAY TO PAY and Receive \$5 Credit for Participating

**Save time and money** with the **automatic bank draft** and **e-bill payment plan** by having your monthly electric bill deducted from your bank account and receiving your bill electronically. You would no longer receive printed billing statements in the mail.

If you sign up for both of these services, you will receive a **one-time \$5 credit** on your next bill.

### Why sign up for the automatic bank draft and e-bill payment plan?

- No more writing a check to North West REC for your electric bill
- Your electric bill will be paid on the due date – no worrying about getting your check to our office on time
- Accurate record keeping from your financial institution showing the direct payment you make to North West REC on your bank statement
- Access to your electric information at all times online – view your billing and payment history with bill details (you will need to go to our website <http://www.nwrec.coop> to register your e-mail address and password for the e-bill)

### What if I am already participating in the automatic bank draft payment plan?

- You will need to sign up for e-bill to receive the one-time \$5 credit
- Check the box on the coupon to sign up for e-bill, along with your signature and date

Your financial institution automatically transfers the amount of your monthly electric bill from your account to North West REC each month. The amount transferred will also appear on your monthly bank statement. The amount due will be transferred out of your account on the 8th of each month for payment of your electric bill. You will receive an e-mail notice on the 20th of each month that your monthly electric bill is now ready to be viewed. This will indicate the amount to be withdrawn from your account. Please call 1-800-766-2099 if any questions.

### AUTHORIZATION AGREEMENT FOR BANK DRAFT AND E-BILL Please include a voided check when sending in this form.

I authorize North West REC to initiate withdrawals and, if necessary, debit entries and adjustments for any credit entries in error to my account at the financial institution named below for payment of my monthly electric bills.

I understand that three or more payments in a 12-month period resulting in overdraft of my account may result in termination of the Direct Payment plan. This authorization will remain in effect until North West REC has received written notification from me of its termination in such time and manner as to afford North West REC and my financial institution a reasonable time to act on it.

Financial Institution: \_\_\_\_\_ Bank Routing No.: \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
 Account No.: \_\_\_\_\_ ( ) Checking ( ) Savings (select one)  
 Payments to Begin: \_\_\_\_\_ and to be made on the 8th day of each month.  
 Account Holder Name: \_\_\_\_\_ Electric Acct. No.: \_\_\_\_\_  
 Email Address: \_\_\_\_\_

- YES, sign me up for the automatic payment plan only!
- YES, sign me up for the automatic payment plan and e-bill!
- YES, I am already a bank draft customer and want to sign up for e-bill!

*Remember to go to our website <http://www.nwrec.coop> to register your e-mail address and password for e-bill!*

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

# MANAGER'S REPORT



Lyle D. Korver

*“We are hopeful that the cost increases from new generation and environmental regulations will start to slow and that we can return to a period of rate stability.”*

## Wholesale Power Costs Continue to Increase

We have reported to our members in recent years that wholesale power costs have been increasing significantly. Unfortunately, this trend will continue in 2012 as well, as we have been notified by our power supplier that their wholesale rate will be approximately 10 percent higher in 2012 than it was in 2011.

In an attempt to keep our members well informed of the trends relating to the cost of electricity, my article this month will provide a brief history of where wholesale power costs and your Cooperative's retail rates have been in the past and where it looks like they are heading in the future.

Purchased power costs were stable for most of the 20-year period from 1985 until 2005. Hydro generation, which comes from the Missouri River hydro system, accounts for 20 percent of our purchased power. Even though water levels are good again, hydro rates nearly doubled during the five-year period from 2005 to 2010, due to an extended drought period that adversely impacted hydro generation levels and costs.

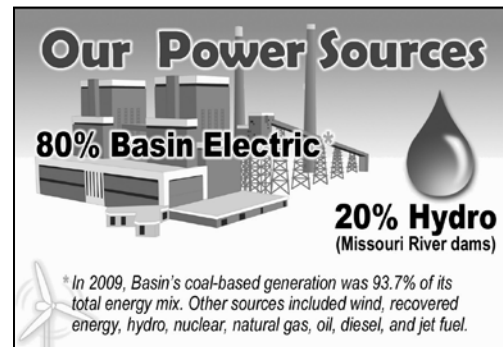
The remaining 80 percent of our purchased power comes from Basin Electric Power Cooperative and consists of coal, natural gas, nuclear and wind generation. Basin's rates have increased approximately 50 percent in the last five years, primarily due to new generation and environmental costs. They recently informed us that due to continuing increased costs, primarily from these two factors, that they would be passing along another increase of approximately 10 percent, effective January 1, 2012.

The overall impact of these cost increases is that our wholesale purchased power costs will have increased over 60 percent in the last six years.

### How has this impacted our retail rates?

Purchased power costs account for 79 percent of North West REC's (NWREC) total operating expenses, so this has a very big impact on your Cooperative's retail rates. NWREC enjoyed a 26-year period of rate stability between 1983 and 2009, which was possible due to a combination of stable wholesale power costs, savings from consolidations and increasing sales. However, when wholesale power costs began increasing five years ago, it became necessary to increase NWREC's retail rates by 11.8 percent in July, 2009. As wholesale rates continued to increase, it became necessary to implement a power cost adjustment (PCA) and this was done in April, 2010.

The PCA has averaged approximately 5/10 of a cent (5 mills) for the first nine months of 2011. The 5 mill PCA has increased our average customer's electric bill by approximately nine percent over the rate that was put into place on July 1, 2009. The combined impact on retail rates over the last two and a half years from the July 1, 2009, rate increase and the PCA is approximately 20 percent.



### Will NWREC's electric rates increase in 2012?

As you can see from the explanation I have given on why and how much wholesale purchased power costs have increased, we have seen wholesale rates increase over 60 percent in the last six years. However, through our retail rate adjustment and the PCA, we have only increased the revenue collected from our members by approximately 20 percent. As a result of the announced wholesale power cost increase that will go into effect on January 1, our PCA will be approximately 5/10 of a cent (5 mills) higher in the first half of 2012. This will have the effect of increasing your electric bill by approximately nine percent. This will vary depending on your usage level and load factor.

The board of directors has instructed management to begin the process of working on a cost of service study. This study will be used in determining how much rates should be increased in 2012 in order for the Cooperative to meet the minimum margin levels that are required by our lender, CFC. At the present time, we anticipate a rate increase will be implemented on either June 1, or July 1, 2012. The amount of the rate increase will be determined by January when the board and management have had the time to review the results of the rate study and make a decision on the necessary rate adjustment. It's important to note that the PCA will be reduced at the point in time when an adjustment to the retail rates is implemented.

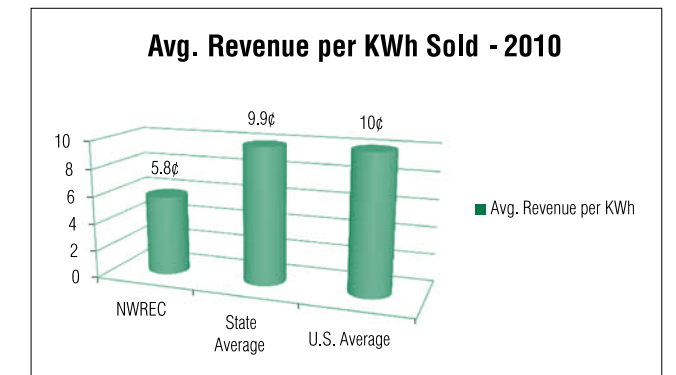
### What about beyond 2012?

Due to the fact that there are many variables that could impact future electricity costs, including the issue of what happens with environmental regulations, it is difficult to predict future electric rates with much certainty. However, the good news is that there are some indications from our power suppliers that wholesale purchased power costs should begin to stabilize again in the next few years. From past history, wholesale electric power costs tend to go in cycles. We are hopeful that the cost increases from new generation and environmental regulations will start to slow and that we can return to a period of rate stability.

It's important to mention that we will continue to share our concerns with our Senators and Representatives about the significant adverse impacts the environmental regulations are having on electric rates. We encourage you to do the same. Collectively, we may be able to have some impact on this important issue.

### How do NWREC's electric rates compare?

Even though NWREC's rates are increasing, we are fortunate to continue to have very competitive rates compared to other parts of the state and the U.S. The following is a comparison of NWREC's average revenue per kWh sold, to the average for Iowa and U.S. rural electric cooperatives. (This data is from the Key Ratio Trend Analysis prepared by our lender CFC, for the year 2010.) NWREC's rates were 804th lowest out of 815 REC's in the U.S. for the year 2010.



We continue to work hard to operate as efficiently as possible and to control the 21 percent of our operating expenses that we have some control over. An example of this is through the efficiencies we have gained from our two consolidations and the use of technology; we now have 41 full-time employees compared to 50 in 1998, which was the time of our last consolidation.

Another ratio comparison from the CFC analysis referenced above indicates that in 2010, NWREC's total controllable expenses per kWh sold were only 1.35 cents per kWh sold. This was 798th lowest out of the 815 RECs in the country.

We hope this information is beneficial and answers some of the questions you may have regarding electricity costs. We appreciate having you as a valued customer of the Cooperative. We pledge to continue to work hard to provide reliable electric service at the lowest possible cost.

