

# ANNUAL REPORT



## BUTLER COUNTY REC

2019

### 2019 BUTLER COUNTY REC FACTS:

Total miles of line energized: 1,825

Total number of consumers: 5,098

Average number of consumers per mile of line: 2.79

Total kWhs purchased by cooperative: 283,999,582

Total kWhs used by members: 277,810,752

Deferred patronage distribution: \$762,285.12

## LETTER TO MEMBERS

Butler County REC exists to serve you and has for over 80 years. Service was the reason we started and it's why we continue today, through building line, economic development, renewable energy, governance, and other programs to enrich your lives.

In 2019, our line crews rebuilt 22.5 miles of line to reinforce our system. One of the rewards for a robust system is fewer outages for our members. Our crews were called out less than 90 times for calls after hours. And they completed their work and outage calls with no lost-time accidents. Our record of over 1 million hours of no lost-time incidents continues to benchmark the success of our safety culture. 2019 also brought new faces to our line crew with the addition of three apprentice linemen through a position change and the departure of two crew chiefs.

Economic development vitality is important to Butler County REC because of job creation and our commitment to community. We loaned seven businesses funding in 2019 for building construction and business purchases.

When you drive down Hwy. 3 west of Shell Rock and look to the south, one can see the impact TrinityRail Maintenance Services will have on our service territory. Work began on TrinityRail Maintenance Services in the Butler Logistics Park, Shell Rock, in 2019. Our crews added 11 temporary services for their use, and construction of facilities is expected to be completed in 2020. The company plans to employ over 250 people in over 350,000 square feet of building space.

We are proud of AVEKA Manufacturing Inc., Fredericksburg, for being honored last year with an Iowa Venture Award through the Iowa Area Development Group. AVEKA has over 300 employee-owners throughout their three Iowa facilities. In 2019, the business underwent a \$2.6 million project at their Fredericksburg facility, which



Duane Rieckenberg,  
president, board of directors

included a warehouse expansion, new equipment, and facility remodeling.

Butler County REC is your source for energy information. Our solar arrays were installed as a show of support for renewable generation, as well as assist our members with making more informed decisions regarding renewable energy. When you come to us with questions, it is important for us to provide comprehensive answers.

We are pleased with the performance of our two solar arrays—Solar I at our Horton warehouse and Solar II eight miles north of the town of Bremer. Solar I, online since January of 2017, generated 214,300 kilowatt-hours (kWh) of electricity in 2019. Solar II, energized in April of 2019, produced 186,456 kWh of electricity. To view production from Solar I and Solar II, visit our website at [butlerrec.coop](http://butlerrec.coop), click on the Solar Project tab, choose either array, and click on Output Summary.

It is critical that we have knowledgeable, engaged leaders at every level of governance. We are fortunate that your board of directors, voted into their positions by you, are both. The decisions they make not only affect you, but affect them and six of our employees who are members, as well. The board of directors is accountable to you. That is one of the benefits of a cooperative—governed by the members.

Our directors know the importance of their position and recognize the confidence you



Craig Codner, CEO

have placed in them. In 2019, two directors earned their Director Gold Renewal Certifications through the National Rural Electric Cooperative Association and one earned a Credentialed Cooperative Director Certificate. These certifications require work above and beyond their required duties and demonstrate a level of commitment that we are proud of.

At the annual meeting in 2019, members voted to allow mail-in ballots for director elections. This year, for the first time, we mailed ballots to each voting member. This gives our entire membership the opportunity to participate in our democratic process and let everyone's voice be heard.

Butler County REC met all financial obligations in 2019 and was able to return patronage to members. A percentage of the patronage came from our power supplier, Corn Belt Power Cooperative, because they were able to meet their financial tier. As a cooperative, margins – retained as patronage capital – are used to help keep your cooperative financially sound and the quality of service as high as possible. That patronage is then paid back to members as determined by your board of directors.

At Butler County REC, safe and reliable service to our members is our primary focus. It was our focus in 1936 and will continue to be our mission well into the future.

# INCOME STATEMENT

2019

2018

## REVENUE

Sale of Electricity	\$28,322,075	\$27,769,181
Miscellaneous Electric Revenue	252,180	(8,634)
<b>Total Revenue</b>	<b>\$28,574,255</b>	<b>\$27,760,547</b>

## EXPENSES

Cost of Power	\$20,993,570	\$20,434,013
Operations & Maintenance Expense	1,944,459	1,945,532
Consumer Account Expense	387,269	417,661
Customer Service & Sales Expense	741,490	772,151
Administrative & General Expense	1,522,609	1,407,040
Depreciation	1,684,549	1,631,789
Taxes	23,614	23,018
Other Deductions	6,299	3,788
Interest on Long-Term Debt	1,056,209	1,018,729
<b>Total Expense</b>	<b>\$28,360,068</b>	<b>\$27,653,721</b>

## MARGINS

Operating Margins	\$214,187	\$106,826
Non-Operating Margin – Interest	383,295	357,369
Non-Operating Margin – Other	30,817	57,127
Corn Belt & Other Patronage Capital	1,669,639	3,396,724
<b>Total Margins</b>	<b>\$2,297,938</b>	<b>\$3,918,046</b>

# BALANCE SHEET

2019

2018

## ASSETS

Cash	\$6,295,570	\$4,084,238
Patronage Capital from Associated Cooperatives	13,002,974	12,138,472
Investments in Associated Organizations	685,424	682,703
Investments in Economic Development Projects	3,953,533	1,589,696
Accounts Receivable	2,974,102	2,739,239
Materials & Supplies on Hand	615,720	603,775
Deferred Debits	681,313	769,322
<b>Current Assets</b>	<b>\$28,208,636</b>	<b>\$22,607,445</b>
Total Cost of the System	53,900,890	52,352,419
less Depreciation Reserve	(16,462,372)	(15,457,572)
<b>Fixed Assets</b>	<b>\$37,438,518</b>	<b>\$36,894,847</b>
<b>Total Assets</b>	<b>\$65,647,154</b>	<b>\$59,502,292</b>

## LIABILITIES

Patronage Capital	\$11,727,971	\$10,135,863
Non-Operating Margins	410,506	414,496
Other Margins & Equities	16,664,365	16,714,692
<b>Margins &amp; Equities</b>	<b>\$28,802,842</b>	<b>\$27,265,051</b>
Accounts Payable	1,922,685	\$1,867,244
Notes Payable	5,000	5,000
Consumer Deposits	184,645	186,285
Other Current & Accrued Liabilities	1,139,589	1,093,222
<b>Current &amp; Accrued Liabilities</b>	<b>\$3,251,919</b>	<b>\$3,151,751</b>
Long-Term Debt – RUS & Economic Development	\$32,230,806	\$27,268,058
Long-Term Debt – CFC	930,021	1,143,880
<b>Total Long-Term Debt</b>	<b>\$33,160,827</b>	<b>\$28,411,938</b>
Deferred Credits	431,566	673,552
<b>Total Liabilities</b>	<b>\$65,647,154</b>	<b>\$59,502,292</b>



# CORN BELT POWER COOPERATIVE REPORT

Our goal at Corn Belt Power Cooperative is to enhance the quality of life of those we serve by putting our member-cooperatives first. As we do that today, we're also laying the groundwork for tomorrow's members by "Forging Future Generations."

In 2019, we continued our long-term goal of upgrading and improving our transmission system. Just like our founders did in the 1930's and 1940's, we continue to construct a system that will serve cooperative member-owners for years to come. We built and/or reconductored more than 60 miles of transmission line in 2019. Like in 2018, optical ground wire, or fiber, was installed on the transmission structure in place of static wire. Also new in 2019 were ductile iron poles. Ductile iron poles are stronger than wood, more environmentally friendly and safer to install. Numerous improvements and advancements have been made at substations and switching stations across our service territory.

We're able to complete these projects because of the decision we made in 2015 to join the Southwest Power Pool (SPP). Our membership in SPP ensures we receive a return on the investments we make in our transmission infrastructure. Because of this return, we are able to expedite these upgrades. These decisions are made with reliability and cost at top of mind. These improvements in infrastructure are aimed at containing future cost and prolonged enhancement of reliability.

Transmission is just one facet of Corn Belt Power's business. In 2019, proposed new regulation, known as the "Affordable Clean Energy (ACE) Rule," was released and became effective in September. The new rule provides Corn Belt Power and our power supplier, Basin Electric, with an achievable plan under the Clean Air Act. ACE recognizes the investments made by Basin Electric and Corn Belt Power in its coal-based facilities to improve efficiency and reduce carbon dioxide emissions. On this front, our relationship with Basin Electric has proved to be worthwhile. By effectively communicating our member-cooperative's viewpoints, we



Ken Kuyper, executive vice president and general manager

continue to aid and assist Basin Electric's goals and mission to be a low-cost power supplier to cooperative member-owners across its footprint.

On the generation side, it was another busy year at Wisdom Station. The Wisdom units continued to see increased operations in 2019. Increased outages in the SPP system the last two years along with low, stable natural gas prices have moved the Wisdom units up in the SPP generation stack. The shuttering of other fossil fuel plants and growth of wind generation resources in the SPP footprint have also led to the Wisdom units running more. As a peaking resource it is essential that Wisdom Station maintains high availability and starting reliability. The operations and maintenance personnel at Wisdom Station work very hard to ensure the units are available and that they operate properly when called upon. This can be difficult at times, especially for Wisdom Unit 1, which was designed to be a baseload unit, but is now being operated like a peaking resource.

Also at Wisdom Station is a new solar array. The project features 600 total panels, with 75 kilowatts of generation on fixed-tilt arrays and 75 kilowatts on single-axis tracking arrays. The array is located on the land that was previously covered with a coal pile. The need for a coal pile ceased when Wisdom Unit No. 1 was converted from coal to natural gas.

Corn Belt Power continues to forge relationships with those who make energy policy. At the end of 2019, after months of lobbying, the U.S. House of Repre-



Scott Stecher, president, board of directors; asst. secretary-treasurer, board Prairie Energy Cooperative

sentatives and the President passed the Rural Act and Secure Act into law. The Rural Act protects more than 900 electric cooperatives throughout the nation from the risk of losing their tax-exempt status when they accept government grants for disaster relief, broadband service and other programs that benefit co-op members. We will continue to protect the pocketbooks of rural citizens across the state of Iowa.

"Forging Future Generations" requires Corn Belt Power to invest in the future of its workforce. In 2019, we graduated our first LEAD class. LEAD is a program to help develop leadership skills in existing employees. It stands for Leadership Exploration and Development. Over the next several years, Corn Belt Power Cooperative will lose hundreds of years of experience and knowledge to retirement. We are confident we have the employees in place to carry out Corn Belt Power's great tradition.

Keeping our employees on the job is vital to reaching our goals. We want to make sure each and every employee returns to his or her family at night the same way they came into work. We have a robust safety training program that will serve us well into the future.

We are fortunate to have a current board of directors that takes an active interest in the operation of our cooperative. Their decision-making continues to make us a strong organization and will continue to do so for years to come.