



# ANNUAL REPORT 2020



**Butler County REC**

Your Touchstone Energy® Cooperative 

*Our mission: To improve quality of life for  
those whose lives we touch*

*butlerrec.coop*



*Duane Rieckenberg, president,  
board of directors*



*Craig Codner, CEO*

## LETTER TO Members

When we look back at 2020, it is easy to become caught up in the negatives: quarantine, isolation, and cancelled plans. At Butler County REC, we encourage you to consider looking at it in a different light: time spent at home with immediate family, time learning new hobbies, and time learning new ways to do just about everything. There were a number of challenges, but we met those challenges and, in many ways, became better for them.

When businesses began shutting down in mid-March, your annual meeting was only days away. The employees of Butler County REC, with the direction of the board of directors, quickly changed course when it became apparent we would be unable to hold an in-person meeting. The annual meeting became a mail-in ballot only meeting for director elections. This involved a lot of behind-the-scenes maneuvering and we are grateful to those members who returned their ballots. It was a success because of you and your willingness to participate.

Many businesses have struggled throughout the pandemic. Our service territory was fortunate to have two start-up businesses contact us for USDA loans. Hometown Dental in New Hampton and Main Street Drug in Charles City were both approved for loans. We are fortunate to provide financial resources to area businesses and enjoy seeing these businesses fulfill a need in our communities.

Our Butler Logistics Park in Shell Rock also saw continued success. TrinityRail Maintenance Services came online, and Shell Rock Soy Processing, LLC, broke ground on their new facility expected to be operational in 2022. We are proud of

the industrial park and the opportunities it provides for our members. In addition, a number of other members we serve also completed expansions throughout the year.

2020 brought safety challenges with masking, social distancing, and sanitizing. In 2018, we closed part of our front lobby for safety purposes, unaware that this would also be beneficial during a pandemic. Due to the wall and glass that were installed during the 2018 renovation, we were able to keep our lobby open for our membership. We ensured the safety of our members and employees through consistent sanitation of not only the lobby, but our work areas, as well.

In addition, we were given top ratings for our Rural Electric Safety Achievement Program audit and were described by one of the auditors as one of the top two cooperatives in the state for safety. This is a badge we wear with great pride, as it is always our priority to return every employee home safely at the end of the day.

This recognition came during a year in which line crews rebuilt 16.7 miles of line through the construction work plan, constructed 2.32 miles of new or rebuilt overhead line through work orders, and built 2.09 miles of new underground line. They also completed 214 work orders and were dispatched for 113 after-hour calls, all while maintaining our over 1 million hours of no lost-time accidents.

Three of our long-term employees retired in 2020: Jon Oltmann, crew chief, retired after 43 years; Kent Gulick, staking coordinator, retired after 38 years; and Rick Whalen, economic development director, after a lengthy career with rural electric cooperatives. We are thankful for their service to our members and wish them well in their retirement.

One of the many benefits of being a cooperative member is receiving patronage, similar to the dividends paid to shareholders of investor-owned utilities. The difference is that a co-op's "shareholders" are also the members it serves and the "dividends" (patronage) are distributed to the co-op's members/owners. In 2020, Butler County REC paid \$1,023,699.39 in patronage to members purchasing electricity in 2001 and/or a portion of 2020.

The education of your board of directors is important for guidance in their decision-making on behalf of the cooperative. In 2020, two directors received the National Rural Electric Cooperative Association Director Gold recertifications, one earned their Gold certification, one became a Certified Cooperative Director, and one achieved their Board Leadership distinction. These certifications demonstrate that your board is educated and engaged in furthering development of the cooperative business model.

The challenges continued into the beginning of 2021 when in February the Southwest Power Pool (SPP), a regional transmission organization, implemented rolling outages for load curtailment. A number of our substations were affected. We were not given advance warning, but continue to work with SPP on communication regarding all services and operations that affect our members.

Winston Churchill said, "Difficulties mastered are opportunities won." The year 2020 was full of difficulties for all of us that became opportunities to win.

We are grateful to be of service to you—through the challenges and as we rise above to new opportunities. Thank you for your ongoing support of Butler County REC.

## INCOME Statement

### REVENUE

Sale of Electricity	\$28,282,233	\$28,322,075
Miscellaneous Electric Revenue		252,180
<b>TOTAL REVENUE</b>	<b>\$28,282,233</b>	<b>\$28,574,255</b>

### EXPENSES

Cost of Power	\$19,997,590	\$20,993,570
Operations & Maintenance Expense	1,774,111	1,944,459
Consumer Account Expense	412,330	387,269
Customer Service & Sales Expense	641,830	741,490
Administrative & General Expense	1,557,999	1,522,609
Depreciation	1,764,579	1,684,549
Taxes	23,774	23,614
Other Deductions	4,660	6,299
Interest on Long-Term Debt	1,040,468	1,056,209
<b>TOTAL EXPENSES</b>	<b>\$27,217,341</b>	<b>\$28,360,068</b>

### MARGINS

Operating Margins	\$1,064,892	\$214,187
Non-Operating Margin – Interest	261,493	383,295
Non-Operating Margin – Other	55,870	30,817
Corn Belt & Other Patronage Capital	1,785,222	1,669,639
<b>TOTAL MARGINS</b>	<b>\$3,167,477</b>	<b>\$2,297,938</b>

## BALANCE Sheet

### ASSETS

Cash	\$8,831,222	\$6,295,570
Patronage Capital from Associated Cooperatives	13,826,576	13,002,974
Investments in Associated Organizations	697,089	685,424
Investments in Economic Development Projects	4,692,081	3,953,533
Accounts Receivable	2,842,160	2,974,102
Materials & Supplies on Hand	594,537	615,720
Deferred Debits	476,892	681,313
<b>CURRENT ASSETS</b>	<b>\$31,960,577</b>	<b>\$28,208,636</b>

Total Cost of the System	55,548,254	53,900,890
less Depreciation Reserve	(17,644,113)	(16,462,372)

<b>FIXED ASSETS</b>	<b>\$37,904,141</b>	<b>\$37,438,518</b>
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<b>TOTAL ASSETS</b>	<b>\$69,864,718</b>	<b>\$65,647,154</b>
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### LIABILITIES

Patronage Capital	\$11,868,190	\$11,727,971
Non-Operating Margins	2,102,584	410,506
Other Margins & Equities	17,113,591	16,664,365

<b>MARGINS &amp; EQUITIES</b>	<b>\$31,084,365</b>	<b>\$28,802,842</b>
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Accounts Payable	1,940,762	\$1,922,685
Notes Payable	5,000	5,000
Consumer Deposits	179,810	184,645
Other Current & Accrued Liabilities	1,230,284	1,139,589
<b>CURRENT &amp; ACCRUED LIABILITIES</b>	<b>\$3,355,856</b>	<b>\$3,251,919</b>

Long-Term Debt – RUS & Economic Development	\$34,020,576	\$32,230,806
Long-Term Debt – CFC	711,621	930,021
<b>TOTAL LONG-TERM DEBT</b>	<b>\$34,732,197</b>	<b>\$33,160,827</b>

Deferred Credits	692,300	431,566
<b>TOTAL LIABILITIES</b>	<b>\$69,864,718</b>	<b>\$65,647,154</b>





*Ken Kuyper, executive vice president and general manager*



*David Onken, president, board of directors; president, board of directors, Raccoon Valley Electric Cooperative*

# CORN BELT POWER COOPERATIVE Report

**F**rom Mother Nature’s destruction to the COVID-19 global pandemic, 2020 was a challenging year. Despite the challenges, our mission remained the same: to enhance the quality of life of those we serve.

Our membership in the Southwest Power Pool regional market continues to produce positive economic results. We are able to aggressively continue upgrading and rebuilding our electric system as a byproduct of that relationship. Building and maintaining our robust transmission system continues to power us and our members forward.

Corn Belt Power upgraded more than 70 miles of its transmission infrastructure in 2020. The Pocahontas to Whittemore line rebuild, completed by Corn Belt Power crews, consists of 24 miles of new 336 aluminum conductor steel-reinforced cable.

System improvements increase system reliability and provide for future load growth, like the projects we completed in the Butler Logistics Park. Corn Belt Power crews constructed the new Bauman Substation and Feldman Switching Station to power the new TrinityRail Maintenance Services. While the new infrastructure is adjacent to the growing commercial and industrial

park, these stations will also deliver power to the surrounding area.

Our power supply department reported Wisdom Station Unit 2 reached record start times and operation hours in 2020. The year’s energy production fell just shy of a record setting year. The low, stable natural gas price makes Wisdom Unit 2 a competitive peaking resource within the Southwest Power Pool. Unit 2 is fast-starting and operational on short notice when needed to support transmission system reliability.

We were pleased to announce the commissioning of Wisdom Station’s new 150-kilowatt solar facility in 2020. After months of planning, the facility began generating electricity in August 2020. The project features two different photovoltaic panel arrangements, a fixed-tilt array and an array of single-axis tracking panels. The panels take up space once occupied by the plant’s coal pile. Wisdom Station converted to an all-natural gas burning facility in 2014.

We witnessed Duane Arnold Energy Center’s (DAEC) closure in August, following the devastating derecho that swept across Iowa. Because of our strong relationship with Basin Electric Power Cooperative, we can withstand this closure. Before joining

Basin Electric as a Class A member, DAEC made up a large portion of our generation mix. Since joining Basin, our 10-percent share of DAEC has made up less than two percent of our power supply.

In 2020, Corn Belt Power’s main office location also received updates with new flooring, an updated reception area and information technology systems. Employees continued to refine the support systems that allow Corn Belt Power to supply our members with safe, reliable and affordable electricity.

Corn Belt Power upgraded its supervisory control and data acquisition system (SCADA) in December. The upgrade increased SCADA system reliability along with the number of servers providing additional system redundancies. Along with other cooperatives in the state of Iowa, we joined NRECA’s Rural Cooperative Cybersecurity Capabilities Program.

The program will help Corn Belt Power identify its virtual and physical security strengths as well as detect system threats and vulnerabilities. We’re pleased to leverage that information to keep our systems steadfast and secure.

## 2020 BUTLER COUNTY REC Facts:

Total miles of line energized: 1,823.36

Total number of consumers: 5,067

Average number of consumers per mile of line: 2.78

Total kWhs purchased by cooperative: 280,016,142

Total kWhs used by members: 274,117,584

Deferred patronage distribution: \$1,023,699.39