

WATTS *Current*

August 2022

2021 ANNUAL REPORT

**Official Annual
Meeting Ballot
on page 11**

Notice of Annual Meeting of Members

The Annual Meeting of the members of Maquoketa Valley Electric Cooperative will be held at the Berndes Center, 766 N. Maple Street, Monticello, Iowa at approximately 12:30 p.m., Thursday, August 18, 2022. Members who are unable to attend the meeting have the option to cast their ballot via mail using the ballot on page 11 of this Annual Report and the enclosed envelope.

During the Annual Meeting, and via mail-in ballots received, members will take action upon the following matters:

- Approval of 2021 Annual Meeting Minutes
- Approval of the Treasurer's Report
- Election of three Cooperative Directors for a three year term

The terms of the following Directors expire upon the date of this Annual Meeting:

- Ron Thielen, Region 3 (Dubuque County)
- Billie Zumbach, Region 4 (Delaware County, portions of Buchanan & Clayton Counties)
- Tom Stewart, Region 2 (Jackson County & portions of Clinton County)

The following members have been nominated as candidates for a Director position by the Nominating Committee:

- Ron Thielen, Region 3 (Dubuque County)
- Billie Zumbach, Region 4 (Delaware County, portions of Buchanan & Clayton Counties)
- Tom Stewart, Region 2 (Jackson County & portions of Clinton County)
- Mary Goebel, Region 3 (Dubuque County)

Candidate interviews and additional meeting information is available at mvec.coop/annual-meeting. You are urged to participate in this meeting either in person or by marking the Official Annual Meeting Ballot on Page 11. Instructions for completing the ballot are on Pages 10 and 11 and must be followed to be considered valid. Members choosing to attend the meeting in person may vote by mail OR at the meeting.

Ballots returned by mail must be received at the Cooperative's office in Anamosa prior to noon on August 16, 2022 to be considered valid and to be entered into a drawing for cash prizes up to \$100.

The Annual Meeting will be conducted in English. If you are not conversant with this language and plan to attend, contact the Cooperative in advance so an interpreter can be provided. If you have any disability and need special accommodations to have a full and equal enjoyment of this program, contact the Cooperative prior to the meeting to make arrangements.

Dated at Anamosa, Iowa, this 1st day of August, 2022.

Gene Manternach, Secretary

Annual Meeting Agenda

August 18, 2022

**Registration Open
10:00 a.m. - 12:30 p.m.**

**Lunch
11:30 a.m. - 12:30 p.m.**

**Business Meeting
12:30 p.m.**

Awarding of Cash Prizes



EXECUTIVE MESSAGE

"Our Energy Working for You"



Ron Thielen,
President



Jeremy Richert,
CEO

By President Ron Thielen and CEO Jeremy Richert

On behalf of our Staff and Board of Directors, we are pleased to invite you to this year's in-person Annual Meeting on Thursday, August 18th at the Berndes Center in Monticello, Iowa. In an effort to encourage the highest number of members as possible to participate in the governance of your Cooperative, we are once again allowing members to participate by mail or in person. We encourage you to attend this year's annual meeting in person if possible, but if your schedule does not allow, please return the mail-in ballot included with this Annual Report to ensure your voice is heard.

The theme for this year's report is Our Energy Working for You. In addition to annual information on cooperative business, this report provides perspectives from some of the dedicated employees who work every day to keep the lights on and the internet connected for members. We thank our team of employees for their hard work behind the scenes to provide reliable, safe and affordable electricity and internet.

Our Energy Working For You also applies to the resources we use to power your lives. This year, much focus has been placed on the integrity of the electric grid across the US with many articles being published by national media. MVEC purchases our power from Central Iowa Power Cooperative (CIPCO). As a 24/7 energy provider, CIPCO is committed to meeting the energy needs of MVEC's members through a diverse mix of wind, hydro, solar, landfill gas, natural gas and coal energy resources. We have supported investment in renewable technologies to transition from predominantly coal fueled power to more diversified energy sources. Moving toward even higher renewable percentages will require an all of the above generation approach and will take time as we are also responsible for balancing the needs of safety, reliability and affordability for our members. Overall, we continue to operate one of the most reliable electric grids in the state with outage time for our members being 38% lower than the average outage time experienced across Iowa.

At MVEC, Our Energy Working For You extends beyond electricity to our high speed fiber internet service, MVlink. Now in our sixth year providing internet, we are serving nearly 6,000 internet members (and are adding more every day). We continue to follow through on our promise of fast, reliable internet as supported by a recent survey to MVlink members. The feedback was overwhelmingly positive: 95% of respondents said MVlink met or exceeded their expectations and 97% of respondents would recommend MVlink to others. We are pleased to provide this valuable service to our members as well as to a few rural communities in our area which would otherwise not have access to broadband internet.

Our Energy Working For You powers lives and empowers the communities we serve every day. Having access to safe, reliable, and affordable electric and internet services provides a stable foundation for your quality of life, and we take that responsibility very seriously. We look forward to serving your needs in the year ahead and look forward to seeing you on August 18th.

Ron Thielen, President

Jeremy Richert, CEO



Director Candidates

VISIT MVEC.COOP/ANNUAL-MEETING FOR FULL BIOS AND MORE INFORMATION



Ron Thielen
Bellevue

REGION 3 - RONTHEILEN (Dubuque County)

Wife Lori, two married children, Ali (Ryan) Gassmann, Zach (Molly) Thielen. One Grandson-Rory Thielen.

- Northeast Iowa Community College, AAS in Industrial Electricity
- National Electrical Joint Apprenticeship Training graduate and Journeyman Electrician since 1988
- Employee of Westphal & Company, Inc. since 1984; currently serving as Vice President

- National Electrical Contractors Association representative
 - o Dubuque Division, served as Chairperson from 2010 to 2012 and currently serving on the Apprenticeship, Pension, and Health & Welfare Committees
 - o Iowa Chapter, currently serving on the Statewide Board of Directors as Governor, and will represent Iowa on the national association's Board of Governors.
- Member of St. Donatus Parish, past finance committee member
- Dubuque Area Labor Management Council, currently serving on Board of Directors
- Alliance for Construction Excellence (ACE) member
- Past Commissioner for the Governor appointed Mississippi River Parkway Commission
- Serving on Holy Family Schools, Building & Grounds Committee
- MVEC member since 1988, Board Director since 2004, President since 2017; earned NRECA Credentialed Cooperative Director Certificate 2008; earned Board Leadership Certification 2018 and Director Gold in 2020.

Why are you interested in serving another term on the board?

I would like to serve another term on the board to see our fiber to the home/internet project complete and to work on new industry innovations such as battery storage, wind and solar power and to keep pace with or stay ahead of any other new or emerging technologies. After serving on the board already, I enjoy being a part of the MVEC team.

What strengths do you bring to the Board?

I believe with my education, work experience and previous director experience that I can continue to be an asset to the board and will work to be a part of all solutions for the many challenges that may arise at the CO-OP. My background in electricity along with business management experience brings a different perspective to the board.

What is your hope for the Cooperative's future?

I would hope that MVEC will be able to continue to offer safe, reliable, affordable electricity and internet service to all members and continue to look to the next best service that we may be able to offer for many years to come. For example, we will have to find solutions on how to charge many electric vehicles if the current trend in EVs continues.



Mary Goebel
Guttenberg

REGION 3 - MARY GOEBEL (Dubuque County)

Husband Joseph, four adult children who are all members of MVEC and twelve grandchildren.

- Lifetime farmer and retired after 20 years working in the Mental Health field.
- Longtime volunteer and currently serves on the following Dubuque County committees and boards: Eminent Domain Committee, Historic Preservation Committee, Sunnycrest Manor Advisory

Board, Airport Zoning Board and Airport Board of Adjustment. She also currently serves on the Dubuque County FSA committee, is Vice President of District 72 for AMPI and is on the Board of Directors for the Iowa State Dairy Association. She was on the Board of Directors at Dairy Lab services until March of 2022. Additionally, Mary volunteers at the Family Resource Center at the Christmas Cookie Bake for the needy and assists at the local funeral home. In addition to being a member of MVEC, Mary is also a Farm Bureau member.

- Belongs to Holy Trinity Church in Luxemburg where she has served on several committees.
- MVEC Member Since: 1970

Why are you interested in serving on the board?

I have always wanted to serve on the MVEC board because I think I can bring my many background strengths to the table with the volunteer and other positions I have been involved with over the years.

What strengths do you bring to the Board?

I enjoy people and am always open to others' views. I also bring a lot of experience and perspective from many volunteer positions I've held over the years.

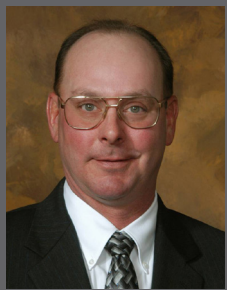
What is your hope for the Cooperative's future?

I've seen the cooperative make a lot of progress over the years and see even more potential for growth in MVEC's future. I hope I can be a part of that.



Director Candidates

VISIT MVEC.COOP/ANNUAL-MEETING FOR FULL BIOS AND MORE INFORMATION



Tom Stewart
Preston

REGION 2 - TOM STEWART (Jackson County and portions of Clinton County)

Wife Linda, son Andrew

- Operates a beef operation, raises corn, soybeans, hay and oats; 5th generation family heritage farm, connected in 1938
- Jackson County FSA committee chair
- Jackson County Zoning board member

- First United Methodist Church member, past Administrative Council Chairman and past chair of the Youth Board
- Jackson County Farm Bureau member
- Past President of the Jackson County Cattlemen Association
- Past Chairman of the Jackson County Extension Board.
- Tom and Linda enjoy collecting Red Wing pottery and other antique stoneware.
- MVEC member since 1982. Board Director since 2004, Vice President since 2017; Earned NRECA Credentialed Cooperative Director Certificate 2006; Earned Board Leadership Certificate 2012; Director Gold Certificate, 2016, 2019.

Why are you interested in serving another term on the board?

I have been honored to represent the membership of MVEC as a Director. Electrical power is a vital service in our lives. I enjoy contributing to the industry that brings reliable, affordable energy to our members.

What strengths do you bring to the Board?

I believe my experience and training will serve the Co-op well. My accessibility to the membership is also a responsibility I take seriously. Whenever a member has reached out to me I have listened to their concerns and followed up to the best of my ability.

What is your hope for the Cooperative's future?

My hope is the Co-op continues to serve the membership's future needs through up-to-date technology, sound management, and the personal cooperative touch.



Billie Zumbach
Coggon

REGION 4 - BILLIE ZUMBACH (Delaware County, portions of Buchanan and Clayton counties)

Husband Doran, two children and seven grandchildren.

- Agriculture producer, specifically raising corn and soybeans with son, Mitchell
- Daughter, Nichole Harken, teaches communications at UNI
- West Delaware High School Graduate; Hawkeye Tech graduate; Certified Lab Assistant Degree

- Two year employee of NEIFB Association; 32 year employee Farm Management Association; Bookkeeper for Clean Wash Company in Ryan
- Member at First Lutheran Church and involved with mission projects, freezer meal team and three fencing projects for Kansas Fires, Missouri Valley Flood and Godspeed Equine in Dallas Center, IA (equine therapy for at-risk youth)
- Past Delaware County Porkette Board member
- Past Leader Buffalo Belles 4-H Club
- Past Good Neighbor Society President
- MVEC member since 1978; Board Director since 2010, Policy Committee; earned NRECA Credentialed Cooperative Director Certificate 2011; Board Leadership Certificate 2021

Why are you interested in serving another term on the board?

Because of the membership and the connection we have. Members will call me if they have questions or concerns and know that I am available and will relay those issues on to MVEC staff for resolution.

What strengths do you bring to the Board?

I bring experience with the cooperative and an understanding of MVEC's electric and fiber systems.

What is your hope for the Cooperative's future?

The vision to move forward like we've done in the past and not be afraid to jump into new things to make the system better to improve reliability and capabilities for members.



By Treasurer Judy Gotto

The Statement of Operations shows operating revenues increased by \$1.25 million from 2020 to 2021 for a total of \$37.1 million; \$32.8 million was recognized from the sale of electricity and related charges and \$4.3 million from the sale of internet and telephone services. The report also shows a total net margin of \$2.67 million for 2021, which was allocated to patronage dividends, and reserve for losses and surplus in accordance with Iowa law.

The Cooperative added \$10.5 million in total utility plant as we continued investing in our electric grid build-out and improving our smart grid network. This necessitated borrowing \$6,000,000 to fund capital projects.

With the increases in both electric and fiber revenues, we were able to defer \$500,000 in revenue to 2022 allowing us to maintain rates as low as possible.

In October 2021, \$800,000 in patronage dividends were paid to current and past members, retiring \$439,000 of the 2006 dividends and \$360,000 of the 2007 dividends. Earlier this year, the Board of Directors allocated \$1.2 million of the 2021 net margins to the membership for reimbursement in the coming years.

Eide Bailly, an independent audit firm from Sioux Falls, South Dakota, performed an audit of the Cooperative's financials. Their opinion as noted in this annual report states the financials conform to generally accepted accounting principles and no issues of concern were identified.

Maquoketa Valley Rural Electric Cooperative Statements of Operations

	2021	2020
Operating Revenues		
Electric Revenues	\$ 32,766,579	\$ 32,510,428
Internet revenues	4,098,079	3,153,118
Telephone revenues	199,233	150,880
Total operating revenues	<u>\$ 37,063,891</u>	<u>\$ 35,814,426</u>
Operating Expenses		
Cost of power	17,936,107	17,922,908
Operations	2,538,029	2,257,233
Maintenance	2,011,190	1,812,844
Customer accounts	823,385	762,649
Sales expense	842,325	675,518
Administrative and general	2,181,220	1,897,086
Depreciation	5,267,805	4,717,532
Taxes	810,962	833,249
Interest on long-term debt	3,165,862	3,129,542
Other	18,487	11,498
Total operating expenses	<u>35,595,372</u>	<u>34,020,059</u>
Operating Margin Before Capital Credits	1,468,519	1,794,367
Generation and Transmission and Other Cooperative Capital Credits	<u>1,154,158</u>	<u>1,721,683</u>
Net Operating Margin	<u>2,622,677</u>	<u>3,516,050</u>
Nonoperating Margin		
Interest income	44,271	88,625
Other nonoperating margin, net	11,022	7,166
(Loss) gain from disposal of electric plant	<u>(12,270)</u>	<u>40,540</u>
Total nonoperating margin	<u>43,023</u>	<u>136,331</u>
Net Margin	<u>\$ 2,665,700</u>	<u>\$ 3,652,381</u>



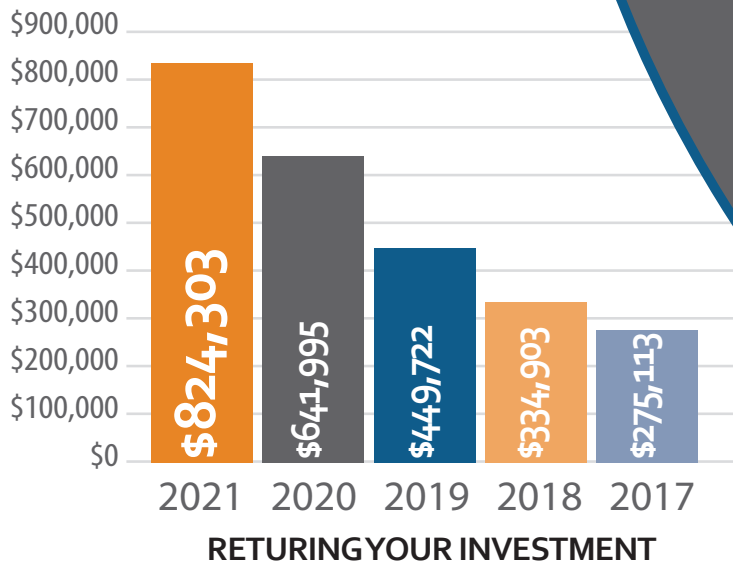
Maquoketa Valley Rural Electric Cooperative

Balance Sheet

	2021	2020
Assets		
Electric and Fiber Plant		
Electric plant in service	\$ 104,319,286	\$ 99,801,923
Fiber plant in service	60,592,711	52,047,509
Under construction	3,918,486	6,506,810
Total electric and communications plant	168,830,483	158,356,242
Less accumulated depreciation	(45,292,087)	(41,679,225)
Electric and fiber plant, net	123,538,396	116,677,017
Other Assets and Investments		
Investments in associated companies	9,220,103	8,937,962
Restricted investments	1,082,871	1,066,061
Special funds - revenue deferral	500,000	500,000
Non-utility property, net	26,248	52,820
Total other assets and investments	10,829,222	10,556,843
Current Assets		
Cash and cash equivalents	2,772,253	1,732,958
Accounts receivable, net	4,221,814	4,693,129
Materials and supplies	3,131,269	3,106,091
Prepaid expenses	378,481	462,703
Other current and accrued assets	13,066	13,066
Total current assets	10,516,883	10,007,947
Deferred Debits	598,249	895,503
Total assets	<u>\$ 145,482,750</u>	<u>\$ 138,137,310</u>
Equities and Liabilities		
Equities		
Patronage capital	\$ 15,734,872	\$ 15,172,853
Other equities	23,644,941	22,372,516
Total equities	39,379,813	37,545,369
Long-Term Debt, Less Current Maturities	96,807,637	93,404,416
Accumulated Provision for Postretirement Benefits	463,064	209,396
Current Liabilities		
Current maturities of long-term debt	2,594,665	1,972,640
Accounts payable	2,136,754	1,998,997
Customer deposits	142,511	139,462
Other current and accrued liabilities	2,158,196	1,390,390
Total current liabilities	7,032,126	5,501,489
Deferred Credits	1,800,110	1,476,640
Total equities and liabilities	<u>\$ 145,482,750</u>	<u>\$ 138,137,310</u>



5-Year Patronage History

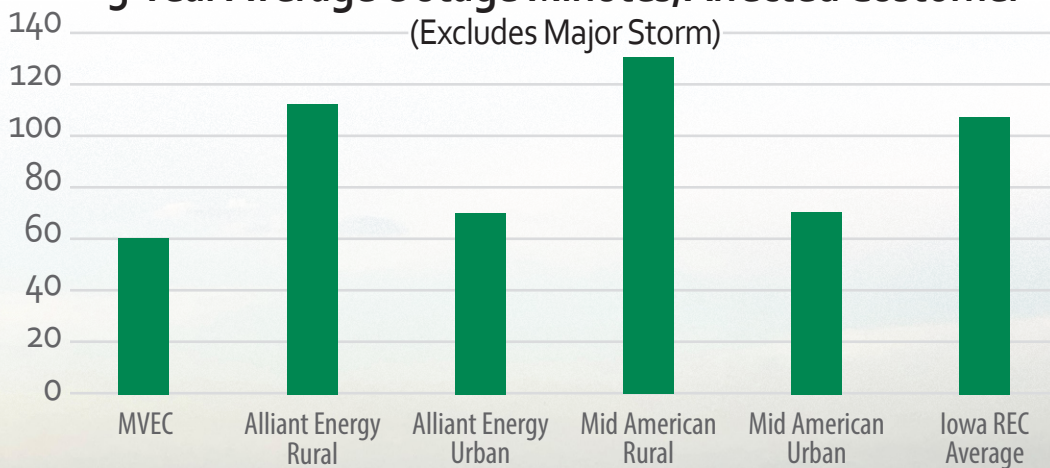


7 guided by COOPERATIVE PRINCIPLES

1. Open and Voluntary Membership
2. Democratic Member Control
3. Members' Economic Participation
4. Autonomy and Independence
5. Education, Training, and Information
6. Cooperation Among Cooperatives
7. Concern for Community

5-Year Average Outage Minutes/Affected Customer

(Excludes Major Storm)





What do you like most about working for a co-op/MVEC?

"What I like most about working for MVEC is the positive impact we have on our community. I come to work knowing I'm making a difference. The work that we do is important and the team we have to do it is passionate about their responsibilities.



Jenna -
Safety Director



What is your favorite aspect of your job at MVEC?

"My favorite aspect of my job is diving into the numbers and finding ways to optimize the grid to improve reliability, lower costs, and accommodate future growth.



Will -
Distribution Engineer



How do you help MVEC with our mission to provide safe, reliable and affordable electricity/internet?

"I am able to assist members with questions about their electric bill and ways they can make energy efficient choices.



Erica -
Customer Service Representative-Electric



What do you like most about working for a co-op/MVEC?

"I enjoy so much about Maquoketa Valley. The people I work with. The members I serve. It is a true honor to say I work here.



Joe -
Fiber Technician



g for You Since 1935"



How do you help MVEC with our mission to provide safe, reliable and affordable electricity/internet?

"We all work together to keep each other safe to prevent lost time injuries so we can all go home the same way we came to work."

” **Mike -**
Anamosa Lead Lineman



What is your favorite aspect of your job at MVEC?

"Seeing the final design of the power line once the crews have constructed it, knowing that it will be there for many generations to come."

” **Hunter -**
Staking Technician



What do you like most about working for a co-op/MVEC?

"What I like most about working for the Co-op is we treat each other like family. We all value our working principles and go above and beyond for our co-workers as well as our members."

” **Jackie -**
Customer Service Supervisor - Fiber



How do you help MVEC with our mission to provide safe, reliable and affordable electricity/internet?

"Showing up for work every day and doing our daily work orders. Listening to co-workers and being open to their ideas while sharing what I've learned over the last 30 years to build our knowledgebase."

” **Pete -**
Cascade Lead Lineman



**6
YEARS**

Miles of fiber total project

2,255

Miles of fiber constructed in 2021

90

Connected members in total

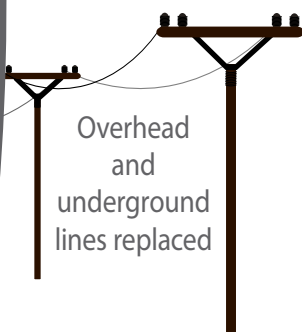
5,555

Members connected in 2021

994

"MVlink is extremely reliable and fast internet. Installation was easy. Their customer service is top-notch! We had two college students move home during the pandemic when their classes went online plus two adults working from home. We never had any issues with buffering or slow speed. MVlink is the best internet around!"

- Karen, Monticello



\$2,842,033
invested in
line replacements

**Empowering
Energy Savings**

\$152,199

in energy efficiency
rebates to MVEC members



2021
Facebook Fans

180
NEW
FANS

1,860
TOTAL
FANS

**Average
cost per kWh**



2.97%
DECREASE

over the past
10
YEARS

Secretary's Instructions for Voting

Please review the minutes of the 2021 Annual Meeting of the Members, and the Treasurer's Report, then select either Yes or No to cast your vote to approve each.

Pursuant to the Cooperative's Bylaws, a nominating committee, appointed by the Board of Directors, has nominated these candidates for election to a term of three years each. Mark this ballot with an "X" in the square in front of each nominee for whom you wish to vote.

Official Ballots will remain sealed until they are counted by member tellers and the Cooperative's attorney during the Annual Meeting. Returning your ballot ensures your participation in the Annual Meeting and allows your vote to count in the selection of directors to serve you.



Your ballot must be returned in the enclosed envelope marked "Official Ballot" and must be received at MVEC's office in Anamosa, prior to noon on August 16, 2022.

Official Annual Meeting Ballot

The Secretary's instructions on page 10 and above must be followed for this ballot to be valid.

I approve the Minutes of 2021 Annual Meeting *see back page* Yes ☐ No ☐

I approve the Treasurer's Report *see page 5* Yes ☐ No ☐

Three to be elected for three year terms; Vote for only one from each region.

Region 2

(Jackson County & portions of Clinton County)

☐

Tom Stewart*

Region 3

(Dubuque County)

☐

Ron Thielen*

☐

Mary Goebel

Region 4

(Delaware County, portions of Buchanan & Clayton Counties)

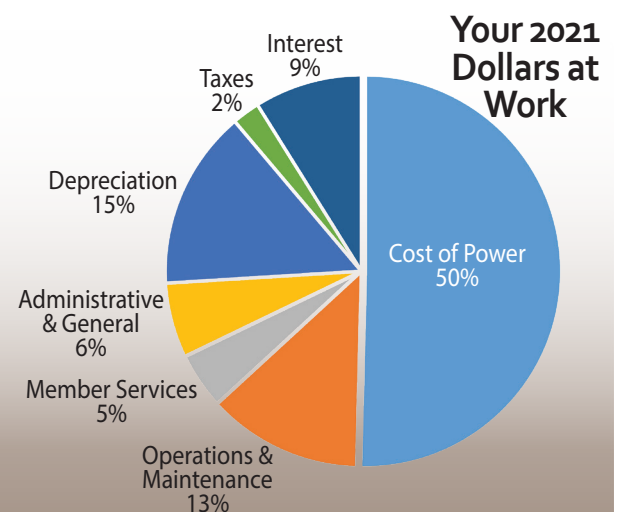
☐

Billie Zumbach*

*Incumbent Director

cut along perforated line

	2021	2020
Electric & Communication Members	13,733	13,447
Meters Connected (at year-end)	16,701	16,536
Distribution Miles Energized (at year-end)	3,303	3,282
Average Meters per Mile	5.06	5.03
kWh Sold	295,022,786	289,962,403
Wholesale Power Cost per kWh Sold	0.0608	0.0618
Average Revenue per kWh Sold (Total)	0.1104	0.1116
Average Patronage Dividend Payment	\$65.30	\$53.79
Full-time Employees (at year-end)	73	74
Outage Minutes Total	88.11	271.72



The Annual Meeting of the Members of Maquoketa Valley Rural Electric Cooperative was held at the Berndes Center in Monticello, Iowa at 12:30 P.M. on the 19th day of August, 2021.

President Thielen, having confirmed a quorum was present, called the meeting to order and appointed attorney Phil Brooks as Parliamentarian for the meeting. Assistant Secretary Charles McCullough took the official minutes.

Members waived the reading of the roll and the reading of the official notice of the meeting, which was mailed along with a voter response card, to all members of record on August 2, 2021. The minutes of the Annual Meeting of the Members held on August 18, 2020 and the Treasurer's Report were approved.

President Thielen stated that in accordance with the Cooperative's Articles of Incorporation and Bylaws all members were notified of the process for seeking a position on the Board of Directors and an independent nominating committee was appointed. The Nominating Committee presented the following members for Director Positions: Jan Null for Region 1; Charles McCullough and John Murphy for Region 3; and Larry Swanson for Region 4.

The counting of ballots returned by the membership via US Mail was completed with three teller members and overseen by Attorney Brooks. The membership elected the following members to Director positions for three year terms: Jan Null – Region 1, Charles McCullough – Region 3, and Larry Swanson – Region 4.

No unfinished or new business was raised by the members present. With all necessary business concluded, the meeting was adjourned.

**Abbreviated
Version of
Minutes of the
2021 Annual Meeting
of Members**

(Full version of the minutes is available
at mvec.coop/annual-meeting)

Minutes of 2021