

IMPACTING

Iowa

Community by Community



A study of the economic impact of electric cooperatives in Iowa.



Iowa's electric cooperatives — impacting all 99 counties in Iowa.

Cover Photos:

Left — Humboldt County REC participates in the School Net project with KCCI-TV.

Middle — Tall Corn Ethanol in Coon Rapids is served by Glidden REC.

Right — Co-line Welding, served by Pella Cooperative Electric.

Defining **IMPACT** ... community by community

The numbers in our study are impressive. Iowa's electric cooperatives affect the jobs of more than 5,300 local residents. The average annual salary for each of those workers is \$33,855. We contributed \$10.8 million to the development of our communities. Plus, we leveraged \$28 million in loans and grants into a \$110 million impact on our local economies. In 2003 alone, Iowa's electric cooperatives invested \$103 million in utility plant – that's an average of \$640 per consumer we serve. **These numbers are just the beginning of our story.**

All of these examples have two things in common: the electric cooperatives are involved and they are making a difference for Iowans.

Impacting Every County in Iowa

There aren't many private sector companies who can boast that they impact every corner of their home state – in nearly every aspect of their business. Cooperatives are proud of the fact that collectively, they impact every single Iowa county – 99, to be exact. That's quite an accomplishment and a testimony to the advantages of the cooperative way of doing business.

IMPACT

*In one corner of Iowa, a groundbreaking is completed for a \$60 million facility that will produce 40 million gallons of ethanol each year. **35 new jobs for Iowa.** In another region of the state, a joint venture between a food processing facility and a cold storage facility leads to the construction of a 60,000 square-foot building. **250 new jobs for Iowa.** In another portion of the state, the co-ops partner with other utilities to build a new coal-fired power plant. **790 megawatts of power for Iowa.** In north central Iowa, a dozen co-ops team up throughout the year to donate time in their communities. **18,000 volunteer hours.***



A joint venture between West Liberty Foods and Millard Cold Storage has brought about the construction of a 60,000-square-foot cold-storage facility. The project is supplied power by Access Energy in Mt. Pleasant.



Summary of Economic Impact

Component	Value of Output	Value of Income	Number of Jobs
Development	\$14,208,253	\$4,698,450	246
Investment	\$109,611,761	\$31,376,646	933
Operations	\$778,043,854	\$131,850,451	4,213
Total	\$901,863,868	\$167,925,547	5,392

For decades, Iowa's electric cooperatives have been reaching out to member-consumers in all of Iowa's 99 counties by delivering reliable and affordable power. But, we've always known we're more than just a utility to our consumers, we're part of the community. Sure, every business belongs to one community or another. But, we're different. Cooperatives are member-owned and controlled, therefore, our communities have a say in the way

we do business. We're committed to growing and developing the regions in which we serve. After all, we know the only way to grow Iowa is by helping our consumers succeed.

When you look around Iowa, you'll see the cooperatives impacting Iowa in several key areas — Business and Economic Development, Community Development and Civic Activities, Educational Development, Housing Assistance and Volunteer Activities. For 2003, electric cooperatives made cash contributions and donated time and goods totaling \$10.8 million in an effort to advance their communities. When we talk about focusing our energy in key areas, we aren't just talking about the dollars and cents of doing business. We're talking about impacting quality of life, education, safety and the vast array of things that make a community advance in today's economy.

COOPERATIVE

A member-owned business with membership open to those who use its services. Democratically controlled and operated on a non-profit basis, a cooperative returns any margins to members on the basis of patronage.

Measuring our Impact

In the spring of 2004, the Iowa Association of Electric Cooperatives partnered with Strategic Economics Group, a nationally recognized research firm, to survey the economic impact Iowa's electric cooperatives have on the state. The survey was designed to measure cooperatives' data for 2003 regarding the following:

- Operations expenditures
- Expenditures on community and business programs
- Charitable contributions
- Community and economic development investments
- Volunteer activities



Groundbreaking ceremony for Amaizing Energy, the \$60 million ethanol facility near Denison. Harrison County REC will provide power to the plant.

There are two types of electric cooperatives in Iowa, both of which are included in the study. The distribution cooperatives (35), who purchase wholesale power and deliver it to their member-consumers. The generation and transmission cooperatives (5), also known as G&Ts, are power-supply cooperatives owned by the distribution cooperatives. The G&Ts generate power or purchase it from an outside source.

Operations — *Bottom Line Impact on Communities*

In 2003, Iowa's electric cooperatives added nearly \$900 million in output to their local economies, through the increased value of all goods, services and labor within their service areas because of the cooperatives economic activity. The cooperatives also affected the jobs of more than 5,392 residents. When it comes to salaries for these jobs, the cooperatives pay very competitive wages and have attractive benefits. Our average salary per worker in 2003 was \$33,855.



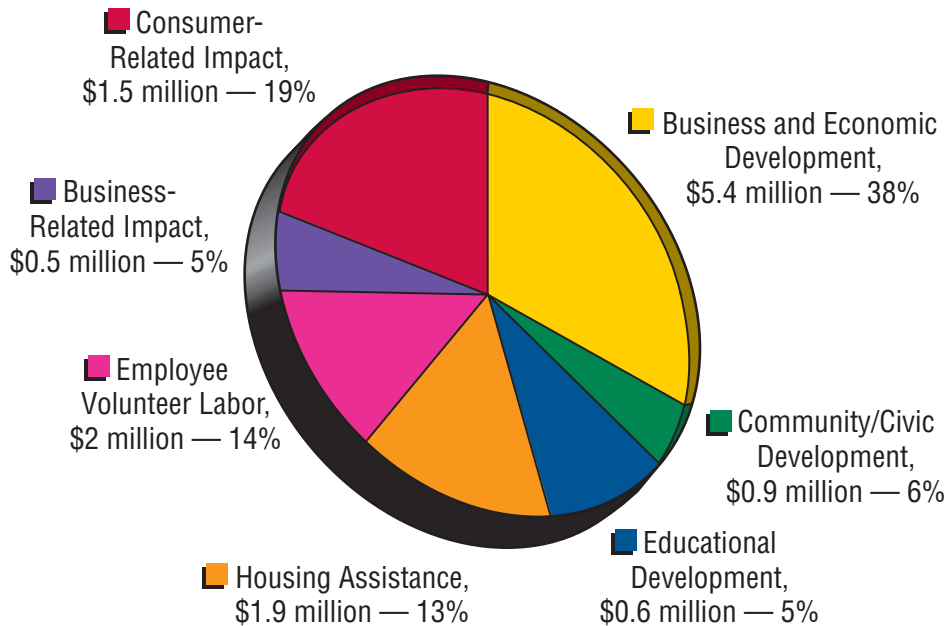
In Iowa, electric cooperatives deliver power to more than 200,000 homes and businesses or about 500,000 residents. We serve about 14 percent of the utility market in the state. On average, \$25.72 per member-consumer was returned to our communities through educational, community, housing and development activities. In addition, the cooperatives provided more than \$56 per resident in community and business investments and nearly \$1,200 per resident member in purchases from our local businesses.



Top — North West REC participates in the groundbreaking at the new Orange City Industrial Park.

Left — Dr. Dan Brown, USDA Rural Development State Director, presents a \$300,000 check to representatives from Access Energy, Mt. Pleasant and Henry County for a spec building project.

Business and Community Development Program Spending



Because electric cooperatives are member-owned, money is often returned to those members in the form of patronage. Here is how patronage works. After the cooperatives pay all bills each year and invest the necessary funds in buildings, infrastructure and other capital expenditures, the money that remains is the ‘margin.’ In a traditional business, economists call this ‘profit.’ Cooperatives return this money, as patronage, to their members in proportion to their previous electric service usage. In 2003, the cooperatives in Iowa returned nearly \$11 million to their individual members, or an average of \$67.32 to each member, per year.

During 2003, electric cooperatives spent more than \$308 million in their communities. In addition, the G&Ts spent another \$295 million in Iowa. For that same period, vendor-related spending (indirect effect) and consumer-related (induced effect) added another \$92 million and \$82 million respectively. The total impact was \$778 million.

In 2003, Iowa’s electric cooperatives paid more than \$11.5 million in taxes on utility property. The distribution cooperatives paid the equivalent of property taxes to their local governments of \$3.3 million and the generation and transmission cooperatives paid another \$8.2 million.

Business and Community Development Programs

— *Growing our Communities*

When you look at cooperative involvement in business and community development programs, it’s easy to see how engrained Iowa’s electric cooperatives are in their communities. Cooperatives are guided by a set of principles known as the Cooperative Principles. One of those principles is Commitment to Community. And, as reinforced by the results of our study, it’s one the cooperatives take very seriously.

COOPERATIVE PRINCIPLES

Cooperatives distinguish themselves because of these basic principles:

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

Electric cooperatives don't define community by strict geographic boundaries. Instead, we work with communities of people, with impacting the regions we serve as our primary goal. We know there are many ways to measure impact and we've narrowed it down to the areas we feel have the most potential to shape the economic future of our state. That's why you'll notice our emphasis revolves around traditional business and economic development efforts and extends into community and civic activities, housing and volunteer activities. In total, we contributed \$10.8 million to these programs, through cash and in-kind contributions. The contributions not only provided immediate impact, but also laid the groundwork for future growth.

IMPACT

It's not uncommon for the staff and directors of electric cooperatives to hear comments like, "There is a reason why we have economic development in Iowa's rural areas — it's because of the electric cooperatives."

We take those comments very seriously, because we believe they're true. And, we believe in what these areas of the state offer existing companies and prospective industries. Through involvement in economic development groups, industrial park development, spec building construction, value-added ag processing, grants and loans, and key accounts activity, we provided nearly \$5.5 million in investments in cash, goods and labor contributions.

A community's vitality takes into account all aspects of its population and also the quality of life it offers. Iowa's electric cooperatives invested \$884,347 in projects such as job training assistance and professional development training, community recreation, emergency services assistance, day care/elder care assistance and senior assistance.

Business and economic development. In north central Iowa, an egg processing and production facility expands. **10 new jobs for Iowa.** A niche, advanced manufacturing company launches in a community with 5,000 people and moves into a 55,000-square-foot facility. **25 new jobs for Iowa.** A spec building is sold to a food processing company that plans \$13 million in infrastructure improvements. **200 jobs for Iowa.**



Top — North West REC receives a USDA loan for the construction of a new hospital in Orange City.

Middle — Little Panther Daycare in Panora received a \$79,957 grant from USDA Rural Development. The grant was secured by IADG and Guthrie County REC.

Left — A partnership between Touchstone Energy cooperatives and the Discovery Channel brings to schools a new way to learn about electricity. Maquoketa Valley REC (pictured) is one participant in the program.

IMPACT

Community development and civic activities. In western Iowa, a new daycare is established with the help of a \$79,957 USDA grant secured by a local cooperative and the Iowa Area Development Group (IADG). **10 jobs, 56 children and families served in Iowa.** In southern Iowa, a cooperative employee is honored with the chamber of commerce's annual Community Service Award. **Hundreds of volunteer hours in an Iowa community.** Throughout Iowa, cooperatives partner with television stations to install SchoolNet weather systems in communities. Over 50 units are installed. **The program receives national recognition and Iowa students apply the technology to learn about weather.**

guided philanthropy. It's one more way the cooperatives are working to attract resources to build stronger families and communities.

IMPACT

Educational development. In north central Iowa, two cooperatives donate money to help insulate and install climate control equipment in the community's historic one-room schoolhouse. **Support of Iowa's educational heritage.** A cooperative installs a wind turbine at a local school. **Awareness of the role renewable energy plays in providing power.** A central Iowa cooperative provides \$10,000 each year to support experiential learning opportunities for a college's students to enhance entrepreneurial and economic development opportunities for Iowa businesses. **\$100,000 over 10 years to keep jobs in Iowa.**



Left — Students at LaPort Elementary School, served by East-Central Iowa REC, are fascinated with an electrical safety demonstration.

Right — In Fredericksburg, Butler County REC and Corn Belt Power Cooperative donated \$5,000 to help the Chickasaw County Country School Preservation Foundation insulate and install climate control equipment in the community's historic one-room schoolhouse.

With the goal of fostering economic development and community betterment throughout Iowa, the Iowa Area Development Group (IADG) has formed a community foundation. The foundation facilitates economic development research and pilot projects, promotion and marketing, education and training, and community-based and

Electric cooperatives know that youth are our future. That's why nearly \$650,000 was spent in 2003 building awareness among this population sector about energy. At the K-12 level, cooperative staff regularly



For many rural Iowans, the dream of homeownership is just a dream. We work hard to find solutions to help rural Iowans realize their dreams and improve the quality of living in our region. It's why Homeward, Inc., a not-for-profit housing organization of rural cooperatives in Iowa, was formed. Through Homeward, cooperatives offer eligible individuals and families several low-interest loan products.

Assisted-living facility. In central Iowa a \$200,000 grant is leveraged into a \$2.7 million assisted-living facility. **294 jobs impacted in Iowa.** Throughout Iowa, 382 loans are made by Homeward, Inc., to assist families with home purchase or rehabilitation. **\$2.8 million invested in housing projects in Iowa.**

Cooperatives are also active in acquiring Rural Economic Development Loans and Grants (REDLG) for their communities. In 2003, co-ops received \$600,000 in REDLG grants for three assisted-living projects. The total investment for those projects was over \$7.5 million and resulted in impacting 633 jobs.

When it comes to measuring economic success, analysts are trained to measure accomplishments by numbers. While we have no reservations asserting our positive figures, it's the people within our cooperative community who truly make a resonating impact. In 2003, cooperative employees gave nearly \$2 million in time back to their communities. Over 84,000 volunteer hours were spent donating time, talent and experience to areas of need in their communities.

Volunteerism. In north central Iowa, a dozen co-ops team up throughout the year to donate time in their communities. **18,000 volunteer hours.** One cooperative's employees participate in an American Cancer Society Relay for Life event and organize several fund-raising events. **\$1,784 raised in proceeds.**

Business and Community Investment Programs — Leveraging our Assets

Leveraging opportunities into million dollar assets is a practice that Iowa's electric cooperatives have refined over the years. Cooperatives embrace the prospect of taking grants and loans and molding them into tangible benefits for rural Iowa. In 2003, electric cooperatives leveraged \$2.1 million in grants and loans, into a \$108 million impact. In fact, over the past 15 years cooperatives have brought \$2.1 million into Iowa each year. What's more, this money has created or retained 474 jobs annually.



Kathy Fletcher of Prairie Energy Cooperative is one of dozens of co-op employees who volunteer in their community.

Impact of Investment Programs

These programs include the Rural Economic Development Loan and Grant Program (REDLG), revolving loan funds and the Intermediary Relending Program (IRP). As a recipient of a USDA grant or loan, the local electric cooperative often provides matching funds for these grants and loans. Beyond bringing an average of \$2.1 million into Iowa each year these programs stimulated \$28 million in investment projects with a total annual impact on their local economies of nearly \$110 million — affecting more than 930 jobs.



**Initial Grant
or Loan,
\$2.1 million**

**Resulting
Investment,
\$28 million**

**Consumer-
Related Impact,
\$18 million**

**Business-
Related Impact,
\$19 million**

**Direct Impact,
\$71 million**

Top Left — MWI-Assembly, served by Iowa Lakes Electric Cooperative, a 2004 Venture Award winner.

Middle Left — Sac County REC participates in the Building Momentum Conference.

Left — Co-line Welding, served by Pella Cooperative Electric, is a world-class metal stamping and manufacturing powerhouse. The company recently expanded into a 110,000 sq. ft. facility.

Leading Iowa's Economic Future in All 99 Counties

When it comes to looking at organizations who are leading the economic future of Iowa, in all 99 counties, Iowa's electric cooperatives should immediately come to mind. This economic impact analysis demonstrates the cooperatives' ability to reach out to the communities across the state and increase their vitality. The numbers in this report provide a snapshot of the magnitude of impact cooperatives have on their local communities.

We invite you to consider the following:

Iowa's electric cooperatives

- Working to grow Iowa in all 99 counties
- Average salary of employees is \$33,855
- Invested \$103 million in utility plant in 2003
- Leveraged \$28 million in loans and grants in 2003
- Added \$900 million in output to local economies in 2003
- Returned \$10.8 million in patronage to member-consumers in 2003
- Volunteered over 84,000 hours in 2003

These numbers tell just a fraction of our story. To learn more about Iowa's electric cooperatives, contact:

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Top — *Integrated DNA Technologies, served by Linn County REC, named "Outstanding Business of the Year" with a Venture Award.*

Bottom — *Louie Lightning Bug at the Iowa State Fair – Safety Education.*





Organizations

Iowa Association of Electric Cooperatives: The Iowa Association of Electric Cooperatives, based in Des Moines, Iowa, represents 37 distribution and six generation and transmission cooperatives in Iowa. Formed by the rural electric cooperatives in 1942, IAEC performs many vital functions for its members, including:

- legislative representation at the state and national levels
- safety programs, demonstrations and campaigns
- education and training programs
- communication resources and services
- a statewide disaster plan to help restore power quickly and safely during emergencies
- review of utility regulations
- the award-winning *Iowa REC News*, a monthly magazine specifically for rural Iowans; and
- a statewide health care plan for cooperative employees and their families.

Left — Representatives from the Harlan community and from Shelby County Cookers, Inc., celebrate with the official removal of the “FOR SALE” sign of the Harlan Spec Building, which is served by Nishnabotna Valley REC.

Opposite Page, Left — Old Threshers is a once-a-year event in Mt. Pleasant that brings in thousands of people to the town and is completely driven by volunteer work. It has a huge impact on the success of Mt. Pleasant.

Opposite Page, Middle — Tall Corn Ethanol in Coon Rapids is served by Glidden REC.

Opposite Page, Right — Students at Marshalltown Senior High School tour the site of Consumers Energy’s wind turbine. Their major interest was renewable energy technologies.

Iowa Area Development Group: The Iowa Area Development Group was organized in 1985 to serve businesses interested in expanding or locating within the member-owned and municipal electric service areas of Iowa. Hundreds of expanding companies have entrusted IADG with their site selection needs. IADG has assisted with over 1,000 successful business expansions and new locations. This growth represents capital investment of more than \$3 billion and over 30,000 new jobs. IADG services are offered at no charge to new and expanding businesses.

Strategic Economics Group – Strategic Economics Group, based in Des Moines, Iowa, was founded in 2001 by Harvey Siegelman and Daniel Otto. The company assists organizations to:

- Develop analytical tools for business and government
- Build return-on-investment and cost-effectiveness models for public and private enterprises
- Prepare economic outlook briefings for workshops, seminars and company board meetings
- Analyze and map market demand for new and expanding investment projects

Harvey Siegelman served as Iowa's State Economist for 20 years. He is an adjunct professor of economics at Drake University and president of Strategic Economics Group. Dan Otto is professor of economics at Iowa State University and senior economist with the Strategic Economics Group.



Iowa Rural Electric Cooperatives

Access Energy Cooperative	Mount Pleasant	www.accessenergycoop.com	Heartland Power Cooperative	Thompson	www.heartlandpower.com
Allamakee-Clayton Electric Cooperative	Postville	www.acrec.com	Humboldt County REC	Humboldt	www.humboldtrec.coop
Basin Electric Power Cooperative (G&T)	Bismarck, N.D.	www.basinelectric.com	Iowa Lakes Electric Cooperative	Estherville	www.ilec.coop
Boone Valley Electric Cooperative	Renwick		Linn County REC	Marion	www.linncountyrec.com
Butler County REC	Allison	www.butlerrec.com	Lyon REC	Rock Rapids	www.lyonrec.coop
Calhoun County Electric Cooperative	Rockwell City	www.calhouncountyrec.coop	Maquoketa Valley Electric Cooperative	Anamosa	www.mvec.com
Central Iowa Power Cooperative (G&T)	Cedar Rapids	www.www.cipco.net	Midland Power Cooperative	Jefferson	www.midlandpower.com
Chariton Valley Electric Cooperative	Albia	www.charitonvalleyelectric.coop	Nishnabotna Valley REC	Harlan	www.nvrec.com
Clarke Electric Cooperative	Osceola	www.clarkeelectric.org	North West REC	Orange City	www.nwrec.com
Consumers Energy Cooperative	Marshalltown	www.consumersenergy.coop	Northeast Power (G&T)	Palmyra, Mo.	www.northeast-power.coop
Corn Belt Power Cooperative (G&T)	Humboldt	www.cbpower.com	Northwest Iowa Power Cooperative (G&T)	Le Mars	www.nipco.coop
Dairyland Power Cooperative (G&T)	La Crosse, Wis.	www.dairynet.com	Osceola Electric Cooperative	Sibley	www.osceolaelectric.com
East-Central Iowa REC	Urbana	www.ecirec.coop	Pella Cooperative Electric Association	Pella	www.pella-cea.org
Eastern Iowa Light & Power Cooperative	Wilton	www.easterniowa.com	Pleasant Hill Community Line	Webster City	
Farmers Electric Cooperative, Inc.	Greenfield	www.farmersrec.com	Prairie Energy Cooperative	Clarion	www.prairieenergy.com
Farmers Electric Cooperative	Kalona	www.feckalona.com	Sac County REC	Sac City	www.sacrec.com
Franklin REC	Hampton	ww.franklinrec.com	Southern Iowa Electric Cooperative	Bloomfield	www.southerniowarec.coop
Glidden REC	Glidden	www.gliddenrec.com	Southwest Iowa Rural Electric Cooperative	Corning	www.swiarec.coop
Grundy County REC	Grundy Center	www.grundycountyrecia.org	T.I.P. REC	Brooklyn	www.tiprec.com
Guthrie County REC	Guthrie Center	www.guthrie-rec.coop	Western Iowa Power Cooperative	Denison	www.wipco.com
Harrison County REC	Woodbine	www.hcrec.coop	Woodbury County REC	Moville	showcase.netins.net/web/wdbyrec
Hawkeye REC	Cresco	www.hawkeyerec.com			

Iowa's electric cooperatives are committed to providing energy that is safe, reliable, environmentally responsible and affordable.



Many of Iowa's electric cooperatives are Touchstone Energy partners. Touchstone Energy is an alliance of 600 cooperatives, located in 44 states and delivering energy to more than 17 million customers. Touchstone Energy cooperatives serve their members with integrity, accountability, innovation and a longstanding commitment to communities.



**Iowa Association of
Electric Cooperatives**

® A Touchstone Energy® Cooperative 

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