

Hawkeye's Ongoing Commitment to Community...

A Look Back at 2003

The holidays are finally over and we find ourselves at the start of a new year again. A perfect time to reflect on the past year and to remember how *your* local cooperative was involved in many different activities within its surrounding communities. Throughout 2003, Hawkeye REC provided support to its recurring yearly events as well as being involved in activities with our area schools.

Hawkeye REC values this commitment to community, especially to youth and education. Hawkeye sponsors events such as:

- ◆ Dollars for Scholars
- ◆ Educational scholarships
- ◆ Post proms
- ◆ 4-H safety camps
- ◆ Sponsors a sophomore or junior high school student an all expense paid trip to the Youth Tour in Washington D.C.
- ◆ Student to work and internship opportunities
- ◆ Provides information for career days at local schools
- ◆ Provides classroom tours of REC facilities and operations department
- ◆ Electrical safety education and demonstrations

Along with Hawkeye's ongoing efforts for the betterment of our communities, this year Hawkeye distributed *weather radios* and *electricity education kits* from Discovery Channel School to area schools. Hawkeye most recently provided area high schools with *sport bottles* for the winter sports season with school colors and logos.

Some of the most vivid efforts towards our communities are the services Hawkeye provides such as:

- ◆ First Call Emergency units for the elderly which are available to members and non-members
- ◆ Long distance telephone services to members and non-members
- ◆ Installation and maintenance of water heaters
- ◆ Hawkeye's elderly Christmas donation drive
- ◆ Taste of Home event
- ◆ Iraq care packages
- ◆ Donated popcorn bags to area schools
- ◆ Foster Care Board representative
- ◆ Provide security and environmental monitoring units
- ◆ Attend all area economic development meetings
- ◆ Support Rural Economic Development Loan Program
- ◆ Participate in local parades and fairs
- ◆ Maintain ballpark lights
- ◆ Assist with hanging of Christmas lights
- ◆ Help with rural church assistance and maintenance
- ◆ Installed playground equipment

Before another year passes by, take a minute and think of the many ways your local cooperative helps with the betterment of our communities.



Employee Meagan Seele distributes sport bottles to Riceville High School Athletic Director Warren Haacke.



Hawkeye REC distributes sport bottles to New Hampton High School students. From left to right: Student Brian Haeflinger, Activities Director Kelly O'Donnell student Steven Schilling and Hawkeye employee Meagan Seele.

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"Our vision is to provide access to safe, dependable and affordable electric services."



Tom Miller
General Manager

A Donkey on the Edge

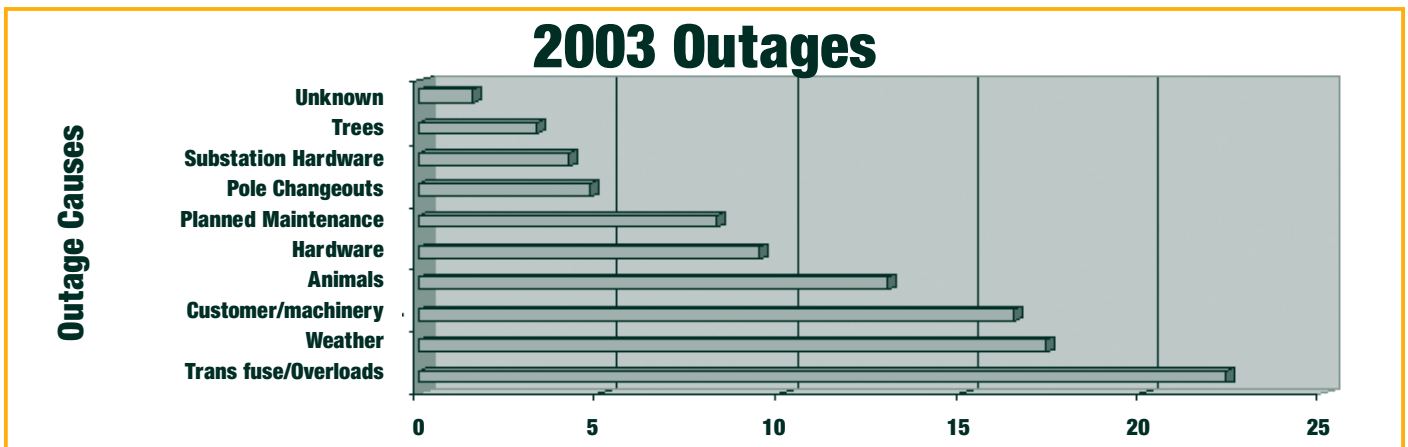
This is my favorite time of year as Hawkeye REC's calendar goes. We are finishing up 2003 projects, reviewing our accomplishments, preparing for our annual audit, planning for 2004, preparing our budget and upcoming projects, and looking toward our future. In judging 2003's successes we generally look at service reliability and year-end margins. This too helps us look to 2004 and set our direction. Let's look at 2003's results.

Financially, it appears we will have year-end margins in the range of \$600,000 to \$700,000, which is right where we need to be. A few items of importance here: (1) exiting the appliance and Radio Shack stores had a positive influence on our margins by about \$220,000 over 2002; (2) as much as members disliked the meter cards their implementation help the cooperative match monthly revenues to our electric bill from Dairyland Power Cooperative improving cash flow by over \$212,000; (3) our rate increase in March helped us offset a \$650,000 increase in our power supply cost; (4) buying our substations from Dairyland decreased our annual expenses by \$225,000 but caused a one time cash outlay just over \$1,000,000; and (5) we continued to retire capital credits despite Dairyland's significantly reduced retirement of only \$77,000 down from \$238,000. We retired just over \$185,000 including nearly \$21,000 in deceased estates. Overall we are

struggling with our cash flows mainly due to buying our substations. Although our Rural Utilities Service (RUS) loan was approved this past year, we did not borrow any money for utility purposes. We had a good financial year thanks to our members and meeting our projected sales revenues.

Looking to service reliability (see chart below), we ended 2003 with an availability index of 99.978900%. As good as this appears it falls short of our goal of 99.999999% (known as sigma-6 reliability). Another important reliability measure is CAIDI, (consumer average interruption duration index) which tells us how long a consumer will be out for an average outage. Our CAIDI was 2.02 hours which is our goal. Out of 54.5 million hours of being accessible to our members we still had over 12,000 outage hours. We continue to find trees and woodland creatures (birds, squirrels and raccoons) as the major culprits for our outages. There's always room for improvement.

Let's turn now to 2004. Hawkeye REC's board of directors approved a budget projecting year-end margins around \$400,000. Our budget is based on existing rates, no general rate increase, and continued use of the energy adjustment clause (EAC) due to the instability of the wholesale power rate from



month to month. We will absorb a 3.5% wholesale power rate increase from Dairyland Power Cooperative (from May 2004 to April 2005). Listed below are key items in the budget:

Operations and Maintenance:

Poles and ground rod testing in Saratoga substation area.....	\$ 55,000
Transformer replacements	\$ 14,000
Breaker maintenance in Cresco, Schley, Saratoga, & Alta Vista substations.....	\$ 30,000
Meter testing – all 3-phase meters & meters in Decorah, Glenwood, Frankville, and Springfield townships.....	\$ 18,000
Vegetation management (tree cutting, trimming and spraying) Festina and Nordness, Canoe, and Madison substations	\$ 375,000
GPS'ing our underground distribution system	\$ 15,000

Line Construction:

Engineering	\$ 28,000
4.9 miles of new 3-phase from Lourdes north on US Highway 63	\$ 211,000
.75 mile new 1-phase tie line on the Madison Road near the Decorah Sale Barn	\$ 20,000
5.0 miles rebuilding line 1-phase line Jacksonville Township, Chickasaw County ...	\$ 130,000
Various line rebuilds to due road and bridge moves	\$ 20,000
Pole replacements	\$ 156,000
New equipment (meters, security lights, transformers, breakers).....	\$ 201,000
New Services and service upgrades (Net of line extension payments)	\$ 456,000

Equipment and Computers:

Communications equipment for system control and data acquisition	\$ 121,000
Automated Meter Reading (phase I)	\$ 165,000
Computers and related devices	\$ 38,000
Trucks (new basket truck, new utility truck, rebuild existing truck)	\$ 168,000

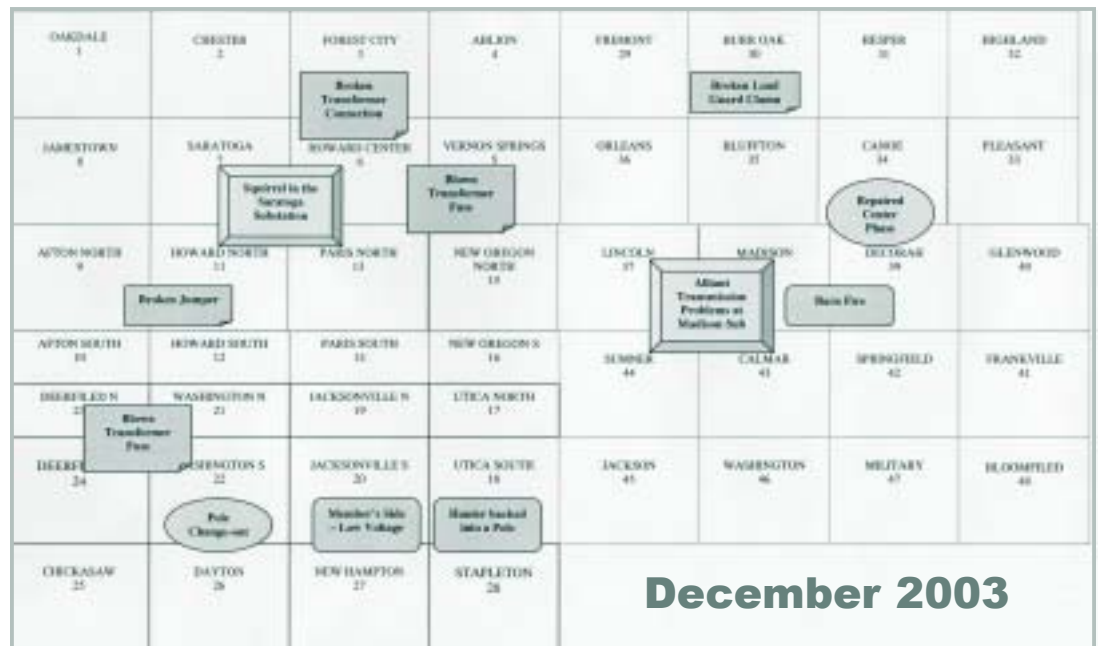
Total Budget:

Operations and Maintenance	\$ 507,000
Capital Improvements	\$ 1,714,000
Projected Capital Credit Retirements	\$ 105,000

This is an “average” budget. Like most budgets it’s a guide for the board and management based upon projected revenues, expenses, and cash flows. A budget is a guide to vary from, that is, projected versus actual results. That’s why “I’m a donkey on the edge,” as Donkey says in the movie Shrek. We do not have much room to vary. To your board of directors’ credit, the 2004 budget was approved conditionally. The management team has prioritized our projects and programs setting triggers. As the year goes and we meet our projections, we will pull the trigger on our prioritized projects.

Map of Outages

Have you experienced an outage?
Shown here is a map of all outage causes for the month of December.



December 2003

Employees Honored for Years of Service

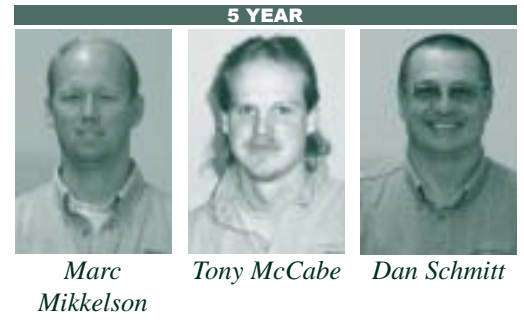
Thank you for your years of service.



Eleven employees and three directors were honored at the annual employee/director recognition banquet in December. Hawkeye Customer Representative Brenda Kriener, Board Member Charles Frana and Lineman Zachary Steinmetz received their first year service award pins as new employees to Hawkeye in the year 2003.

Member Services Technician Marc Mikkelson, Meter Technician Tony McCabe and Storekeeper Dan Schmitt all received

their five-year pins. Operations Assistant Lisa Lienhard, Safety Coordinator Mark Zweibohmer and Board Member Roger Nibaur received their 10-year service pins and award gifts. Linemen Wayne Hageman and Jeff Henderson and Board Member Francis Massman received their 15-year pins and award gifts. Operator/Groundman Gary Murray received a 25-year service pin and award gift, while Line Superintendent Roger Halverson received a pin and award gift for 30 years of service to the Cooperative.



Rural TV Update...

Services no longer available as of January 1, 2004 (went digital)

Service	Satellite Location
Animal Planet	F4/15
Discovery West	G5/12
FOX Movies	W7/07
History Channel West	G1/01
Travel Channel	F4/13

Additional Information

ABC, CBS, NBC & Fox stations now cost **\$2.50 per month**

If you need a copy of the Rural TV programming and satellite locations, please call our office.

Director Candidates to be Nominated

Candidates for four positions on the Board of Directors of Hawkeye REC will be nominated this month. The 2004 nominating committee will be selecting candidates for the director positions. The term is for three years.

The nominating committee will have their final meeting on January 23, 2004. If you are interested in being a candidate for one of the director positions or would like to make a recommendation, please contact one of the committee members before January 23.

The following directors are up for re-election this year:

Howard County- Janelle Mahr

Chickasaw County- John Hockspeier

Winneshiek County- Norman Dickman & Francis Massman (who will be retiring)

2004 Nominating Committee

Howard County



*Joseph Thraenert Jr., Elma
(641) 393-2378*



*Gary Gassett, Lime Springs
(563) 547-2673*

Chickasaw County



*Thomas Recker, Alta Vista
(641) 364-7386*

Photo
Unavailable

*Daniel Lukes, Waucoma
(563) 569-8572*

Winneshiek County



*Kenneth Ehler, Calmar
(563) 562-3895*



*Stanley Fuchs, Decorah
(563) 387-0973*

REMI NDER Attend Your Cooperative's Annual Meeting!

Monday, March 22, 2004
Crestwood High School, Cresco
7 p.m.

ANNUAL MEETING AGENDA

Items need to be submitted by members to Hawkeye by
February 2, 2004 for Board consideration.

Dairyland Power Cooperative (DPC) and Rural Utilities Service (RUS) Public Meetings for Proposed Power Plant

NEW HAMPTON SITE
Wednesday, Jan. 28, 3 to 7:30 p.m.
The Pinicon Restaurant
Hwy. 63 & 18 South, New Hampton

OTRANTO SITE
Thursday, Jan. 29, 3 to 7:30 p.m.
First Lutheran Church
212 N. Main Street, St. Ansgar

2004 Construction Projects



*Marlyn Ohloff
Staking Engineer*

Hawkeye REC right-of-way and staking department along with PowerPlus Engineering (our consultant engineer in La Crosse, WI) have been working on several construction projects this fall and winter to be built in 2004.

Hawkeye will also have Ameripole inspecting poles in the Saratoga substation area in Howard County. Hawkeye crews will be replacing all rejected poles from this inspection as well as replacing rotten poles from the 2003 inspection in the Festina and Madison substation areas in Winneshiek County.

Hawkeye will be working with the three governments in Chickasaw, Howard and Winneshiek counties on road grading projects, bridge work and lighting of intersections.

Dairyland Power Cooperative of La Crosse, WI will be complet-

ing the rebuilding of their transmission line north from Decorah to Harmony, MN. Hawkeye crews will have little involvement with this project.

Hawkeye crews will also be constructing about 240 new services and service improvements throughout 2004.

Hawkeye greatly appreciates all the cooperation of its members on these projects. They are major investments in Hawkeye's electrical system in hopes that we can better serve our members with safe, reliable power.

Projects under construction

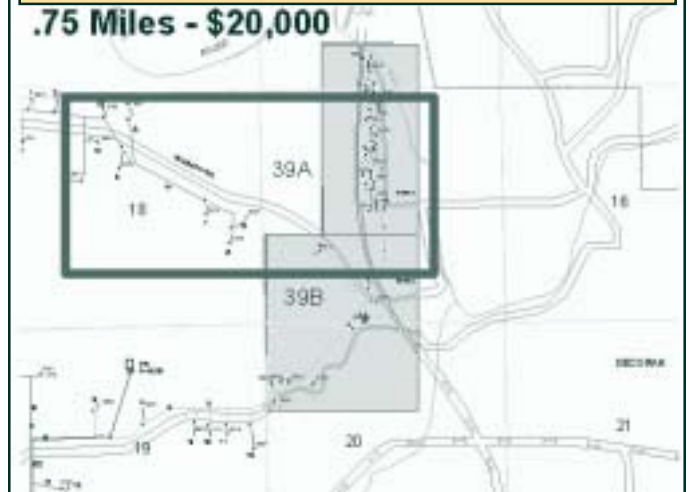
Rebuilding 1-phase line Jacksonville South Township north of New Hampton



Rebuild 1-phase to 3-phase from Lourdes north along Hwy. 63



1-phase tie line on Madison Road near Decorah



Recipes...

Was losing weight your New Year's Resolution? Try some diet recipes from Weight Watchers and the Atkins Diet and start the New Year off right!



Send us your favorite recipe. If we print your recipe in our newsletter you'll receive \$5 off your next electric bill.

February – Crock Pot Favorites

March- (no newsletter)

April- Easter Treats



Dreamsicle

- 1 pkg. Sugar-free orange Jell-O
- 1 pkg. Sugar-free instant vanilla pudding
- 1 small can mandarin oranges, drained
- 1 8 oz. Container fat-free cool whip

Mix Jell-O with hot water. Use ice method on box to thicken. Let stand 10 minutes. Add powder of vanilla pudding to Jell-O mixture. Add drained oranges and fold in cool whip. Refrigerate and let set. Makes 4, 1 cup servings. (May also use strawberry Jell-O with fresh or unsweetened frozen strawberries, lemon juice with drained pineapple.)

Pat Scholbrock - Lawler, IA

(Weight Watchers recipe. 1 cup = 1 point)

"Not So Sinful Brownies"

- | | |
|---------------------------------|----------------|
| ¼ cup oil | 1 tsp. Vanilla |
| ½ cup applesauce | 1 ¼ cups sugar |
| 1 cup oatmeal | 1 cup flour |
| 1 T. powdered sugar | |
| 3 squares unsweetened chocolate | |
| 4 egg whites or 2 egg beaters | |

Heat oven to 350 degrees. Spray bottom of 13 X 9 pan with cooking spray. In saucepan, melt oil and chocolate over low heat stirring frequently. Remove from heat. Stir in sugar and applesauce until sugar is dissolved, stir in egg whites and vanilla till completely blended. Add combined oats, flour, baking powder and salt and mix well. Bake 22-25 minutes or until edges pull away from side of pan. Cool completely and sprinkle with powdered sugar. Makes 2 dozen brownies.

Pat Scholbrock - Lawler, IA

(Weight Watchers recipe. 3 points per brownie)

Ancho Macho Chili

For a more distinctive flavor, use McCormick's ancho chile pepper or Mexican-style chili powder (available from their gourmet line of spices). Jarred roasted garlic cloves can be found in well-stocked supermarkets.

- 5 pounds boneless beef chuck stew meat
- 2 teaspoons kosher salt
- 1/2 teaspoon freshly ground black pepper
- 2 tablespoons olive oil or vegetable oil, divided
- 1 medium onion, chopped
- 3 tablespoons ancho chile pepper powder or Mexican-style chili powder
- 1 (14.5 ounce) can diced tomatoes with green chiles
- 3/4 cup dry red wine or chicken broth
- 4 large roasted garlic cloves, minced

Directions

1. Heat oven to 325° F. Toss beef with salt and pepper. Heat 1 1/2 teaspoons oil in a Dutch oven over high heat. Add one-third of the beef and brown on all sides, about 5 minutes. Transfer to a bowl and repeat two more times with beef and oil.
2. Add the last 1 1/2 teaspoons oil to Dutch oven and cook onion until lightly browned. Stir in chile powder, tomatoes, wine and garlic; bring to a simmer. Return beef and accumulated juices to Dutch oven. Cover and bake 2 1/2 hours, stirring once halfway through cooking time, until beef is very tender.

(Atkins Diet. Net Carbs-4 grams per serving)

DATES TO REMEMBER

BILLING CYCLE DATES

Jan. 21 Automated payments by credit cards are processed.

Jan. 23 Member reads meter and records on payment voucher. **NO MORE METER CARDS.** Please mail your bill today to make sure it arrives to Hawkeye by the 1st of February.

Jan. 28 Automated payments from checking accounts are processed.

Feb. 1 Bills become delinquent.

Feb. 10 Hawkeye REC prints bills based on January meter reading.

Feb. 11 Bills are mailed to members from Dairyland in LaCrosse.

OTHER EVENTS

January 30 Hawkeye REC Board Meeting

ATTENTION High School Sophomores & Juniors

Hawkeye REC is sponsoring a FREE trip to our nation's capitol, June 12-17, 2004. An action packed week awaits this year's Youth Tour participant. He/she will tour historic sites and monuments, meet congressional leaders, explore the Smithsonian museums, take a cruise on the Potomac and meet new friends from Iowa and across the nation! It's a perfect opportunity to travel, work with REC leaders, and enhance your leadership skills! Fill out the form and send to Cindy at Hawkeye REC by March 1, 2004. You will receive Youth Tour study materials and an open book test which must be completed and returned to Hawkeye by March 22, 2004. The five students with top scores will qualify for the final examination and judging. Judges will select the winner of the Washington D.C. trip and an alternate. If you have any questions, please feel free to contact Cindy at 1-800-658-2243 or 547-3801.

Invest in your future! Sign up now to compete with area students for your chance to win an unforgettable trip to our nation's capitol. Complete application form and return to: Hawkeye REC, Attention: Cindy, PO Box 90, Cresco, Iowa 52136.

Iowa REC Youth Tour • June 12-17, 2004

Name: _____ Age: _____ Grade: _____

School: _____

Signature: _____

We certify that we are the parents or legal guardians of the youth who has signed above and that we give our permission for him/her to participate in the Youth Tour 2004 Contest and to participate in the trip to Washington, D.C. should he/she be selected.

Date: _____ REC Service Location No: _____

Signature(s): _____

Address: _____

City: _____

State: _____ Zip: _____ Phone: _____



The Power Is Yours

Box 90 - Cresco, Iowa 52136
1-800-658-2243 or 547-3801
www.hawkeyerec.com

OFFICE HOURS

Monday thru Friday • 7:30 a.m. - 4:30 p.m.
(Closed Sat., Sun., & Holidays)

OUTAGES

1-800-927-5265

IOWA STATE ONE CALL
1-800-292-8989

BOARD OF DIRECTORS

Dean Fisher, President - Lawler
Dean Nierling, Vice President - Burr Oak
Dennis Ptacek, Secretary/Treasurer - Elma
Francis Massman - Decorah
Norman Dickman - Decorah
John Hackspeier - Alta Vista
Janelle Mahr - Lime Springs
Roger Nibaur - Elma
Charles Frana, Calmar

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Roger Halverson, Operations Manager
Cindy Christensen, Communications Manager
Pat Boyle, Business Dev./Mbr. Serv. Manager
Peggy Berg, Chief Financial Officer
Jim Murphy, Information Tech. Manager

EDITOR

Cindy Christensen



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