

JOIN US

NORTHERN PLAINS ELECTRIC COOPERATIVE

2020 annual meeting

•Door prizes!

•\$500 in cash drawings!

•\$1,000 in luck-of-the-draw
scholarships!

(\$500 for district mtg attendance &
\$500 for annual mtg attendance)



POSTPONED

date yet to be determined

~~Thursday, April 16, 2020~~

Pingree High School gymnasium

**NORTHERN
PLAINS** *Electric Cooperative*

Your Touchstone Energy® Cooperative



AGENDA

Registration

5:30-6:30 p.m.

Supper

5:30 p.m.

Compliments of Northern Plains Electric

Business meeting

6:30 p.m.



Seth Syverson, left, and Tracy Boe

A message to the members

BY GENERAL MANAGER SETH SYVERSON AND PRESIDENT TRACY BOE

Another year is in the books for Northern Plains Electric Cooperative, and your electric cooperative had a successful year, ending 2019 in a strong financial position. Overall energy sales were lower than expected, primarily due to our large commercial accounts, but we experienced above-average energy sales in our farm and residential accounts as a result of colder temperatures and increased grain drying. These sales helped bolster our bottom line and the cooperative was able to end the year with margins that allowed us to meet our required financial ratios from our lenders. Member equity was at 36.4 percent at year-end, which demonstrates the strong member ownership. Your equity ensures stability and is what allows your cooperative financial flexibility to mitigate risk and position itself for the future. As a result of the strong year,

your board of directors approved paying back \$926,100 in capital credits to those who patronized the cooperative in prior years.

Financial performance

Your cooperative's total cost of electric service was up primarily due to an increase in wholesale power costs, while operations and maintenance costs were down due to reduced outages and the retirement of cooperative employees. The total utility plant increased \$4.35 million as a result of system improvements and replacement of distribution equipment. Long-term debt increased \$10.6 million due to increased borrowing from our lender, the Rural Utilities Services (RUS), where we took advantage of the attractive interest rates that were available. Your cooperative was able to lock in funds at rates as low as 1.81 percent, which will subsidize system improvement

projects going forward in the upcoming years.

Overall, the total net worth of the cooperative increased \$3 million to a total of \$49.59 million and the year-end margins of \$3.7 million were allocated in 2019 to our members as capital credits. These credits are retained to assist cooperative operations, but will be returned to the members through the normal rotation of capital credit retirements.

New construction & operations

Your cooperative operates and maintains over 6,700 miles of distribution lines and 41 percent of those facilities are underground. Being able to bury the distribution lines helps your cooperative improve service reliability and keep outage numbers down to the 11,600 services throughout our territory. We successfully completed system improvements that consisted of replacing over 36 miles of three-phase distribution due to aging and capacity needs. In addition, over 90 service heavy-ups were performed at member sites, primarily due to increased heating and grain drying needs. A pole inspections program was kicked off in 2019 to help further identify areas of future improvements. A total of 3,800 poles were inspected and 175 poles will be replaced. The continued investment into your cooperative's infrastructure ensures safe and reliable power.

Bylaws

A review of your cooperative's bylaws has led to proposed amendments that will enhance the democratic participation of the membership, in addition to allowing for electronic communications. As your lives

become busier, these changes will improve the ability for you to be included in the democratic process and election of your directors. The board of directors has approved these amendments and we will be asking you to approve these changes at the annual meeting. Please refer to the summary of changes included with this report.

Looking ahead

Energy and demand rates are expected to remain stable throughout 2020 with the support of stable wholesale power costs. We are being conservative with our load forecasts, but expect to maintain margins that will meet our lender covenants.

The system improvements budget will be smaller than previous years. The focus will be on the replacement of aging facilities, along with the inspection of over 7,000 poles throughout the service territory. Central Power Electric Cooperative, our transmission cooperative, will begin a multiyear effort of replacing transmission facilities throughout parts of our service territory that have higher exposure to frost and ice events.

Thank you

Reflecting on the past year, let us look toward a bright future for Northern Plains Electric Cooperative and all of our communities. We encourage

you to share your thoughts and suggestions with your cooperative, as this is your organization and your involvement is critical to its success.

Northern Plains would like to recognize the retirement of three employees in 2019 and say thank you to Mark Frost, Evan Miller and Cal Schlieve for the years of service to the cooperative. Each of these employees had 35 or more years of service, which demonstrates the dedication of our employees.

Please be on the lookout for the notice of the upcoming Northern Plains' annual meeting. We look forward to seeing you and thank you for your continued support. ■

SUMMARY OF PROPOSED BYLAW CHANGES

The Northern Plains Electric Cooperative board approved changes to the cooperative's bylaws. The approved changes will be presented to the membership at the upcoming annual meeting. The changes to the bylaws will require approval by two-thirds of the members voting in person at the meeting.

The bylaw amendments are to address readability and the following substantive changes:

- Amendment removing the requirement of an applicant to be accepted into membership or terminated by board resolution. Membership is evidenced by purchase and payment of electric service from the cooperative.
- Amendment providing clarification on a joint membership where it may consist only of two individuals joined in a legally recognized relationship.
- Amendment allowing for electronic communication of meeting notices to the membership.
- Amendment to the board of director qualifications requiring the capacity to enter into legally binding contracts and must not be an employee of the cooperative or was employed by the cooperative in the preceding three years.
- Amendment to change the election of the board of directors from the director district meeting to the annual meeting and allowing members the ability to vote by mail or electronic means.
- Amendment removing the requirement to issue certificates of memberships by resolution of the board of directors.
- Amendment modifying the approval of bylaw changes to a majority vote of the members voting in person at a meeting and allowing proposed bylaw changes to be made digitally available to the membership.

2018-2019 Operations Statement & Balance Sheet

Balance sheet

As of Dec. 31, 2019 and 2018

ASSETS AND OTHER DEBITS

| | 2019 | 2018 |
|---|----------------------|----------------------|
| Total Utility Plant | \$ 140,362,271 | \$ 136,004,112 |
| Accumulated Depreciation & Amortization | \$ -58,115,834 | \$ -56,065,609 |
| Net Utility Plant | \$ 82,246,437 | \$ 79,938,503 |
| Total Other Property & Investments | \$ 33,158,915 | \$ 32,412,176 |
| Cash & Temporary Investments | \$ 13,762,940 | \$ 3,157,159 |
| Material, Accounts Receivable | | |
| Notes Receivable and Other Assets | \$ 7,110,715 | \$ 6,550,885 |
| Total Assets | \$136,279,007 | \$122,058,723 |

LIABILITIES AND OTHER CREDITS

| | | |
|--|----------------------|----------------------|
| Long-term Debt | \$ 75,303,776 | \$ 64,628,409 |
| Other Liabilities (Accounts Payable, Deposits, Regulatory, Taxes) | \$ 11,384,205 | \$ 10,900,290 |
| Total Liabilities | \$ 86,687,981 | \$ 75,528,699 |

MEMBER EQUITY

| | | |
|---------------------------------------|----------------------|----------------------|
| Patronage Capital | \$ 34,429,923 | \$ 29,133,388 |
| Total Margins for the Year | \$ 3,769,864 | \$ 6,173,736 |
| Other Equities | \$ 11,391,239 | \$ 11,222,900 |
| Total Net Worth | \$ 49,591,026 | \$ 46,530,024 |
| Total Liabilities & Equity | \$136,279,007 | \$122,058,723 |

Statement of operations

As of Dec. 31, 2019 and 2018

INCOME

| | | |
|------------------|---------------|---------------|
| Electrical Sales | \$ 42,892,309 | \$ 42,604,961 |
|------------------|---------------|---------------|

EXPENSES

| | | |
|----------------------------|----------------------|----------------------|
| Purchased Power Cost | \$ 28,741,379 | \$ 28,181,935 |
| Distribution Operations | \$ 2,179,781 | \$ 2,064,410 |
| Distribution Maintenance | \$ 1,485,810 | \$ 1,852,417 |
| Customer Accounts Expense | \$ 464,122 | \$ 553,778 |
| Customer Service & Sales | \$ 190,720 | \$ 131,318 |
| Administrative & General | \$ 1,950,133 | \$ 1,873,821 |
| Depreciation Expense | \$ 4,035,164 | \$ 3,879,961 |
| Tax Expense | \$ 365,816 | \$ 369,588 |
| Interest Expense | \$ 2,469,601 | \$ 2,338,365 |
| Other Expense & Deductions | \$ 20,023 | \$ 15,445 |
| TOTAL EXPENSES | \$ 41,902,549 | \$ 41,261,038 |

MARGINS

| | | |
|----------------------------|---------------------|---------------------|
| Operating Margins | \$ 989,760 | \$ 1,343,923 |
| Interest Income | \$ 812,174 | \$ 444,871 |
| Other Nonoperating Margins | \$ -6,073 | \$ 54,240 |
| G&T/Other Capital Credits | \$ 1,974,002 | \$ 4,330,702 |
| TOTAL MARGINS | \$ 3,769,863 | \$ 6,173,736 |

[2019]



**NUMBER OF
METERED SERVICES**

11,703

LOOKING BACK

2018
11,699
2017
11,637



**CAPITAL
CREDITS**

\$926,101

LOOKING BACK

2018
\$1,348,056
2017
\$1,105,414



**Co-op
facts**

Counties served:

Benson, Eddy, Foster,
Griggs, Kidder, Pierce,
Ramsey, Rolette,
Towner, Stutsman
and Wells.

Miles of line:

6,793

Number of employees:

42

Board meeting date:

Fourth Monday of each
month

Date first energized:

November 1937

Power supplier:

Central Power Electric
Cooperative Inc.



**TOTAL
KWH SOLD**

450,052,887

LOOKING BACK

2018
455,132,569
2017
456,257,348



**OPERATION
ROUND UP**

\$38,500

LOOKING BACK

2018
\$46,650
2017
\$33,550

Capital credits

What are capital credits?

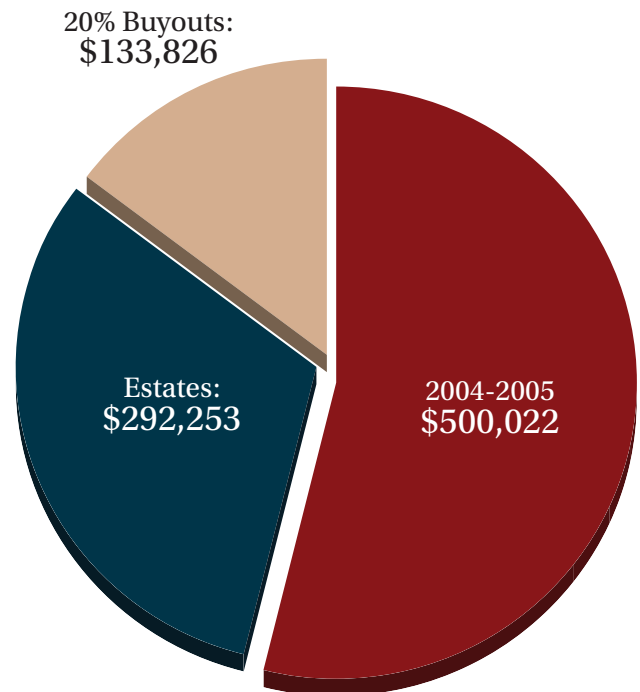
Northern Plains Electric Cooperative is a cooperative, owned by its members. That means the co-op doesn't earn profits. If the co-op earns more revenue than it needs to do business, the co-op returns that money to its members.

Who receives capital credits?

This year's capital credit checks were paid to members who purchased electricity from the co-op in 2004 and 2005. The amount of the check depends on how much electricity the member purchased.

2019 capital credits paid

| | |
|----------------------------------|------------------|
| 100% of 2004 & 46% of 2005 | \$500,022 |
| Estates..... | \$292,253 |
| 20% buyouts | \$133,826 |
| Total retired..... | \$926,101 |



Board of directors



Left to right: **Mark Brehm**, Cando; Assistant Secretary/Treasurer **David Teigen**, Rugby; Vice President **Curtis Wiesz**, Heaton; Secretary/Treasurer **Randall Simon**, Oberon; President **Tracy Boe**, Mylo; **Curtis Hanson**, Pettibone; **Bruce Olsen**, Cando; **Judy Geier**, Heaton; **Russell Carlson**, Jamestown.

Staff



Seth Syverson
General
manager



Cheryl Belle
Business
manager



Scott Buchholtz
Manager of
information technology



Ashten Dewald
Engineering &
operations manager



Danny Schuchard
Operations
supervisor

Operation Round Up

Operation Round Up is a program that rounds participating members' monthly electric bills to the next whole dollar and places the funds in a trust. Northern Plains Electric Cooperative contributes a small amount of resources each year to administer the program. A five-member board of directors from across the service area meets quarterly to review applications and disburse the funds to worthy individuals/families and organizations throughout the Northern Plains service area.

Operation Round Up has helped victims of cancer, heart attack and stroke to helping communities with food pantries, youth programs and fire departments.

Operation Round Up is a voluntary program with roughly 80 percent of the 11,703 members

participating. Since the program started in 1998, the trust has disbursed \$787,462 to 1,078 causes. This year, Operation Round Up awarded \$38,500 to help 52 individuals/families and organizations. ■

2019 ORU financial report

Beginning Balance (Jan. 1, 2019)\$4,975.03

Income:

Operation Round Up contributions\$37,690.43

Operation Round Up donations\$64.15

Total Income\$37,754.58

Expenses:

Grants given in 2019\$38,500

Ending balance (Dec. 31, 2019)\$4,229.61



*Back row, left to right: Secretary/Treasurer **Ross Myers**, Cando; Vice President **Cara Wagner**, Pettibone; President **Curt Klein**, Carrington. Front row, left to right: **Robin Arnold**, Esmond and **Julie McDougall**, Rolla.*

2019 Recipients

Organizations

Alzheimer's Association
Minnesota-North Dakota
American Legion Post 236,
Wimbledon
Ave Maria Village, Jamestown
Benson County Social
Services
Bisbee Lutheran Church
Cando Area Food Pantry
Cando Baseball Organization/
Association
Carrington Daily Bread
Community Action,
Jamestown
Dakota Prairie Community
Action, Rolla

Eddy County 4-H/Eddy
County
Edmunds-Pingree
Community Center
Esmond Rural Fire
Department
Eventide Senior Living
Communities, Jamestown
Father's Farm, Wolford
Harvey Volunteer Fire Dept.
Hungry Free Food Pantry,
New Rockford
James River Figure Skating
Club, Jamestown
Jamestown Area Grief
Support Team
Kidder County Food Pantry

Midkota Public School
Mooney-Carnahan Veterans
of Foreign Wars, Rock Lake
Our Saviors Lutheran Church,
Pettibone
Pierce County Food Pantry
Steele Swimming Pool
The Bread of Life Food Pantry,
Cooperstown
The Hope Center, Devils Lake
Wells County Social Services

Individuals/families

Brame, Nancy
Duciaome, Ruby
Forde, Jane
Grann, Paul
Halverson, Larry

Haugen, Kerry
Hendrickson, Tina
Hintz, Edward & Janet
Hoyt, Mandy
Jacobson, Deborah
Krause, Tim & Nancy
LaRocque, Charles
Lauckner, Roger
Lindner, Christopher
Long, Donald
Martin, Sylvia
Nelson, Bonnie
Prosser, Bryzon
Ravnass, Judy
Rogers, Randy
Schultz, Lynn
Semmons, Susie
Sprunt, Bella
Thomas, Brock

Meet your 2020 elected board of directors

Three directors were elected to their seats at Northern Plains Electric Cooperative's district meetings held Feb. 18, 19 and 20. Each director candidate ran unopposed.

Bruce Olsen was re-elected to serve District 1, Curtis Wiesz was re-elected to serve District 2 and Lori Carlson was elected to serve District 3. Lori will be replacing Russell Carlson, who decided to retire from the board after 26 years. Look for a full retirement article on Russell in the May issue of *North Dakota Living* magazine.

District 1



Bruce Olsen

Re-elected Bruce Olsen, a retired farmer of Cando, has served on the Northern Plain Electric board of directors

since 2005. He and his wife, Wanda, reside on the family farm and help their son who took over the farm in 2016. They are parents to Tyler and

Kami and have five grandchildren. During the summer months, they enjoy spending their time at the lake. Bruce has served on his township and school board and currently serves on the First State Bank of Cando board.

District 2



Curtis Wiesz

Re-elected Curtis Wiesz has served on the Northern Plains Electric board since 2002. Curtis farms near

Bowdon and volunteers on the Fessenden Ambulance Services as a national registered EMT. He has been married to Sheila for over 40 years; they are parents to Donovan and Jeremy and have five grandchildren. He enjoys collecting old vehicles, snowmobiles and motorcycles. Curtis also spends his time as a sculptor constructing large steel sculptures that has been sold and found their homes in nine states and four countries.

District 3



Lori Carlson

Lori Carlson, newly elected to the board, will start her term after Northern Plain's Annual Meeting. She and

her husband, Richard, reside on the family farm near Jamestown, where they farm with Richard's brother, Russell Carlson. Lori is stepping into new territory, but is very excited to learn about the electrical power industry. She is no stranger to serving on boards, as she serves on the Barnes County North school board, is a director of the Southeast Education Cooperative, is a director on the Stutsman County Farmers Union board and is chair of the District 29 Democrats. She and Richard have one son, Derek, who also works on the family farm, and they have one grandchild. ■

**NORTHERN
PLAINS** Electric Cooperative

Your Touchstone Energy® Cooperative

An equal opportunity provider and employer.

CANDO OFFICE:

609 4th Ave.
Cando, ND 58324

CARRINGTON OFFICE:

1515 West Main
Carrington, ND 58421

OFFICE HOURS:

Monday-Friday
8 a.m. to 4:30 p.m.

www.nplains.com
justask@nplains.com
800-882-2500

BOARD & MANAGEMENT:

| | |
|--|----------------------------|
| President..... | Tracy Boe, Mylo |
| Vice president | Curtis Wiesz, Heaton |
| Secretary/treasurer | Randall Simon, Oberon |
| Assistant Secretary/treasurer..... | Dave Teigen, Rugby |
| District 1 | Mark Brehm, Cando |
| District 1 | Bruce Olsen, Cando |
| District 3 | Russell Carlson, Jamestown |
| District 3 | Judy Geier, Heaton |
| District 3 | Curtis Hanson, Pettibone |
| General Manager..... | Seth Syverson |
| Manager of Engineering & Operations..... | Ashten Dewald |
| IT Manager..... | Scott Buchholtz |
| Business Manager..... | Cheryl Belle |
| Northern Notes Editor | Brittnee Wilson |