

2023 ANNUAL REPORT



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Welcome to the North Central Electric Cooperative's 2023 annual report. North Central Electric Cooperative is a distribution electric cooperative providing electrical service in Bottineau, Rolette, Renville, McHenry and Pierce counties.

Headquartered in Bottineau, the cooperative has service centers in Mohall and west of Belcourt.

NCEC AT A GLANCE

- Miles of line: 3,312
- Miles of overhead line: 2,325
- Miles of underground line: 987
- Accounts served: 7,593
- Number of employees: 35
- Date energized: March 25, 1946
- Serve 3,300 square miles

COMMUNITY INVOLVEMENT



Our Operation Round Up program made 40 donations totaling \$23,000 in 2023. Organizations such as Towner Youth baseball/softball benefit from these types of donations.

North Central Electric Cooperative is a proud supporter of area 4-H clubs, providing financial assistance to help the mission of 4-H.



The Willie Wiredhand Christmas Giving Fund helps area people have a better Christmas! The co-op raised almost \$8,000 to help others in 2023. Co-op employee **Lisa Mastvelton** with students from Ojibwa Indian School, Belcourt, who were recipients of Willie Wiredhand Christmas Giving funds.





Stuart Rothe
President



Jon Beyer
General Manager

PRESIDENT & MANAGER REPORT

Annual meeting at the Bottineau High School

The co-op's annual meeting will be held at 5:30 p.m. on June 6th at the Holwell Auditorium in the Bottineau High School. If you can't make the meeting, we invite you to watch it as it is livestreamed on our Facebook page. There will be a free supper served after the annual meeting.

Co-op members will vote by mail to elect three directors to three year terms on the board of directors. Districts 6, 8 and 9 will be voted on. Please mail your ballot after voting. There will be no voting at the annual meeting, as voting will be done only by mail. A third party company handles our voting process. You could win \$3,300 just by voting as the co-op will do a random cash drawing at the meeting. You must vote for your chance to win!

2023 Financial Review

Energy sales to members dropped 3.1% from 2022 levels. A fairly mild winter and a warm, extended fall contributed to lackluster energy sales.

The cooperative ended up with an operating margin of \$295,258. The

cooperative received \$1,269,892 in capital credit allocations from our cooperatively-owned power suppliers. The cooperative's bottom line margin for 2023 was \$1,977,677. This margin was allocated as capital credits to you, the member-owners of the cooperative. In time, this entire amount will be returned to the membership. We are proud to report the cooperative is in good financial standing.

Electric rates

Electric rates will increase an average of 5.61% effective with the July electric bill.

For several years, wholesale power costs to the cooperative have remained relatively stable, allowing the cooperative to maintain stable rates. However, that stability with wholesale power costs has ended, resulting in your electric rates increasing. Wholesale power costs are the single largest expense to the cooperative.

Inflation has affected everyone, including your electric cooperative. The cost of providing you electric service has increased. Virtually every expense area of the cooperative

has increased. As a non-profit organization, the rate increase is needed so the cooperative can remain financially sound and continue to provide you with reliable electric service.

In addition, growth for the cooperative is small and we actually saw electric sales decrease in 2023. Strong energy sales are important in helping us keep electric rates stable.

Even though electric rates are going to increase, the cooperative is not going to take "short cuts" in providing you the reliable service you've come to expect.

If you have questions about the rate increase, please call the office.

Willie Wiredhand Christmas Giving Fund

For the past 11 years the cooperative and its employees have helped those less fortunate in our area have a better Christmas.

The Willie Wiredhand Christmas Giving Fund is a program to raise money to provide Christmas gifts, a Christmas meal, or even household essentials.

Employees, directors and co-op members donate to this good cause. The co-op matches donations up to \$1,000 and our power supplier, Basin Electric Power Cooperative, matches that donation. In 2023, some of our suppliers and business partners helped, too. The result was a record-setting amount of money raised--\$7,883! We partner with five organizations in the counties we serve to make sure the money goes to helping others. We're proud to help area people!

Capital credits

Capital credits totaling \$708,352 will be returned to co-op members prior

to the annual meeting. Capital credits from 2003 and last year will be paid. A total of \$59,051 is from 2023. We also anticipate paying back \$125,000 in capital credits to estates during the year. If you were receiving electric service from the cooperative in 2003 or last year, you should receive a capital credit check.

Operation Round Up

Our Operation Round Up program made 40 donations totaling \$23,000 in 2023. More than 86 percent of our members participate in this program, voluntarily "rounding up" their month electric bill. The few cents everyone contributes goes to a trust fund. The program has donated more than \$180,000 since it started in 2016. We'd like to thank our participating co-op members for making these donations possible!

Kaufmann named "co-op employee volunteer of the year"

Our employees are active in any number of community organizations. This past year, Jake Kaufmann, a journeyman lineworker for the co-op, was named the first recipient of the "co-op employee volunteer of the year." Jake does a lot for the Mohall area. He serves as the president of the Mohall park board. He's also fire chief for the Mohall fire department. Jake has organized and coached various youth activities. We are proud of him and his community involvement!

We'd like to say "thank you" to all of the co-op's employees for their efforts in providing the co-op's members with low-cost reliable electric service! And for their involvement in our communities! Thank you!

FINANCIAL REPORTS

BALANCE SHEET 12/31/23

ASSETS

| | |
|-----------------------------|---------------|
| Lines/Other Utility Plant | |
| /Equipment | \$105,353,842 |
| Less: Accumulated provision | |
| for depreciation | 42,170,596 |
| Net Utility Plant..... | 63,183,246 |

OTHER ASSETS

| | |
|--|---------------------|
| Investment in associated | |
| organizations | \$17,045,719 |
| Investments | 1,769,042 |
| Special funds | 200,000 |
| Cash | 2,821,364 |
| Accounts Receivable | 2,532,676 |
| Material & Supplies..... | 2,737,246 |
| Pre-payment, Deferred Debits & Other | 527,176 |
| Total Assets & Other Debits | \$90,816,469 |

LIABILITIES

| | |
|--|---------------------|
| Long-Term Debt-Rural Utilities Service | \$0 |
| Long-Term Debt Other | 48,794,127 |
| Total Long-Term Debt | \$48,794,127 |

OTHER LIABILITIES & EQUITY

| | |
|--|---------------------|
| Current Liabilities & Accounts Payable... | \$6,166,648 |
| Deferred Credits (Pre-Payments)..... | 1,536,500 |
| Equity-Patronage Capital..... | 27,455,992 |
| Equity-Other | 4,855,525 |
| Total Liabilities & Equities..... | \$90,816,469 |

INCOME STATEMENT

OPERATING REVENUE

| | |
|--------------------------------------|---------------------|
| Residential | \$13,759,704 |
| Commercial..... | 11,425,319 |
| Missile Sites | 474,630 |
| Other Operating Revenue | 18,718 |
| Other Electric Revenue..... | 42,445 |
| Revenue Deferral | 0 |
| Total Operating Revenue | \$25,720,816 |

OPERATING EXPENSE

| | |
|---|---------------------|
| Purchased Power | \$13,668,886 |
| Operating & Maintenance Expense | 3,109,022 |
| Consumer Accounts Expense | 1,207,067 |
| Administrative General Expense..... | 1,508,477 |
| Depreciation Expenses..... | 4,191,359 |
| Taxes | 178,163 |
| Interest | 1,545,345 |
| Other Expenses..... | 17,239 |
| Total Cost of Electric Service | \$25,425,558 |

MARGINS

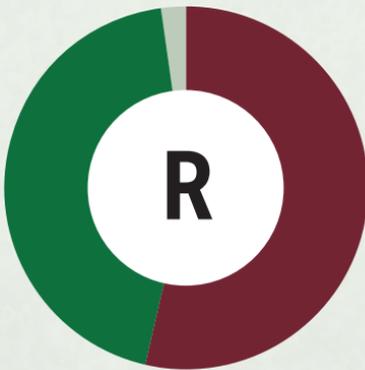
| | |
|-----------------------------|--------------------|
| Operating Margins | \$295,258 |
| Power Supply Margins..... | 1,269,892 |
| Other Capital Credits..... | 174,392 |
| Non-Operating Margins | 238,135 |
| Total Margins..... | \$1,977,677 |

"In our opinion, the financial statements referred to present fairly, in all material respects, the financial position of North Central Electric Cooperative, as of December 31, 2023."

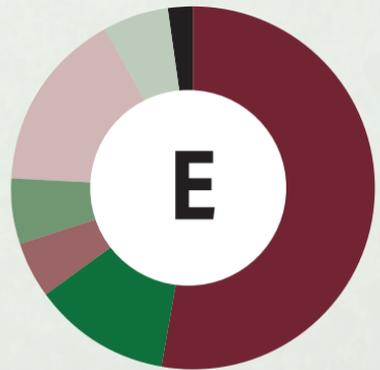
— Brady Martz & Associates, PC, Independent Auditor

STATISTICAL DATA

| | | 2013 | 2022 | 2023 |
|-----------------------------|--------------|--------------------|--------------------|--------------------|
| ELECTRIC CUSTOMERS | Residential | 6,061 | 6,044 | 6,068 |
| | Commercial | 1,572 | 1,478 | 1,494 |
| | Other | 34 | 31 | 31 |
| | Total | 7,667 | 7,553 | 7,593 |
| ELECTRIC SALES (KWH) | Residential | 139,224,451 | 144,450,169 | 137,173,962 |
| | Commercial | 113,216,806 | 95,053,527 | 95,784,914 |
| | Other | 4,332,936 | 4,389,532 | 4,366,131 |
| | Total | 256,774,193 | 243,893,228 | 237,325,007 |
| ELECTRIC REVENUE | Residential | 11,049,282 | 13,741,290 | 13,759,704 |
| | Commercial | 11,232,368 | 11,137,619 | 11,425,319 |
| | Other | 409,976 | 490,937 | 493,349 |
| | Total | 22,692,626 | 25,369,846 | 25,678,372 |



- REVENUE**
- 53.5% Residential
 - 44.4% Commercial
 - 2% Other



- EXPENSES**
- 53% Purchased Power
 - 12% Operating & Maintenance
 - 5% Consumer Accounts
 - 6% Administrative & General
 - 16% Depreciation
 - 6% Interest
 - 2% Taxes & Other

ANNUAL MEETING AGENDA

The annual meeting will be live-streamed on the cooperative's Facebook page at North Central Electric Cooperative.

THURSDAY, JUNE 6

- 4:30 p.m. Registration
- 5:30 p.m. Annual meeting starts
- Business Meeting
- Report on Election of Directors
From Districts 6, 8 and 9
(voting will be done by mail in balloting only)
- Door prizes
- \$3,300 Random Cash Drawing
(must have voted for Directors by
mail to be eligible to win)

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Please like us on Facebook at North Central Electric Co-op!