



ANNUAL REPORT 2021



COMMUNITY INVOLVEMENT



1

➔ Jake Kaufmann, a line-worker for the cooperative, is also a volunteer firefighter for the Mohall fire department. He's shown here participating in a safety day in Mohall. Many of our employees serve as volunteer firefighters, and we appreciate their involvement and dedication.

2

➔ Talon Thompson, a lineworker for the cooperative, receives a hug from Ann Millerbernd, a Renville County sheriff's deputy. Thompson and coworker Randy McLean saved Millerbernd's life. You can read more about their story in the President and manager's report in this annual report.

3

➔ Trent McCloud, a lineworker for the cooperative, helps coach football for the North Prairie football team. You'll find our employees involved in a wide range of community activities and organizations.

4

➔ The cooperative provided backpacks to the Westhope Public School in 2021. The school uses the backpacks for its Backpack Buddy program, enabling kids to carry food home from school.

BOARD OF DIRECTORS

North Central Electric Cooperative is governed by a board of directors elected by the member-owners.



Jesse Fahnestock
President | Willow City | District 8



Jean Brandt
Vice President | Kramer | District 7



Lori Kittleson
Sec/Treas. | Bottineau | District 2



Devin Tolstad
Asst. Sec./Treas. | Souris | District 3



Stuart Rothe
Newberg | District 4



Vacant
Antler | District 5

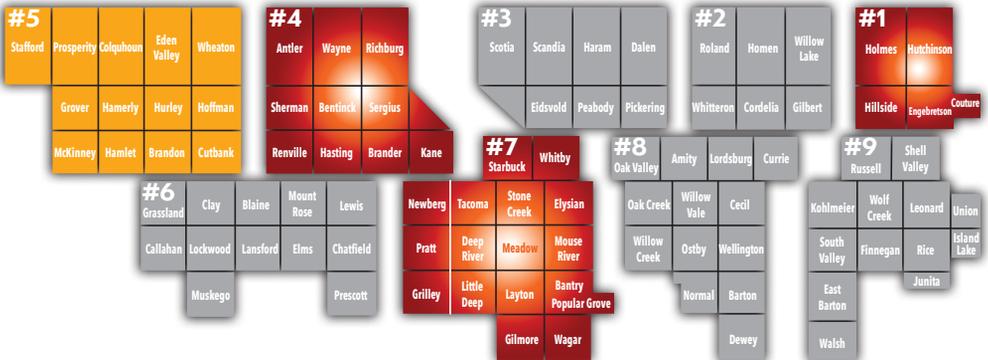


Joel Brandvold
St. John | District 1



R.J. Paul
Rugby | District 9

NCEC Districts



Co-op members will vote for directors from Districts 1, 4 & 7. Voting will be done by mail-in balloting only.

*Co-op members will elect a director to fill a one year unexpired term for District 5. **3**

PRESIDENT & MANAGER REPORT



Jesse Fahnestock
President



Jon Beyer
General Manager

▶ **Annual Meeting at the Bottineau High School**

The co-op's annual meeting will be held at 2 p.m. on June 2nd 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 live-streamed on our Facebook page.

Co-op members will vote by mail to elect three directors to three-year terms on the board of directors. Districts 1, 4 and 7 will be voted on. Co-op members will also elect a director in District 5 to fill an unexpired one-year term. 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.

▶ **2021 Financial Review**

Energy sales fell 1% in 2021 from 2020. Co-op members used 219,579,602 kilowatt-hours, the lowest amount since 2008! Reduced energy sales to commercial oil accounts dropped because of low oil prices. The Covid-19 pandemic further reduced the demand for oil. A fairly warm winter last year and the lack of grain drying energy sales last fall also contributed to a

lackluster year for energy sales. The cooperative ended up with an operating margin of \$488,664. The cooperative received \$707,272 in capital credits from our cooperatively-owned power suppliers. The cooperative's bottom line margin for 2021 was \$1,369,500. 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.

▶ **Stable Electric Rates**

Electric rates remained stable in 2021 and we are happy to report electric rates will remain unchanged in 2022. Our budget preparations forecast a razor thin margin for 2022. Rate stability is important, especially because the local agricultural and oil economy continues to struggle. Wholesale power costs from our power supplier, which make up about 60 percent of our total expenses, are stable. This allows us to keep electric rates at current levels in spite of lowered energy sales to oil accounts. We have a diverse wholesale power supply, which includes coal, natural gas, wind, hydro, nuclear and a small amount of solar and fuel oil.

North Central Electric Cooperative has some of the lowest electric rates in the state and country. The cooperative's last rate increase came in July of 2018.

Life Saver Award

Two of our employees, Randy McLean and Talon Thompson, received the Life Saver award from the North Dakota Association of Rural Electric Cooperatives for their efforts in saving the life of Ann Millerbernd, a Renville County sheriff's deputy. Millerbernd was working next to the co-op's outpost on the east side of Mohall when her arm became stuck between the box of her pickup and the load she was working on. Luckily, McLean and Thompson heard her pleas for help and were able to rescue her. We are extremely proud of Randy and Talon for their fast thinking in a difficult situation!

Capital Credits

Capital credits totaling \$802,171 will be returned to co-op members prior to the annual meeting. The capital credits are from 2001 and 2002 totaling \$704,438. Capital credits from last year amount to \$97,733. 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 2001, 2002 or last year, you should receive a capital credit check. Capital credit checks are one of the great benefits of belonging to a non-profit, member-owned electric cooperative.

System Improvements

Your cooperative continues to invest in system improvements and 2022 will be no different. Our biggest project of the year will be six miles of new underground cable north of Rolette. We also plan a new underground tie line between Long Lake and Lake

Metigoshe. Both of these will enable us to continue to provide quality electric service in those areas. We have other, scattered cable replacements around the system as we continue our efforts to provide you with the best electric service possible! Your cooperative has some of the lowest outage times in the country, thanks to investments in the distribution system.

Maintenance Efforts

Keeping our electric distribution system operating and up-to-date is a never ending job. Our line crews stay busy changing out and upgrading equipment on the system. We also invest in a tree trimming program, which has been tremendously successful at reducing tree-related power outages. Our pole testing program also continues to help us reduce power outages by indentifying "problem" poles so those can be replaced before causing a power outage.

Brad Aho Passing

Co-op director Brad Aho, Antler, passed away Dec. 21, 2021. Brad represented District 5 on the co-op's board of directors. He had served on the board since 2017. Brad was a dedicated director who always had the best interest of co-op members at heart. Our condolences to his family.

Dedicated Employees

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

FINANCIAL REPORTS

→ Balance Sheet – 12/31/21

▀ ASSETS

Lines / Other Utility Plant / Equipment	\$99,502,418
Less: Accumulated Provision for Depreciation	38,181,973
Net Utility Plant	61,320,445

▀ OTHER ASSETS

Investment in Associated Organizations	\$15,520,608
Investments	1,578,222
Special Funds	428,517
Cash	7,119,953
Accounts Receivable	2,730,034
Material & Supplies	2,297,211
Pre-payment, Deferred Debits & Other	513,883

**Total Assets
& Other Debits** **\$91,508,873**

▀ LIABILITIES

Long-term Debt-Rural Utilities Service	\$0
Long-term Debt-Other	51,589,802

**Total Long-term
Debt** **\$51,589,802**

▀ OTHER LIABILITIES & EQUITY

Current Liabilities & Accounts Payable	\$6,343,061
Deferred Credits (Pre-payments)	3,166,913
Equity-Patronage Capital	24,574,402
Equity-Other	5,834,695

**Total Liabilities
& Equities** **\$91,508,873**

→ Income Statement

▀ OPERATING REVENUE

Residential	\$12,655,125
Commercial	10,607,479
Missile Sites	462,209
Other Operating Revenue	22,885
Other Electric Revenue	43,166
Revenue Deferral	(290,025)

**Total Operating
Revenue** **\$23,500,839**

▀ OPERATING EXPENSE

Purchased Power	\$13,243,266
Operating & Maintenance Expense	2,961,077
Consumer Accounts Expense	1,096,955
Administrative & General Expense	1,165,675
Depreciation Expenses	2,765,973
Taxes	165,517
Interest	1,598,640
Other Expenses	15,071

**Total Cost of Electric
Service** **\$23,012,174**

▀ MARGINS

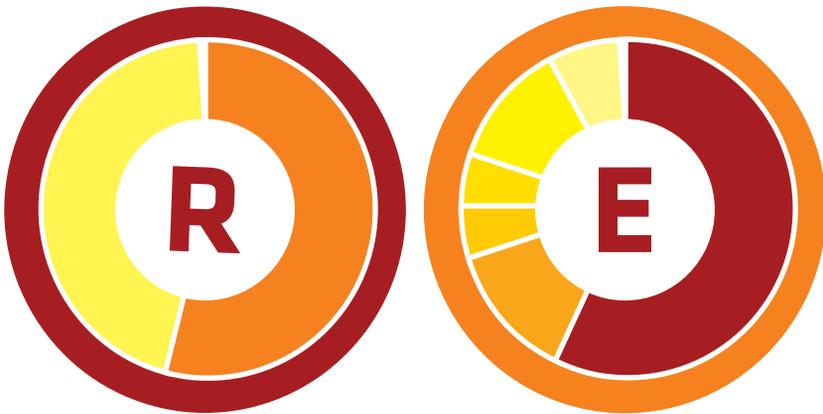
Operating Margins	\$488,664
Power Supply Margins	687,553
Other Capital Credits	129,091
Non-Operating Margins	64,192

Total Margins **\$1,369,500**

"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, 2021."

-Brady Martz & Associates, PC, Independent Auditor

Statistical Data		2011	2020	2021
▪ ELECTRIC CUSTOMERS	Residential	5,892	5,995	6,025
	Commercial	1,499	1,532	1479
	Other	33	33	32
	TOTAL	7,424	7,560	7,536
▪ ELECTRIC SALES (KWH)	Residential	118,466,059	137,411,141	126,273,617
	Commercial	106,703,505	79,220,279	89,046,425
	Other	4,177,968	4,332,940	4,259,560
	TOTAL	229,347,532	220,964,360	219,579,602
▪ ELECTRIC REVENUE	Residential	9,056,813	13,319,197	12,655,125
	Commercial	9,038,586	9,870,412	10,607,479
	Other	478,964	484,690	485,094
	TOTAL	\$18,574,363	\$23,674,299	\$23,747,698



▪ **Revenue**

- 54% Residential
- 45% Commercial
- 1% Other

▪ **Expenses**

- 57% Purchased Power
- 13% Operating & Maintenance
- 5% Consumer Accounts
- 5% Administrative & General
- 12% Depreciation
- 7% Interest
- 1% Taxes & Other

Annual Meeting Agenda

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

Thursday, June 2, 2022

**- Bottineau High School
Holwell Auditorium**

2:00 p.m.Annual Meeting Starts

Registration

Business Meeting

**Report on Election of Directors
from Districts 1, 4, 5 & 7
(Voting will be done by mail
in balloting only)**

Door prizes

**\$3,100 Random Cash Drawing
(must have voted for
Directors by mail to be
eligible to win)**

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Cooperative line crews update the electrical distribution system. Maintenance of the system is a never-ending job!



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