

The Nodak Neighbor

presents the
2014 Annual Report

75
Years Of Positive Energy
1940-2015



United
in our **Mission**

75th Annual Meeting
March 31, 2015



Co-op Facts

Total miles of line:

Overhead 4,052
Underground 4,019

Counties served:

Cavalier, Pembina, Walsh,
Benson, Ramsey, Nelson,
Grand Forks, Eddy, Griggs,
Steele, Traill, Barnes and Cass

Square miles: 8,820

Metered services: 18,601

Number of employees: 63

Board meeting:

First Tuesday
of each month

Date first energized:

Dec. 23, 1939

Power supplier:

Minnkota Power
Cooperative, Inc.

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On the Cover

On the Cover: Meter No. 1 for Nodak Rural Electric Cooperative was on the Percy Donnelly farm near Grafton. Commemorating the 1939 energizing of the meter were Nodak attorney W.T. "Bill" DePuy (third from left); Fred Karnik, manager of Walsh Rural Electric Cooperative, Inc., in Grafton (fourth from left); consulting engineer Mike Hyland (fifth from left); lineman John Middleman (sixth from left); Lloyd Henderson, mayor of Grafton (fourth from right); and Donnelly, (second from right).

Notice of Annual Meeting

To the members of Nodak Electric Cooperative, Inc.:

You are hereby notified that the 75th annual meeting of Nodak Electric Cooperative will be held Tuesday, March 31, 2015, at the Alerus Center, 1200 42nd Street South in Grand Forks, beginning at 6:30 p.m., for the following purposes:

1. To pass upon reports covering the previous fiscal year, including acting upon reports of directors.

2. To elect three directors:

Listed below are candidates either nominated by petition or selected by the Committee on Nominations. The members of the Committee on Nominations are appointed by the board of directors.

District 1

(one 3-year term)

Paul Sigurdson
Edinburg

District 2

(one 3-year term)

David Hagert
Grand Forks

District 3

(one 3-year term)

Doug Lund
Aneta

3. To transact business that may come before the meeting.

Voting by mail. The board of directors has authorized mailing, for the election of directors, each member an absentee ballot. Since the election this year is uncontested, we will not be mailing ballots and return envelopes for the election. You are entitled to vote by mail, and if you wish to vote, we will honor that right. Please feel free to call our office at 1-800-732-4373 and ask for an absentee ballot, and one will be sent to your address. If the completed ballot is received by 4:30 p.m. on March 30, 2015, it shall be counted as a vote of the absent member.

Luther Meberg, Secretary/Treasurer
March 4, 2015

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Nodak Neighbor

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75 years

Board of Directors Candidates

District 1



Paul Sigurdson
District 1

Paul Sigurdson has served on Nodak's board for District 1 since 1991, and is currently serving as vice chairman. He also serves as vice president of the Square Butte Electric Cooperative board. He has completed the director courses offered by the National Rural Electric Cooperative Association to become a credentialed cooperative director and completed the board leadership program. He is chairman of the board of directors of Edinburg Farmers Elevator, and a member of Pembina Hills Lutheran Church. Paul and his wife, Ina, live on a farm near Gardar, N.D. He and his brother grow wheat, soybeans, edible beans and sunflowers. They have four grown daughters, five grandsons and one granddaughter.

District 2



David Hagert
District 2

David Hagert has been a member of the board of directors for Nodak Electric Cooperative since 1991 and has held numerous offices, including chairman. He has completed the required courses to receive the credentialed cooperative director certificate. He serves on the Grand Forks County Planning and Zoning Committee. He has served on various boards and committees throughout the community. David and his wife, Karen, live in Grand Forks. They have four grown daughters, with two of them recently married. He owns and operates AgriData, Inc., a web-based mapping software company that serves farmers, ranchers and agri-businesses on a national and international basis.

District 3



Doug Lund
District 3

Doug Lund became a member of the board of directors for Sheyenne Valley Electric Cooperative in 1990 and the board of Nodak Electric since the merger on Jan. 1, 2001. He earned a business education degree from Mayville State University and taught school in Richardton, N.D., and Prior Lake, Minn., before moving northwest of Sharon to farm. Doug serves on the North Dakota Statewide board. In the past, he has served on the Finley-Sharon school board, the Trinity Lutheran Church board, the Sharon Elevator board, the Sharon Township board and the Steele County Crop Improvement Association. Doug and his wife, Carol, farm wheat, barley, flax and soybeans. They have three grown children and three grandchildren.

*Nodak's
75th Anniversary video
can be seen at*



www.nodakelectric.com

Attention corporate members

If you are a member Corporation, Cooperative, School, Church, Township (or other nonnatural person) of Nodak Electric Cooperative, Inc., and want to be represented at members' meeting(s), please request a Designation of Voting Representative form and one will be mailed to you. The form must be completed and signed by an authorized officer of the organization. This form must be completed annually.

In order for the member corporation, etc., to participate in business matters, this form must be received by the secretary of Nodak on or before the date of the members' meeting(s). This form may be mailed with your ballot to Nodak or presented at registration at the members' meeting(s).



David Hagert
Chairman



Mylo Einarson
President & CEO

Message to our Members

With this annual report, we close the books on 75 years of member-owned energy delivery, and celebrate the growth and prosperity that our cooperative business model has afforded us over those many years. We've come a long way since our first meter was energized at the Percy Donnelly farm on Dec. 23, 1939. At the close of 2014, we had 18,646 metered locations spread across 8,040 miles of energized distribution line. That sort of success was again fueled by a good year in 2014.

While 2014 certainly was not ideal for those of us braving the long cold winter, or for our farmers who struggled through a short growing season, it was a good one for electric sales. The frigid winter held on long into spring and returned early in November. A wet start to the harvest also bolstered crop conditioning sales. Those two things, coupled with robust growth in industrial and general service sales, pushed kilowatt-hour deliveries up 5.9 percent over last year to create a new all-time high for energy sales of 1.16 billion kilowatt-hours.

The fiscal impact of this steady growth is reaping benefits in our rates. In November, our power supplier, Minnkota Power Cooperative, announced a 5 percent increase in its rates effective April 1, primarily due to the completion of a 250-mile long transmission line needed to serve the growing energy needs of the Minnkota system. At the cost of \$354 million, this line is now officially part of our transmission system backbone and will serve our needs over the next 30-plus years.

The good news is that the strong financial performance of your cooperative has allowed us to establish a revenue deferral plan. By deferring revenue from 2014 into 2015, we are able to absorb, or at least delay, passing along Minnkota's rate increase through 2015.

Setting aside dollars from 2014 to help mitigate and flatten out rate adjustments is one way your cooperative works to keep dollars in the pockets of our ratepayers. The year 2014 marked a continuation of stable retail rates. We had no general rate increase last year beyond the addition of a one mill pass-through of Minnkota's renewable energy market adjustment. That's three years without a rate increase. At

some point that will change, but our goal is to make them as small and predictable as possible.

The year 2014 was a nonlegislative year in North Dakota, so our focus was trained more on the national and regional political arenas. In June, the Obama Administration and the Environmental Protection Agency (EPA) outlined a plan to restrict CO₂ emissions from existing power plants over the next decade. That draft rule came under heavy scrutiny during its comment period, and many of

you were part of the 1.2 million people who filed formal comments on our behalf at the cooperative action network, www.action.coop. We are hopeful our grassroots army sent a message loud and clear that we want a common sense solution to energy regulation across America. EPA's final rule is due in summer 2015.

Closer to home, the Minnesota Public Utilities Commission delayed the construction of a crude oil pipeline through its regulatory siting process. This proposed project would carry Bakken crude oil from western North Dakota through our service area into Superior, Wis. When constructed, this pipeline will add to the growing number of pumping stations we have on our system that already comprise 22.8 percent of our total annual sales. With a projected in-service date of 2017, we look forward to this project getting off the drawing board and pumping oil soon.

At various points throughout last year, we migrated all of our members to calendar month billing. As of now, all member bills begin on the first of each month and end on the last day of each month. We understand that for some members this required a period of adjustment, but this small alteration in our billing cycle has helped tremendously in areas of member communication, accuracy and cash flow. We want to say thank you for your patience and cooperation on this matter.

In keeping with our longstanding philosophy of returning member equity as soon as we can, those of you who were members in 1996 received your share of \$1.5 million in capital credit retirements last year. Each year, your share of the cooperative's margin is allocated to your member account. Those dollars are kept at Nodak and used for financing and operational needs. When your board of directors deems it appropriate, those dollars are deducted from your equity account and sent back to you. In 2014, capital credit retirements averaged \$153.07 per member.

Something introduced in 2014 I want to point out is our Electric Heating Rebate Program. In 2014, Nodak teamed with our power supplier, Minnkota Power Cooperative, to provide rebates for new or replaced off-peak electric heating systems. In the short time between May and December, we provided our members with more than \$35,000 in rebates as part of this program. This successful program continues into 2015, so if you're planning a new heating system, make sure you call our Energy Services Department for details.

We encourage you to review the accompanying financial statements, along with the report from secretary-treasurer Luther Meberg. I'm sure you'll agree that Nodak ended 2014 in sound financial position. We will provide you with more detail about our year during our annual meeting Tuesday, March 31, 2015, at the Alerus Center in Grand Forks. Until then, I hope you enjoy the walk down memory lane provided in the following pages. The last 75 years of Nodak's history are chronicled in those pages from the time Franklin Roosevelt created the Rural Electrification Administration and our first meter was energized through the major events of the past eight decades.

On behalf of your board of directors and the employees of Nodak Electric Cooperative, we want to thank you for your patronage in 2014 and for the opportunity to serve you. We hope to see you at our annual meeting on March 31.

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Board of Directors



Seated from left: Paul Sigurdson, Edinburg; Roger Diehl, Hillsboro; Doug Lund, Aneta; Les Windjue, Devils Lake; and Steven Smaaladen, Aneta; standing from left: Luther Meberg, Park River; Mylo Einarson, president & CEO; Gerad Paul, Grand Forks, legal counsel; David Hagert, Grand Forks; Lee McLaughlin, Lankin; and David Kent, Hatton.

Staff



Steve Breidenbach
Engineering Manager



Tom Edwards
Accounting/Finance
Manager



Blaine Rekken
Customer/Energy Services
Manager



Dan Schaefer
Line Superintendent



Kim Soper
Executive Assistant

United in the beginning

Our Mission: Nodak Electric Cooperative is proud to serve as your local electric provider. We believe that working together toward a common vision is the cooperative difference. We do this by operating on a not-for-profit, cost-of-service basis. Margins are given back to the members in the form of capital credits to reduce their electric costs. Co-ops put consumers first. These core business principles that have supported your local cooperative and all cooperatives for years are still alive and very strong today. Nodak's mission is based on the following statement: "Nodak Electric Cooperative is dedicated to be an efficient provider of quality electric service with leadership that demonstrates the highest regard for its member-owners."

A 75-Year History of Nodak Electric



Five Star Rural Electric Cooperative, one of Nodak's predecessors, was located in the small community of Whitman, N.D.

(Inset) President Franklin D. Roosevelt was known for his efforts in establishing the Rural Electrification Administration. (Photo courtesy of FDR library.)



The New Deal And Rural Electrification Administration (REA)

The "New Deal" was quite a deal for Nodak Electric Cooperative and other electric cooperatives in the country.

In response to the Great Depression, Franklin Delano Roosevelt pledged himself to a New Deal in his July 2, 1932, nomination address to the Democratic National Party. The primary objective of the New Deal was economic recovery. At that time, approximately 10 percent of the six million farms across the United States were connected to central station power sources. The New Deal created the Emergency Relief Appropriation Act and was the catalyst for Executive Order 7037 establishing the Rural Electrification Administration (REA), signed by Roosevelt on May 11, 1935. The Executive Order provided funding to be used for approved electrification projects to bring generation, transmission and distribution of electrical energy into rural areas.

Concerned about an inadequate return on investment, private electrical utilities were not interested in serving these sparsely populated rural areas. Somebody had to step forward to help power the family farm, and thanks to the New Deal they did.

Across the country, loan applications and inquiries poured into the REA from various community leaders, farm organizations and cooperatives seeking government assistance for funding projects to electrify their area. In northeast North Dakota, this interest spawned

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President Franklin D. Roosevelt creates the Rural Electrification Administration (REA).

May 11, 1935

Percy Donnelly "throws the switch" at Grafton to energize first customer.



Nov. 15, 1939

Andy Freeman becomes first manager of Nodak.



Dec. 23, 1939

January 1940

Feb. 10, 1940

March 1940

Ralph Diehl hires James F. Coleman as manager of Red River Electric Cooperative at Hillsboro.



Nodak Rural Electric Cooperative is incorporated. Formed from a merger of Walsh Electric Cooperative, Grafton; Five Star Electric Cooperative, Whitman; Red River Electric Cooperative, Hillsboro; and Forks Electric Cooperative, Grand Forks.



Minnkota Power Cooperative is formed to supply power to Nodak and four Minnesota distribution cooperatives. Freeman becomes manager of Minnkota. He manages both cooperatives for a time.



the development of four electric cooperatives: Walsh Rural Electric Cooperative, Grafton; Five Star Rural Electric Cooperative, Whitman; Red River Electric Cooperative, Hillsboro; and Forks Electric Cooperative, Grand Forks.

Nodak Rural Electric Cooperative, Inc. takes shape

Committed to serve the rural areas with power, the four electric cooperatives faced the same challenges: where to obtain a reliable source of power and how to deliver it at reasonable cost. An agreement established between Walsh Rural Electric Cooperative and the city of Grafton brought power from a municipal generating plant to the cooperative. At the same time, Red River Electric (which would eventually consolidate with Forks Electric Co-op and establish its headquarters in Hillsboro) worked out an arrangement with the North Dakota State Mill & Elevator in Grand Forks in which the Mill would serve as a temporary source of power for the cooperative. With no source of power in its area, Five Star Electric Cooperative purchased a 40-kilowatt mobile generating plant with a \$40,000 loan from the REA.

Still, demand for electricity was greatly underestimated. More capacity was needed. Walsh, Five Star and Red River electric cooperatives were all operating with expensive, temporary sources of power. In January 1940, these cooperatives merged and became Nodak Rural Electric Cooperative.

Andy Freeman was named the first general manager, with Frank Karnik and James Coleman as assistant managers.

"There was nobody to rely on for past experience [back then], and I'm sure these cooperatives . . . were organized by individual farmers who had a lot of knowledge and were adamant about getting electric power. . . and they struggled, but they got it through," said former General Manager Duane Fossum. "But they had to find a source of power, and that is when Andy Freeman established Minnkota



Andy Freeman served as Nodak's first general manager.



A lineman scales a pole while others look on during a time when horse and sleigh were common sights.

(Inset) The advent of hydraulics in the 1950s and 1960s had a major impact on utility line work.



as farmers



National Rural Electric Cooperative Association (NRECA) is organized and established in Washington, D.C., by nation's rural electric cooperatives.

Three 1,500 HP Cooper Bessemer engines are being installed at Minnkota, which will increase generating capacity to 5,200 kW.



Nodak receives contract to supply electric power to Grand Forks Air Force Base.



March 1940



James F. Coleman replaces Andy Freeman as Nodak's superintendent. The superintendent's salary is set at \$200/month.



Jan. 1, 1941

December 1945

June 18, 1949



July 1955

Nodak dedicates its new headquarters building at 1405 First Ave. N. in Grand Forks on the same day as its ninth Annual Meeting.

Power Cooperative. It was trying times coming out of World War II and right before that the depression years, so there were a lot of trials and tribulations in those early days.”

The creation of Minnkota Power Cooperative, Inc.

To secure a source sufficient to supply power to the cooperative and to meet future growth, the REA initially recommended that Nodak Electric build a power plant to meet the power requirements of Nodak, along with other rural electric cooperatives in northwest Minnesota. However, after further study and consideration, the REA instead proposed an area-wide power provider. So on March 28, 1940, in Grand Forks, Minnkota Power Cooperative was formed.

To serve wholesale power to the distribution cooperatives, including Nodak, Minnkota first constructed a 2,160-kW diesel-powered generating plant in Grand Forks. Minnkota added a significant amount



Construction of Minnkota's diesel plant began in 1940.

of generation to its portfolio, as the number of customers and the demand for electrical energy increased. Over 75 years, electricity delivered to Nodak by Minnkota has been generated via the use of different fuel sources such as diesel, lignite coal, hydro and wind. In 2015, Nodak is receiving its electricity from a mix of the following: coal 59 percent, wind 29 percent, hydro 9 percent and other 3 percent.

Building a distribution system

The early 1940s proved to be a challenge for Nodak and other cooperatives wanting to construct a distribution system. The United States entered World War II in December 1941, causing shortages of the necessary materials to create lines, namely copper. In addition, the rationing of gasoline and rubber not only slowed line construction progress but prompted the co-op's Board of Directors to meet only when necessary (every three months or so) instead of monthly. This was the main reason why there was no annual meeting in 1943. Nodak temporarily lost employees for the war effort and was thankful to have them back when the war ended.

The bulk of Nodak's line construction occurred during the years 1947-1949, when approximately 3,500 miles of line and 5,430 customers were added. At that time, the



Temporary offices of Minnkota Power Cooperative, October 1940.

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Missouri Basin Power from the Garrison Dam begins to flow into MPC's transmission system.

Grand Forks Air Force Base makes up 20 percent of Nodak's total load.



Nodak starts burying primary underground cable.



Feb. 6, 1956

IBM system is installed for the ease of key punching readings, member record retention, monthly reporting, validating of payments/readings and billing.



December 1961

May/June 1962

Contract awarded to Nodak Electric by the U.S. Air Force to furnish power to 49 launch and six control sites. Later that year, 250 miles of three-phase line is constructed to serve the loads.

April 1964



July 1968

line department swelled to 150 employees, a crew of both full-time Nodak employees and contractors hired for specific projects. During these formative years, the work of many dedicated people led to the creation of Nodak Rural Electric Cooperative. In particular, it was James Coleman (who took over as general manager in 1941) who had the vision, faith, drive and enthusiasm to initiate and organize much of the work that needed to be done.

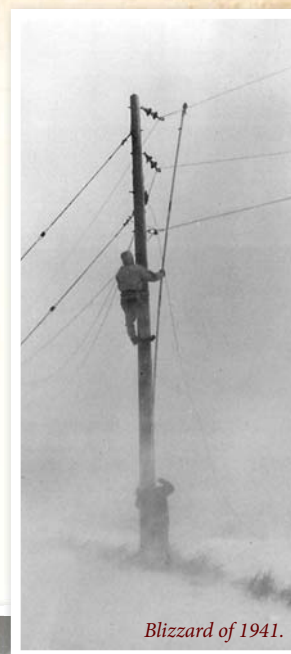
Surviving the storms

Your cooperative has faced many challenges over 75 years, with the greatest being the weather. The cooperative has withstood many merciless acts of nature, including the floods of 1950, 1965 and 1979, the blizzards of 1941 and 1966 and the ice storms of 1958 and 1977. But perhaps the most memorable disaster was the sleet storm, blizzard and flood of 1997. Late on April 4, 1½ inches of rain and sleet coated poles and lines throughout the service area before Blizzard Hannah, with its windy conditions, broke about 1,000 poles and caused hundreds of wire breaks, resulting in nearly 10,000 customers losing power. Travel was made difficult due to the 5- to 15-foot snow drifts that covered roads and fields. For a short time, employees could not access or leave the headquarters building. Although the storm lasted three days, some customers were out of power for up to nine days as an additional 60 people were brought in from other utilities to assist in power restoration. Crews worked an average of 16 hours per day during recovery from the

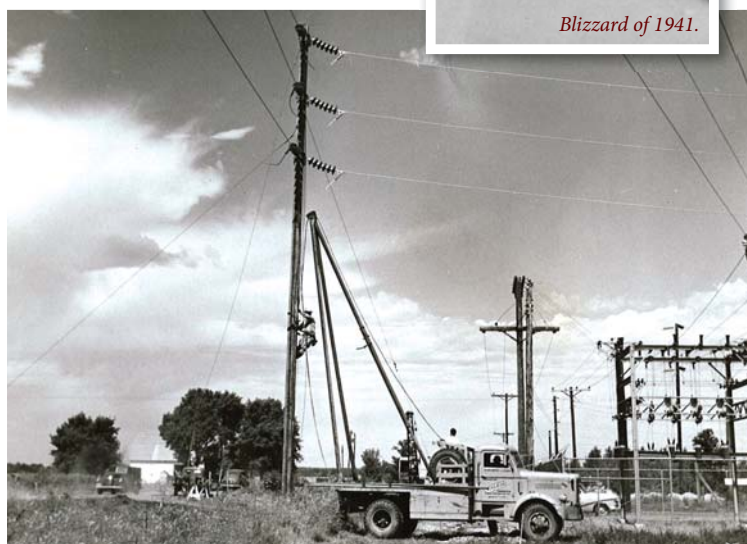
storm and spent months rebuilding the system to its original reliable state. During the flood, Nodak provided temporary office space for UPS, Minnkota Power Cooperative and the NDSU Extension for Grand Forks County.

The power utilization department makes a difference

An important function identified in the early years of Nodak was the role of a power utilization



Blizzard of 1941.



A bulk of Nodak's line construction occurred during the years 1947-1949, with a line department of 150 employees. Contractors were hired for specific projects.

and community leaders

Nodak implements its first computer, an IBM System 3, to assist with general ledger accounting.



Nodak Rural Electric Cooperative, along with 11 other distribution cooperatives that make up the Minnkota Power Cooperative system, officially embarks on a load management program with the use of ripple control.



November 1970

August 1974

November 1975

November 1976

March 1977



Milton R. Young generating station starts producing power commercially. It is MPC's first mine-mouth generating station with a generating capacity of 234,550 kW.



Duane Fossum is appointed as Nodak's general manager. He replaces James F. Coleman, who is retiring after 35 years of service.

Off-peak heating program implemented to offer a discount rate to participating members.



program. Its purpose was to serve the members, but also sell more electricity. A utilization adviser met with members and assisted them with selecting, sizing and the appropriate use of electrical devices and appliances. Members looked to Nodak for assistance in planning electrical installations, wiring questions and electrical safety. A utilization adviser was available to conduct electrical use demonstrations, meet with 4-H clubs in their electrical programs and even assist members in the planning for their water and sewer installations.

Homemakers had the opportunity to learn firsthand how to use electricity in the home from county extension agents. The extension agents frequently



Nodak sponsored demos on how to use electrical appliances.



Electrical appliances made life easier for the homemaker.

scheduled appliance and cooking/food storage demonstrations in Nodak's headquarters auditorium and in other venues throughout the service area. As new uses for electricity evolved, the utilization department – in cooperation with the

NDAC (NDSU) Agricultural Engineering and county extension service – set up experiment installations at members' farms, such as grain drying with electric fans.

"[James Coleman] realized right away that you need a utilization adviser to encourage usage. The water heater would probably be the best load builder that you could have, so they developed a rate with the water heater and with the range. Then to get the running water, he said 'We'll have to get a digger so we can help to get sewer systems installed – you're not going to get much water usage if you don't have a bathroom,'" Fossum said. "All of a sudden we had a big trencher and we were digging cesspools and septic tanks. In his mind, he was always working to improve life out on the family farm."

Introducing off-peak electric heat

Over the years, the mission of electrical load growth has remained, but with an emphasis on wise consumption. In response to the energy crisis of the early 1970s, the role of member services (formerly known as the Utilization Department) shifted to energy



Electrical service made life on the farm a lot easier, powering electric motors to handle a variety of daily chores.

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Square Butte Electric Cooperative's new coal-fired power plant is scheduled for start-up. The 450,000-KW Center No. 2 plant will be operated by Minnkota.

May 1977

The Coyote generating plant begins operation. The 450,000-kW power plant has an expected life of 40 years, and it will be among the nation's lowest-cost power producers.

May 1981



George Berg replaces Duane Fossum as general manager. Fossum completes 40 years of service with the cooperative.

July 1987

Ice storm proves to be the worst of any storm in Nodak's history, snapping more than 1,000 poles and causing \$2.5 million in damages.

April 5, 1997



conservation, including loans for qualifying energy-efficient projects and energy audits with the goal of saving the customer money and reducing wasteful energy use.

The 1970s also saw the development of an off-peak heating program, which was created to reduce the need to add increasingly expensive power plants by effectively controlling electrical load. Customers with electric heat were encouraged to install a fossil fuel or electric storage backup heating system that could take over when their electric heat was shed (in return for a cheaper heating kWh rate).

Today, Nodak customers still enjoy a competitive off-peak heating rate. Additionally, commercial and industrial customers are offered an interruptible incremental pricing plan to mitigate demand charges. They are offered a buy-through option to shorten control times by charging a seasonal supplemental energy adder when slightly more expensive energy is available. The Energy Services Department continues to encourage wise and innovative ways to use electricity. In addition, Nodak works to act as a good environmental steward by allowing members to interconnect qualifying renewable energy sources to the grid and compensating them for the excess energy they provide.

Merging Nodak Electric and Sheyenne Valley Electric

The combination of four cooperatives to create Nodak Electric was not the last merger for the organization. Nodak Electric



A special rate was developed for water heaters and ranges, which helped build new load. Nodak bought a trencher to assist in the installation of water and sewer systems.

and neighboring Sheyenne Valley Electric Cooperative of Finley, N.D., merged on Jan. 1, 2001. Bordering the west side of Nodak's service territory, Sheyenne Valley Electric served 2,300 customers in five counties (largely Steele, Griggs and Nelson). First energized in July 1947, Sheyenne Valley served electricity to rural farms, small commercial businesses, the Finley Air Force Station and 47 Minuteman Missile facilities. In the late '90s, however, Sheyenne Valley was forced to determine its future.

"With the declining population in the service area – as well as the loss of our military load – it became relatively clear that the right direction for our members was to combine the co-op with another co-op to gain economies of scale," said Troy Olson,



Sheyenne Valley Electric Cooperative and Nodak Electric Cooperative merged on Jan. 1, 2001.

with a vision



Flood over the Red River displaces many employees from their homes temporarily.

April 1997



Nodak hosts an open house for its new headquarters building located at 4000 32nd Ave. S in Grand Forks.

April 1997

July 12, 1997

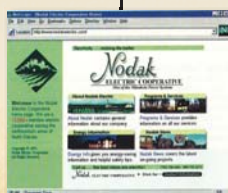
January 1998



Nodak announces its affiliation with Touchstone Energy.

May 1998

Aug. 17, 1999



Nodak's website is launched.



North Dakota One Call system started.

The first meeting of Operation Round Up is called to order.



In 1962, Nodak installed an IBM punch card system to calculate monthly bills. (Inset) In 1974, the system was upgraded to an IBM System 3, which improved capacity and speed. The new system improved accounting procedures and allowed automation expansion into other areas of business.



former general manager of Sheyenne Valley Electric Cooperative, Inc.

Technology shapes Nodak Electric

While electricity changed the lives of its users, technology allowed for significant advances in customer service and operational efficiency. In the late 1960s, Nodak started to experiment with direct burial of its primary power lines to eliminate above-ground exposure. Many of the first underground lines were installed to make way for the new sections of Interstate 29 as it was being constructed through the service area, but were also used in the construction of new and upgraded services. In 1973, a resolution passed at the annual meeting directed the cooperative to install underground lines whenever and wherever feasible. Today, 48 percent of Nodak's primary distribution line is underground.

Sending monthly bill statements and keeping track of revenue was no small task

back in the early 1960s. Taking advantage of the latest technology, Nodak started to use an IBM punch card system in 1962 until eventually giving way to an in-house central processing computer in 1974 (which, in turn, was upgraded in 1981). This eliminated the need for customer "self-billing."

Today, Nodak's customers enjoy the benefits of the cooperative's technological advancements. E-Bill offers paperless online bill notification and the ability for customers to view past and recent monthly billing statements. AutoPay is a payment option that makes deductions to a credit card or checking account.

"As far as success stories, the one that comes to mind the most is automated meter reading," said George Berg, former Nodak general manager.

Nodak has progressed from member-read



Nodak began installing underground cable in the late 1960s.

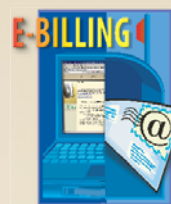


In 2007, Nodak started to use automated meter infrastructure (AMI) devices. AMI aids in rate studies and is useful in planning system outage restoration.

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Neighboring Sheyenne Valley Electric Cooperative, Inc. merges with Nodak.



Nodak introduces E-Billing to its members.

October 1999



Nodak/Polar Communications sells DBS to Pegasus Corporation.

Jan. 1, 2001

January 2002



Infinity Wind Valley City 900-kW turbine comes online.

January 2006

Nodak commissions its first automated meter reading system.

September 2007



meters to a system that automatically reads meters daily. Automated meter infrastructure (AMI) provides more than just monthly meter reading; it reads and stores interval usages that greatly aids in rate studies, transformer sizing and member electrical usage inquiries. AMI, in coordination with an outage management system, has also proven useful in planning system outage restoration and quantifying outage statistics.

Additional tools from the technology tool box, iPads and tablet computers are now used in the field to reduce paper waste and allow for faster updates. Each outside worker has been assigned an iPad to complete job tasks.



In 2012, iPads were implemented by crews.

Moving forward

Mylo Einarson, Nodak Electric's current president & CEO, is grateful to lead a company that has grown immensely over the past three-quarters of a century. He says Nodak Electric is prepared to continue to grow and serve its member-owners.

"Over the past 75 years, our member base has changed quite a bit and we now have a great mix of rural and urban customers, along with commercial and industrial members. Together they create a great diversity to help stabilize rates," said Einarson. "Nodak is really poised well for what's ahead. Energy delivery will change dramatically in the next 20 years

or so as new renewable resources come online and we see new ways of delivering our product. And with the way Nodak sits right now, we're ready for whatever the future may hold."

United in our mission

"Nodak was organized out of a need. It survived its early, formative years because the member-owners adopted electrical living," Fossum said.

Nodak has had many great leaders over the past 75 years, but the success of the co-op has been because of its members. Members are the ones who united with a dream of a regional rural electric provider, organized a dedicated team united to construct the system and believed that the service they were buying improved their lives.

United in the beginning as farmers and community leaders with the vision of a brighter future. United with its members for 75 years. That is the story of Nodak Electric Cooperative.



General Managers



Andy Freeman
1940-1941



James Coleman
1941-1975



Duane Fossum
1975-1987



George Berg
1987-2011



Mylo Einarson
2011-present

of a brighter future.



The Langdon Wind Energy Center is formally dedicated.

May 14, 2008



Mylo Einarson replaces George Berg as president & CEO. Berg completes 37 years of service with Nodak.

December 2011

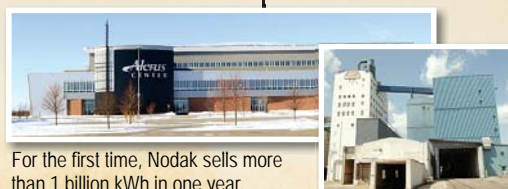
Nodak celebrates 75 years

75
Years Of Positive Energy
1940-2015

2012

March 31, 2015

The Ashtabula Wind Energy Center is formally dedicated.



For the first time, Nodak sells more than 1 billion kWh in one year.



Luther Meberg
Secretary/Treasurer

Treasurer's Report

On this 75th anniversary of Nodak Electric Cooperative, it is my privilege to present the 2014 financial statements of the cooperative.

Revenue from the sale of electricity measured \$93.7 million for the year, as compared to \$91.8 million in 2013. The level of revenue that is reported on our 2014 statement of margins excludes \$4 million that was also earned in 2014, but was deferred into 2015 to alleviate the retail rate impact of a wholesale energy increase that will be effective in April. You will note this deferral amount on the balance sheet under the deferred credits line. This practice is quite common in the electric industry when actual revenue exceeds financial goals for a given year, and future indicators point toward the need for a rate increase if not for the deferral being in place. This keeps the best financial interest of our members in mind, something we take great pride in.

Total wholesale power costs for 2014 were recorded at \$76.8 million. This was a record purchase volume from Minnkota Power Cooperative. It is important to note that 82 cents of every dollar we receive in revenue is used to pay for wholesale power purchases. That leaves the co-op with 18 cents for each dollar received to pay for all of

the essential services we provide to our members each day, most notably reliable electric service.

Speaking of reliable electric service, total operating expenses, exclusive of the above mentioned power costs, amounted to \$11.9 million in 2014. This compares to \$11.1 million in 2013. Each year, our total electric plant grows by nearly \$5 million and the number of accounts grows by an average of 400 accounts, last year being an exception of increasing by more than 600 new accounts. Growth is essential to any business and it does come with a cost to existing members, but we feel our operating expense increases have been minimal in consideration of that added growth to our electric system.

Margins that were not related to the direct sale of electricity ended the year at \$335,798 as compared to \$256,999 in 2013. These nonelectric-related margins add stability to our membership's ownership of the cooperative at times when the weather or economic conditions do not always allow us to sell kilowatt-hours. Ending year total margins were audited at \$3,248,003 as compared to \$3,244,738 in 2013. Consistency in expenses and margins is a good thing in the electric industry and we feel that goal was met during this past year.

This treasurer's report only summarizes the financial highlights of the past year, but in summary 2014 was a very solid financial year for the cooperative. Ending year financial ratios were very strong and they will continue to be strong into the future due to steps taken during this past year. We have come a long way in the first 75 years of Nodak Electric Cooperative, and I am proud to report that financial stability will remain well into the next 75 years.



Balance Sheet

As of December 31, 2014 and 2013

<i>Assets</i>	<u>2014</u>	<u>2013</u>
ELECTRIC PLANT		
Electric Plant in Service	\$142,312,819	\$136,930,842
Construction Work in Progress	2,614,078	2,365,371
	<u>\$144,926,897</u>	<u>\$139,296,213</u>
Less: Accumulated Provisions for Depreciation	(49,453,550)	(46,643,837)
	<u>\$ 95,473,347</u>	<u>\$ 92,652,376</u>
OTHER ASSETS AND INVESTMENTS		
Investments in Associated Companies	\$ 4,325,101	\$ 4,253,373
Other Investments	1,780,102	1,795,307
	<u>\$ 6,105,203</u>	<u>\$ 6,048,680</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 627,855	\$ 811,088
Accounts Receivable (Less Accumulated Provision for Uncollectible Accounts 2014 – \$23,964; 2013 – \$20,420)	11,687,450	13,567,234
Material and Supplies	1,982,120	1,686,661
Other Current and Accrued Assets	110,917	109,140
	<u>\$ 14,408,342</u>	<u>\$ 16,174,123</u>
DEFERRED DEBITS	<u>\$ 2,687,928</u>	<u>\$ 2,926,203</u>
TOTAL	<u>\$118,674,820</u>	<u>\$117,801,382</u>
<i>Liabilities and Members' Equity</i>		
EQUITIES		
Patronage Capital	\$ 35,101,304	\$ 33,931,863
Other Equities	11,284,795	10,632,955
Memberships	0	56,155
	<u>\$ 46,386,099</u>	<u>\$ 44,620,973</u>
LONG-TERM DEBT		
Long-Term Debt (Net of Current Portion)	\$ 51,035,516	\$ 50,655,696
OTHER NONCURRENT LIABILITIES	<u>\$ 1,180,000</u>	<u>\$ 1,180,000</u>
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$ 2,663,000	\$ 2,676,000
Line of Credit	3,200,000	6,400,010
Accounts Payable – Purchased Power	7,553,844	10,066,524
Accounts Payable – Other	318,256	374,161
Customer Deposits	324,524	290,070
Accrued Taxes	949,676	864,419
Other Current and Accrued Liabilities	423,860	392,227
	<u>\$ 15,433,160</u>	<u>\$ 21,063,411</u>
DEFERRED CREDITS	<u>\$ 4,640,045</u>	<u>\$ 281,302</u>
TOTAL	<u>\$118,674,820</u>	<u>\$117,801,382</u>

Income Statement

As of December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
OPERATING REVENUE:		
Electric Revenue	\$ 93,572,008	\$ 91,799,220
Other	126,689	66,351
Total	<u>\$ 93,698,697</u>	<u>\$ 91,865,571</u>
OPERATING EXPENSES:		
Cost of power	\$ 76,878,384	\$ 75,823,707
Distribution – Operations	2,408,414	2,125,586
Distribution – Maintenance	2,145,631	1,985,146
Consumer Accounts	1,005,481	859,111
Consumer Service and Information	183,469	195,743
Administrative and General	1,575,543	1,559,366
Depreciation	3,696,269	3,533,436
Taxes	896,120	830,694
Total	<u>\$ 88,789,311</u>	<u>\$ 86,912,789</u>
OPERATING MARGINS BEFORE FIXED CHARGES	\$ 4,909,386	\$ 4,952,782
FIXED CHARGES:		
Interest on Long-Term Debt	\$ 2,217,253	\$ 2,234,892
Other Interest	100,796	131,325
Total	<u>\$ 2,318,049</u>	<u>\$ 2,366,217</u>
OPERATING MARGINS AFTER FIXED CHARGES	\$ 2,591,337	\$ 2,586,565
G&T AND OTHER CAPITAL CREDITS	<u>320,868</u>	<u>401,174</u>
NET OPERATING MARGINS	<u>\$ 2,912,205</u>	<u>\$ 2,987,739</u>
NONOPERATING MARGINS:		
Interest Income	\$ 324,748	\$ 258,104
Other Nonoperating Margins	11,050	(1,105)
Total	<u>\$ 335,798</u>	<u>\$ 256,999</u>
NET MARGINS	<u>\$ 3,248,003</u>	<u>\$ 3,244,738</u>



2014 Recipients

Altru Ambulance Service	\$125
Aneta Ambulance Service	\$125
Binford Ambulance Service	\$125
Cooperstown Ambulance Service	\$125
Drayton Ambulance Service	\$125
Finley Ambulance Service	\$125
Fordville Ambulance Service	\$125
Hillsboro Ambulance Service	\$125
Hoople Ambulance Service	\$125
Hope Ambulance Service	\$125
Lake Region Ambulance Service	\$125
Lakota Ambulance Service	\$125
Larimore Ambulance Service	\$125
McVillie Ambulance Service	\$125
Michigan Ambulance Service	\$125
Northwood Ambulance Service	\$125
Pembina County Ambulance Service	\$125
St. Ansgar Hospital Ambulance Service	\$125
Valley Ambulance & Rescue Squad	\$125
West Traill Ambulance Service	\$125
James Albrecht	\$1,500
Joshua Amundson	\$770
Theresa Hoffart	\$1,150
Ryker Kemnitz	\$704
Linda Lage	\$722
Francine McClendon	\$500
Brandon O'Halloran	\$500
Alexander Smith	\$1,000
Zachary Staven	\$623
Edmore HS After Prom Party	\$50
Cavalier HS After Prom Party	\$50
Central Valley HS After Prom Party	\$50
Devils Lake HS After Prom Party	\$50
Grand Forks Central HS After Prom Party	\$50
Hatton/Northwood HS After Prom Party	\$50
Hope-Page HS After Prom Party	\$50
Larimore HS After Prom Party	\$50
May-Port CG After Prom Party	\$50
North Border Walhalla HS After Prom Party	\$50
Minto HS After Prom Party	\$50
Park River HS After Prom Party	\$50
Midway HS After Prom Party	\$50
Red River HS After Prom Party	\$50
Griggs County Central HS After Prom Party	\$50
Fordville-Lankin HS After Prom Party	\$50
Lakota HS After Prom Party	\$50
Valley-Edinburg After Prom Party	\$50
Gretchen Antal	\$420
Linwood Heironimus	\$2,056
Ezva Houska	\$683
Minto Rural Fire Protection District	\$500
Mohamed Omar	\$75
Red River Valley Community Action	\$500
Noah Young	\$400
Betty Bjelde	\$1,000
Tyler DeMaine	\$860
Lexie Dahlen	\$2,500
Janet Bennett	\$400
Joni Cepak	\$117
Jenny Chavez	\$280
Doralee & Donna Dale	\$500
Ted Ericson	\$1,000
Owen Hayden	\$652
Magdalena Luibrand	\$1,033
Ronald Olson	\$2,500
Sandy Olson	\$426
Mohamed Omar	\$524
Brody Smart	\$1,753
Gemma Swanson	\$150
Eli Villareal	\$415
Christian Winkels	\$400
Gary Woinarowicz	\$675
Claudette Carswell	\$500
Peggy Cavanaugh	\$500
Patricia Dodge	\$900
Joyce Fladeland	\$900
Jamie Flick	\$340
Nora Hillebrand	\$200
Marcus Jordan	\$500
Connie Jorgenson	\$100
Robert Lewis	\$900
Betty LeBlanc	\$900
Sean McClenahan	\$900
James Misialek	\$800
Leora Nahinurk	\$293
Eva Nelson	\$800
Charles Spangelo	\$900
Harlan Strand	\$735
Joy Stricklin	\$640
Shelley Thorsell	\$900
Thomas Wetzell	\$900
Total	\$43,296

15 Years of Giving



*Thanks to you,
it's working!*

Operation Round Up® is a program that rounds up members' monthly electric bills to the next whole dollar amount. The resulting funds are put into a special account to assist others in need. The funds collected through Operation Round Up are used for a variety of projects, programs and items throughout the Nodak service area.

The Round Up board meets quarterly and considers each application that has been received since the previous meeting. It awards funds to the applicants based on how well the application fits the original funding guidelines:

1. Individuals or families in crisis;
2. Services – ambulance and fire;
3. Community youth needs with emphasis on permanent benefit;
4. Scholarships with emphasis on re-education of displaced agricultural people; and
5. Senior needs with emphasis on permanent benefit.

Operation Round Up is a voluntary program with roughly 60 percent of the 13,874 members participating. Since the program started, a total of \$691,573 has been distributed to 1,291 individuals and organizations throughout the Nodak Electric service area.

Operation Round Up 2015 Board of Directors



Operation Round Up Trust Board – front row, left to right: Sheryl Kjelland, Pat Osland and Maynard Messer; back row, left to right: Mitch Vold, Jay Estvold, Harvey Puppe and Roger Windjue.

Current Employees



Becky Amundson
Customer Account
Representative
17 years



Graham Anderson
Apprentice Lineman
1 year



Steve Breidenbach
Engineering Manager
36 years



Brian Charbonneau
District Crew Foreman
25 years



Dale Dahlen
Apparatus Technician I
38 years



Kevin Dahlen
Meter Technician I
30 years



Vicki Dalbey
Receptionist
40 years



Steven Danielson
Energy Management
Coordinator
25 years



Vernon Dubuque
Engineering
Representative
39 years



Tom Edwards
Accounting & Finance
Manager
32 years



Mylo Einarson
President & CEO
4 years



Mike Foerster
Apprentice Lineman
2 years



Guy Ford
Lead Lineman
33 years



Connie Gierszewski
Billing Supervisor
33 years



Tyler Gronbeck
Apprentice Lineman
2 years



Ben Haarstad
Apprentice Lineman
2 years



Wade Haman
Journeyman Lineman
22 years



Casey Hansen
Electrical Engineer
4 years



Dane Hanson
Journeyman Lineman
1 year



Jeffrey Hanson
Lead Lineman
22 years



Todd Herz
Energy Services
Specialist
10 years



Eric Hjelmstad
Journeyman Lineman
10 years



Brent Hoerer
Journeyman Lineman
3 years



Chad Honek
Electrical Technician II
10 years

Current Employees



Gregory Hoveland
Construction Crew
Foreman
27 years



Cole Johnson
Electrical Engineer
3 years



Maurus Karboviak
Journeyman Lineman
39 years



Kurt Kelley
District Crew Foreman
22 years



Lucas Kindseth
Information Systems
Coordinator
5 years



Michelle Markuson
Accountant II
23 years



Cory McKelvey
District Crew Foreman
35 years



Scott Midstokke
District Crew Foreman
27 years



Gordon Mohn
Tech Crew Foreman
41 years



Dwight Mosher
Electrical Equipment
Operator
10 years



Lois Peterson
Customer Account
Representative
20 years



Bret Poehls
Journeyman Lineman
20 years



Jason Raymond
Assistant Line Superintendent/
Safety Coordinator
24 years



Shawn Reimers
Apprentice Lineman
2 years



Blaine Rekken
Customer/Energy
Services Manager
25 years



Carol Solem
Customer Account
Representative
37 years

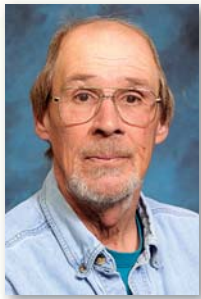


Derek Sondreal
Journeyman Lineman
6 years



Kim Soper
Executive Assistant
28 years

United with
its members for
75 years.



Glenn Korynta
Electrical Equipment
Operator
21 years



Jake Lamb
Journeyman Lineman
4 years



Todd Lommen
Apparatus Technician
7 years

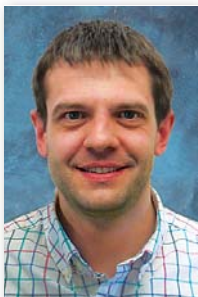


Nathan Lorenz
Journeyman Lineman
14 years

75
Years
of
positive
energy



Melvin Nagel
District Crew Foreman
34 years



Chad Neppel
Operations Center
Technician
1 year



Mark Nipstad
District Crew Foreman
20 years



Loren Nowacki
Information Technologist
17 years



Andrew Peterson
Plant Accountant
2 years



Wayne Rocksvold
Warehouseman
29 years



Daniel Schaefer
Line Superintendent
32 years



Flint Schlieve
Journeyman Lineman
4 years



Gretchen Schmaltz
Energy Services
Advisor/Analyst
7 years



Jeff Sloan
District Crew Foreman
27 years



Sawyer Smith
Apprentice Lineman
2 years



Jared Stadstad
Journeyman Lineman
4 years



Jeremy Steinhaus
Journeyman Lineman
18 years



Charles Traiser
Cable Locator
32 years



Travis Vathauer
Apprentice Lineman
1 year



Dustin Weisser
Engineering/Operations
Specialist
3 years



Josef Winkels
Accountant II
3 years

75
Years Of Positive Energy
1940-2015

Agenda

March 31, 2015



- 5 p.m.** – Doors open and registration begins at the Alerus Center, Grand Forks
- Complimentary turkey meal served from 5 p.m. to 6:15 p.m.
- 6:30 p.m.** – Call to order of the 75th annual meeting
- *David Hagert, chairman, presiding*
 - Reading of Notice
 - Declaration of Quorum
 - Nominating Committee Report
 - Election
 - Nodak Business Report
 - *David Hagert and Mylo Einarson*
 - Guest Speaker
 - *Dennis Hill, Executive Vice President and General Manager North Dakota Association of Rural Electric Cooperatives*
 - Question and answer period
 - Old and new business
 - Drawing for grand prize
 - Adjournment

Music by Jazz on Tap

Guest Speaker

Dennis Hill

*Executive Vice President
& General Manager
North Dakota Association
of Rural Electric Cooperatives*



Hill was named executive vice president and general manager of the North Dakota Association of Rural Electric Cooperatives in May 1987. As executive vice president, Hill manages the trade association that provides government relations, rural development, communications, safety-training and member services to its 21 member systems.

Prior to being named general manager, Hill served for six years as managing editor of the North Dakota REC/RTC Magazine—now called North Dakota Living.

Hill also serves as the chair of the North Dakota Water Coalition, he's on the board of directors of the Burdick Center for Cooperatives, the Coordinating Council for Cooperatives, the Consensus Council and Blue Cross Blue Shield of North Dakota.

Hill and his wife, Renee, live in Bismarck.

Cash & Prizes!



***The first 250
registered
voters
will receive a
wireless
thermometer!***