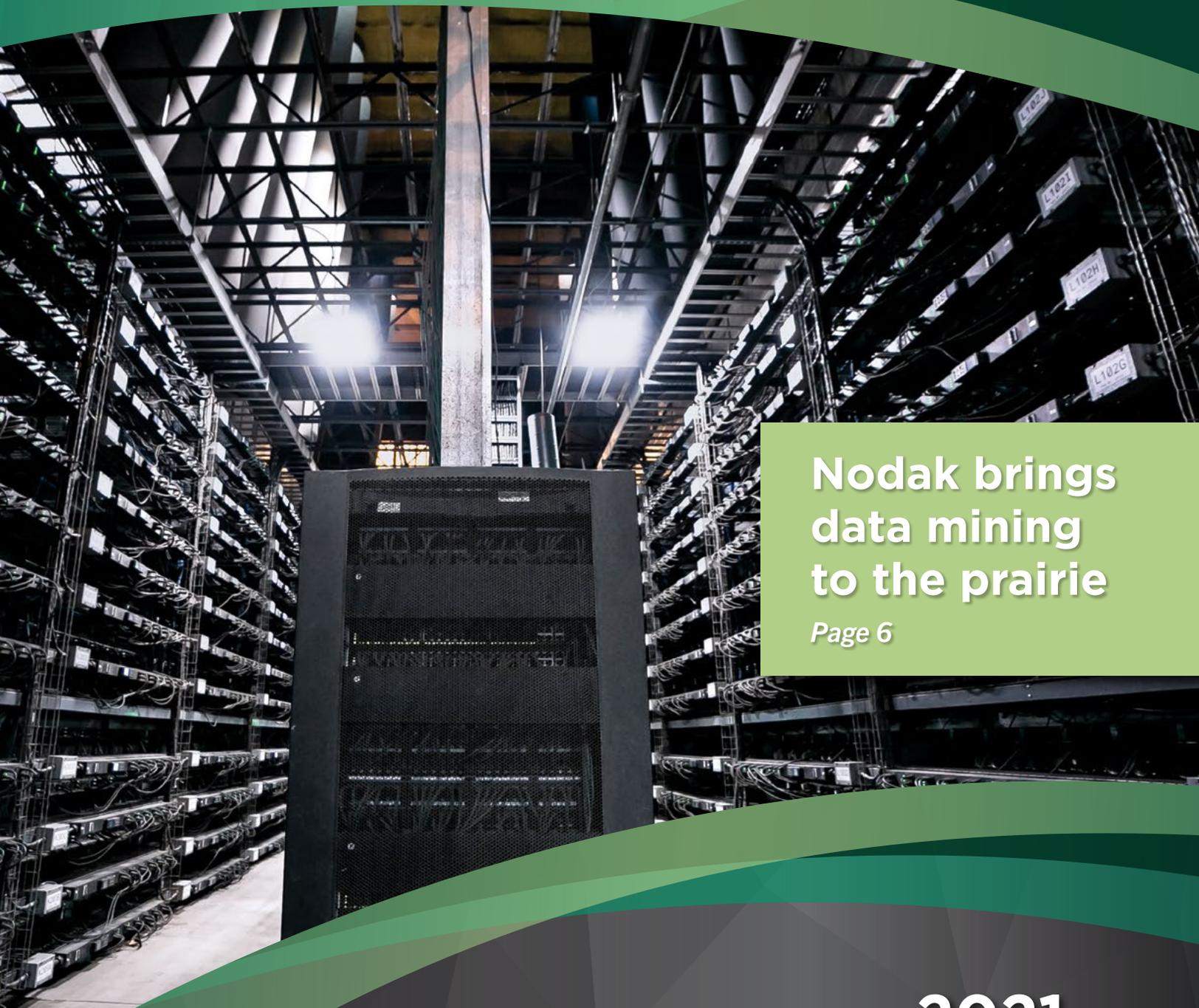


The Nodak Neighbor



**Nodak brings
data mining
to the prairie**

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**2021
Annual Report**

The Nodak Neighbor

Official Publication of the
Nodak Electric Cooperative, Inc.

746-4461 or 800-732-4373

www.nodakelectric.com

The Nodak Neighbor (USPS 391-200) is published six times a year, February, April, June, August, October and December for \$1.00 per year by the Nodak Electric Cooperative, Inc., 4000 32nd Ave. S., Grand Forks, N.D. 58201-5944. Periodicals postage paid at Grand Forks, N.D., and additional mailing offices. POSTMASTER: Send address changes to NODAK ELECTRIC COOPERATIVE, INC., P.O. Box 13000, Grand Forks, N.D. 58208-3000.

Volume 72, No. 2
March-April 2022
Officers and Directors

Chairman of the Board Steve Smaaladen
Vice Chairman David Kent
Secretary/Treasurer David Brag
Directors Ryan Benson, David Hagert,
Luther Meberg, Pete Naastad,
Cheryl Osowski and Les Windjue
President & CEO Mylo Einarson
Editor Blaine Rekken

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to the Prairie page 6
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On the Cover

Companies focused on data processing centers are finding North Dakota to be the ideal location for growth. With a cool climate and reliable, affordable power, Grand Forks is attracting digital asset miners from around the globe.

Image courtesy of Core Scientific

Notice of Annual Meeting

To the members of Nodak Electric Cooperative, Inc.:

You are hereby notified that the 82nd annual meeting of Nodak Electric Cooperative will be held Tuesday, April 12, 2022, at the Alerus Center, 1200 42nd Street South in Grand Forks beginning at 6 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)
Luther Meberg
Park River

District 2
(one 3-year term)
David Kent
Hatton

District 3
(one 3-year term)
Les Windjue
Devils Lake

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

Voting by mail. For the election of directors, the board of directors has authorized the mailing of an absentee ballot to each member. Since the election this year is uncontested, we will not be mailing ballots and return envelopes for the election. However, if you still wish to vote, you are entitled to vote, and we will honor that right by sending you an absentee ballot. Please feel free to call our office at 1-800-732-4373 and request an absentee ballot, and one will be mailed to your address. If the completed ballot is received by 4:30 p.m. on April 11, 2022, it shall be counted as a vote of the absent member.

David Brag, Secretary/Treasurer
March 1, 2022

Changes to Nodak Bylaws

In 2022, the Nodak Board of Directors reviewed and made changes to the Nodak Bylaws. The changes are outlined below and if you would like a complete copy of the current Bylaws, one will be made available at your request or can be downloaded from www.nodakelectric.com, under My Co-op, on the Legal Information page.

ARTICLE III – DIRECTORS

Section 2 – Qualifications and Tenure

(c) not be **currently, or within the immediately previous three-year period** have been employed by, materially affiliated with, or have a material financial interest in, any individual or entity which either is:

- 1) directly or substantially competing with the Cooperative; or
- 2) selling goods and services in substantial quantity to the Cooperative; or
- 3) possessing a substantial conflict of interest with the Cooperative.

Note: Language bolded has been added and struck through has been deleted.

Candidates for Board of Directors

District 1



Luther Meberg
District 1

Luther Meberg, Park River, retired from farming in October 2015. The University of North Dakota graduate and his wife, Linda, have two sons and four granddaughters. Meberg is a past Park River school board member, a retired Walsh County commissioner and has also been on an implement dealership board. Luther serves on several committees and boards, including the Dundee Mutual Insurance board and the Park River Rural Fire board. He has also served on the Nodak Electric board for nine years.

District 2



David Kent
District 2

David Kent was first elected to the Nodak Electric Cooperative board of directors in 1989. Kent is a former state legislator, representing District 20 for eight years. Kent is a graduate of North Dakota State University with a degree in Agricultural Economics. He is an agent with Nodak Insurance. Kent serves on the Union Township board and is a member of Goose River Lodge #19, the Kem Shrine and Farm Bureau. He is also a member of the Holmes United Methodist Church. He resides on the family farm with his wife Marguerite. They have three married daughters and seven grandchildren.

District 3

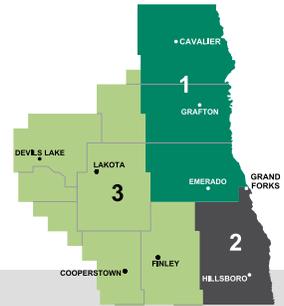


Les Windjue
District 3

Les Windjue is a farmer in Morris Township of Ramsey County. He has been married to Karn for 43 years; they have three children and eight grandchildren. Windjue attended Devils Lake High School and Lake Region State College. He serves on the Greater Ramsey Water District board. He is a former member of the Lake Region State College Foundation, the Mercy Hospital Foundation board and served on the Peace Lutheran Church council as treasurer. Les has been on the Nodak board for six years, and serves as chairman on the Minnkota Power Cooperative board.

How to Vote

Members may vote in **person** at the Alerus Center on Tuesday, April 12, at 6 p.m., or by **mail**. Ballots will be mailed upon request prior to the meeting. Voting instructions will be included.



Attention, Corporate Members

Corporate members must complete the form to the right and present it at or before the annual meeting to authorize a representative to vote in person.

If you are a member corporation, cooperative, school, church, township (or other non-natural person) of Nodak Electric Cooperative, Inc., and want to be represented at the members' meeting(s), the Designation of Voting Representative 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 needs to be received at Nodak's Grand Forks office prior to April 8, 2022.

Designation of Voting Representative

_____ hereby authorizes
PRINT Name of Organization

PRINT Name of Designated Voting Representative

to represent the organization in any and all business, including voting, that may be conducted at the members' meeting(s) of Nodak Electric Cooperative, Inc. held in 2022.

Signature and Title of Authorized Officer

Date

Message to Our Members



Steve Smaaladen
Chairman



Mylo Einarson
President & CEO

2021 turned out to be another year of battling the effects of the COVID-19 pandemic as we adapted and adjusted to a new way of life. Nodak Electric was no different in that regard. While most others were working in a remote work environment, our employees adapted to the new procedures we put in place for employee and member interactions that ensured that our employees' and members' safety remained our number one priority. Reliable power is essential to our lives and our livelihood, so our employees embraced change and worked tirelessly to ensure our members received the level of service they have come to expect.

While the safety of our employees is paramount, the safety of our membership is no less important. Despite the widespread availability of COVID-19 vaccines in the early part of 2021, the conditions did not yet lend themselves to public gatherings. Out of an abundance of caution, we decided to cancel our in-person annual meeting for the second year in a row and record messages from our chairman and CEO to our membership. As a result, we employed a mail-only election for our board of directors. Longtime director Paul Sigurdson retired from the board and new director Ryan Benson was elected to serve from District 1.

Incumbents David Hagert and David Brag were also reelected to the board.

In a cooperative like Nodak Electric, you are a member-owner of the business. One of the major differences between a cooperative and an investor-owned utility is that through purchasing power from us, you earn an ownership stake in the business called capital credits. These dollars are used by the cooperative to operate our system for a period of time and are eventually returned to you in the form of a bill credit. I'm happy to report that despite the pandemic-related turmoil, your cooperative posted its best year ever with over \$10 million in net margin and record sales. Because we had such a successful year, your board of directors increased this year's capital credit retirement to \$3.8 million. Because that level of margin is more than we need to operate, and recognizing the fact that our members have gone through a trying time, the board decided to retire approximately \$1.5 million of the total retirement to the current year allocation. In other words, the members who purchased power from us in 2021 will see a portion of their capital credits returned to them immediately and approximately \$2.3 million will be retired to the 2003-2004 membership. In all, that totals \$11.1 million your cooperative has returned to current and past members in the past five years.

Keeping the price of electricity affordable is extremely important for our members. Our cost to operate the coop-

erative has remained relatively stable at about 18% of our total expenses. The other 82% represents our cost of wholesale power. These percentages have remained fairly constant over the last several years because of our efforts to contain operating costs, and through the growth of our system.

New loads like the ones featured in this report go a long way toward bringing in the additional revenue needed to overcome the rising costs of doing business. As a result, for 2021 we were able to keep rates unchanged for the fifth year in a row. Our team is committed to keeping our rates as affordable as possible so more of your hard-earned dollars stay where they belong – with you.

2022 holds promise of a return to what we would all consider something more normal. Throughout the pandemic our commitment to you, our members, has not and will not change. Our dedication to serving our member-owners and providing the best energy value in the region is as strong as it has ever been. We are looking forward to meeting the challenges that lie ahead in 2022 and beyond. Our board and management are committed to maintaining a strong cooperative with an emphasis on safety for the public and our employees, and on service reliability and responsive service to our member-owners.

We encourage you to review the information in this report, and we hope to see you at the annual meeting at the Alerus Center in Grand Forks on April 12.

Board of Directors



Steve Smaaladen
Chairman



David W. Kent
Vice Chairman
Serves on Square Butte's board



David Brag
Secretary/Treasurer



Ryan Benson



David Hagert



Luther Meberg



Peter Naastad



Cheryl Osowski



Les Windjue
Serves on Minnkota's board

Staff



Steve Breidenbach
Engineering Manager



Tom Edwards
Accounting/
Finance Manager



Blaine Rekken
Member/Energy
Services Manager



Dan Schaefer
Line Superintendent



Kim Soper
Executive Assistant



Mylo Einarson
President & CEO

Co-op Facts

All/part of counties served:
Cavalier, Pembina,
Walsh, Benson,
Ramsey, Nelson,
Grand Forks, Eddy,
Griggs, Steele, Traill,
Barnes and Cass

Board meeting:
First Tuesday of
each month

Date first energized:
Dec. 23, 1939

Power supplier:
Minnkota Power
Cooperative

An aerial view of the Core Scientific data processing center in Grand Forks, N.D. (Photo: Core Scientific)



NODAK BRINGS DATA MINING TO THE PRAIRIE

There may be many things you don't understand about the concepts of *data mining*, *blockchain* and *cryptocurrency*. But a concept that is easier to digest is *load growth*, and that is what Nodak Electric Cooperative experienced with the 2021 arrival of three data processing centers in Grand Forks.

"The digital asset mining sector is new territory for Nodak Electric Cooperative, and we're thrilled to be able to energize an industry that is on the grow," said Mylo Einarson, Nodak president and CEO. "Digital asset min-

ing is changing the way we use digital information in our lives – Grand Forks is becoming a hot spot for that kind of innovation."

Digital asset mining uses blockchain, a decentralized peer-to-peer transaction ledger that can store all types of digital information. When an entity "mines," they use powerful computer hardware to solve complex algorithms that confirm the validity of transactions. Those validated transactions are consolidated into "blocks" and then chained together to create a ledger of all verified transactions since the cre-

ation of the first block. As an economic incentive for miners who manage and operate the fleets of specialized computer hardware, each block contains a "reward" of cryptocurrency (like bitcoin). This reward is typically two pronged – a "block reward" that is earned for each new block created, and a transaction fee, which are fees charged to users who access the blockchain and submit transactions to new blocks.

The largest of Nodak's new data processing loads is Core Scientific, one of the nation's largest blockchain infrastructure providers and

“

*The digital asset mining sector is new territory for Nodak Electric Cooperative, and we're thrilled to be able to energize an industry that is on the grow. Digital asset mining is changing the way we use digital information in our lives – **Grand Forks is becoming a hot spot for that kind of innovation.***

— Mylo Einarson
Nodak President and CEO

”

digital asset miners. The company's work requires large facilities filled with specialized computer hardware that continuously mine digital assets – primarily bitcoin – for clients worldwide. To be most effective, that process requires electricity and a cool climate. Grand Forks is able to supply both.

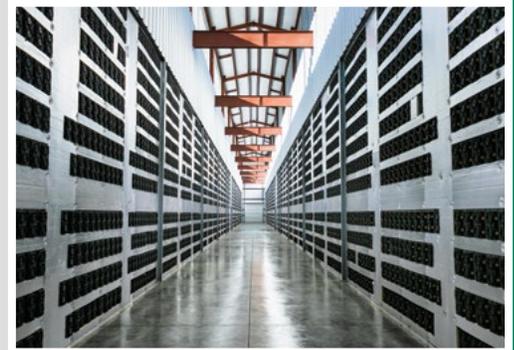
“This environment should allow our operations to experience a higher efficiency ratio over a typical year when compared to our facilities in the southeast and southwest,” a Core Scientific report to Nodak explained. “Additionally, digital mining is uniquely tailored to be able to use excess local grid capacity when local consumers are not using it and curtail when the community's grid needs increase.”

Core Scientific says it's pleased to be a new part of the Grand Forks community and is happy to help con-

tribute to the local economy. The new data processing center offers numerous skilled and technical jobs along with positions for managerial, safety and security personnel.

Nodak energized two other Grand Forks data mining projects in 2021 as well. All three centers will have significant power needs. Nodak and Minnkota Power Cooperative worked together in 2021 to ensure the facilities were supported with the reliable electric infrastructure and rate affordability necessary for the companies to find success in North Dakota.

“Electric co-ops must be strong partners with any businesses sharing their lines,” Einarson said. “Collaboration is key to not only economic development, but also sustaining a robust and resilient electric grid for the community.”



*Data processing images
courtesy of Core Scientific*

Treasurer's Report



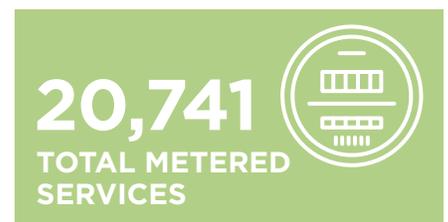
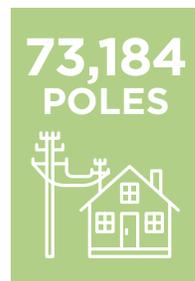
David Brag
Secretary/Treasurer

As treasurer for Nodak Electric Cooperative, and on behalf of all the directors and employees of Nodak, thank you for your patronage in 2021. If you note our income statement, 2021 was an excellent margin year for your co-op. The addition of new industrial loads assisted in making 2021 a financially good year.

Total revenue for the 1.27 billion worth of kWh sales was \$112 million. Other operating revenue added \$1.7 million for a total reported revenue of \$113.7 million. Total expenses were \$109.7 million, the largest expense

being wholesale power costs at \$93.3 million. Additionally, nonoperating margins added \$6.08 million, with the largest addition to nonoperating margins being a capital credit allocation from our power supplier. Total reported margins were \$10.16 million for 2021. This larger-than-normal margin will result in a larger patronage allocation to our members that will be retired in the future. 2021's capital credit retirement amounted to \$2.06 million.

Thank you again for your patronage and for allowing us to serve your electricity needs during the past year.



Balance Sheet

As of December 31, 2021 and 2020

	2021	2020
ASSETS AND OTHER DEBITS		
Net Utility Plant	107,417,796	104,737,000
Cash	21,347,409	13,681,438
Receivables	12,217,441	10,967,809
Other Assets & Debits	21,191,676	15,478,713
Total Assets	162,174,322	144,864,960
LIABILITIES AND OTHER CREDITS		
Total Margins & Equities	63,890,240	55,573,161
Long-term Debt	72,902,530	70,682,992
Other Liabilities & Credits	25,381,552	18,608,807
Total Liabilities & Credits	162,174,322	144,864,960

Income Statement

As of December 31, 2021 and 2020

	2021	2020
Operating and Other Revenue	113,757,498	102,119,329
OPERATING EXPENSES		
Cost of Power	93,374,967	83,243,014
Operations & Maintenance Expense	5,429,878	5,031,895
Consumer Accounts & Consumer Services	1,079,478	1,084,668
Administrative & General	2,217,932	2,240,406
Depreciation	4,628,990	4,492,760
Taxes	824,721	872,934
Interest	2,122,641	2,222,006
Total Cost of Electric Service	109,678,607	99,187,683
Operating Margins	4,078,891	2,931,646
Nonoperating Margins	1,767,130	1,671,031
G & T and Other Capital Credits	4,318,695	432,718
Net Margins	10,164,716	5,035,395

WHERE DOES YOUR DOLLAR GO?



5¢
OPERATIONS & MAINTENANCE

7¢
DEPRECIATION, TAXES & INTEREST

82¢
WHOLESALE POWER COSTS

3¢
MARGIN

2¢
ADMINISTRATIVE & GENERAL EXPENSE

1¢
CUSTOMER SERVICE EXPENSE

1M

Since the program started, a total of **\$1,025,147** has been distributed!

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 reeducation of displaced agricultural people; 5) Senior needs with emphasis on permanent benefit; and 6) No requests for funding of utility and space heating energy will be accepted.

Operation Round Up® is a voluntary program with roughly 52% of the 15,088 members participating. Since the program started, a total of **\$1,025,147** has been distributed to individuals and organizations throughout the Nodak Electric service area.

ORU Board of Directors



Corrine Berg



Danny Carlson



Margaret Estvold



Maureen Puppe



Pam Montag



Trish Schindele



Wayne Reinhart

2021 Recipients

Altru Ambulance Service	\$ 125.00
Aneta Ambulance Service	\$ 125.00
Binford Ambulance Service	\$ 125.00
Cooperstown Ambulance Service	\$ 125.00
Drayton Ambulance Service	\$ 125.00
Emerado Ambulance Service	\$ 125.00
Finley Ambulance Service	\$ 125.00
Fordville Ambulance Service	\$ 125.00
Hillsboro Ambulance Service	\$ 125.00
Hoople Ambulance Service	\$ 125.00
Hope Ambulance Service	\$ 125.00
Lake Region Ambulance Service	\$ 125.00
Lakota Ambulance Service	\$ 125.00
Larimore Ambulance Service	\$ 125.00
McVile Ambulance Service	\$ 125.00
Michigan Ambulance Service	\$ 125.00
Northwood Ambulance Service	\$ 125.00
Park River Ambulance Service	\$ 125.00
Pembina County Ambulance Service	\$ 125.00
Valley Ambulance & Rescue Squad	\$ 125.00
West Traill Ambulance Service	\$ 125.00
Briar Coppedge	\$ 632.00
Devils Lake Juvenile Drug Court	\$ 250.00
Jeffrey Guy	\$ 1,145.00
Hillsboro Elementary School (Backpack Program)	\$ 500.00
Theresia Hoffner	\$ 1,150.00
Collin LaVallie	\$ 2,000.00
Brian & Barb Milling	\$ 2,000.00
Sameia Mansur Muftah	\$ 1,560.00
Shirley Peterson	\$ 1,000.00
Kennedy Byfuglien	\$ 1,500.00
Central Valley High School	\$ 50.00
Devils Lake High School	\$ 50.00
Grafton High School	\$ 50.00
Grand Forks Central High School	\$ 50.00
Hatton/Northwood High School	\$ 50.00
Minto High School	\$ 50.00
North Border Walhalla High School	\$ 50.00
Park River High School	\$ 50.00
Thompson High School	\$ 50.00
Valley-Edinburg High School	\$ 50.00
Sawyer Boese	\$ 1,000.00
Kristi Cole	\$ 2,500.00
Murika Dawes	\$ 350.00
Elizabeth Espling	\$ 1,200.00
Kyle Everson	\$ 1,000.00
Ronald Helm	\$ 1,000.00
Troy Hruby	\$ 180.00
Emma Larson	\$ 1,000.00
Bruce Martin	\$ 1,000.00
Titus Prins	\$ 736.00
Leila Roberts	\$ 500.00
Hunter Vaske	\$ 1,500.00
Aaron & Patience Whitney Family	\$ 648.00
Jennifer Wray	\$ 197.00
Emma Basting	\$ 2,000.00
Rilynn Dahly	\$ 1,000.00
Dennis Denault	\$ 269.00
Debora Heath	\$ 1,000.00
Tami Ostlie	\$ 2,000.00
James Ottem	\$ 369.00
Jose "Jr." Patlan	\$ 390.00
Miranda Spoor	\$ 780.00
James Vaughan	\$ 1,000.00
Zoe Vaughan	\$ 1,000.00
Veterans Honor Flight of ND/MN	\$ 2,200.00

Current Employees

Greg Anderson
Operations Technician

Jeff Bolstad
Information Technologist

Steve Breidenbach
Engineering Manager

Rebecca Crooks
Member Service
Representative

Kevin Dahlen
Meter Technician I
Grand Forks

Steven Danielson
Energy Management
Coordinator

Trent Edens
Journeyman Lineman
Cavalier

Tom Edwards
Accounting &
Finance Manager

Mylo Einarson
President & CEO

Mike Foerster
District Crew Foreman
Cavalier

George Gardiner
Journeyman Lineman
Finley

Ben Haarstad
Construction Crew
Foreman
Grand Forks

Wade Haman
Journeyman Lineman
Hillsboro

Casey Hansen
Electrical Engineer

Jeffrey Hanson
Lead Lineman
Grafton

Todd Herz
Energy Services Specialist

Eric Hjelmstad
Journeyman Lineman
Michigan

Jordan Holm
Journeyman Lineman
Cavalier

Chad Honek
Electrical Technician II
Grand Forks

Jacob Ihry
Journeyman Lineman
Grand Forks

Kaden Jaeger
Apprentice Lineman
Construction Crew

Brock Janikowski
Journeyman Lineman
Grafton

Brooke Johnson
Member Service
Representative

Cole Johnson
Electrical Engineer

Jordan Johnson
Apprentice Lineman
Finley

Kurt Kelley
District Crew Foreman
Grafton

Lucas Kindseth
Information
Systems Specialist

Matt Konze
Journeyman Lineman
Construction Crew

Jake Lamb
Journeyman Lineman
Devils Lake

Joleen Landis
Warehouse Person

Alex Larson
Apprentice Electrical
Technician
Grand Forks

Heather Lizotte
Billing Specialist

Todd Lommen
Meter Technician
Grand Forks

Jared Lothspeich
Journeyman Lineman
Grand Forks

Trey Lovcik
Journeyman Lineman
Devils Lake

Jake Lund
Apprentice Lineman
Cavalier

Michelle Markuson
Accountant II

Cory McKelvey
District Crew Foreman
Devils Lake

Scott Midstokke
District Crew Foreman
Michigan

Melvin Nagel
District Crew Foreman
Hillsboro

Chad Neppel
Engineering Representative

Andrew Peterson
Plant Accountant

Bret Poehls
Journeyman Lineman
Michigan

Jason Raymond
Assistant Line
Superintendent/Safety
Coordinator

Blaine Rekken
Member/Energy
Services Manager

Dan Schaefer
Line Superintendent

Gretchen Schmaltz
Energy Services
Advisor/Analyst

Alex Schultz
Journeyman Lineman
Grand Forks

Sawyer Smith
District Crew Foreman
Finley

Derek Sondreal
District Crew Foreman
Grand Forks

Kim Soper
Executive Assistant

Alex Spitsberg
Electrical Engineer

Jared Stadstad
Lead Lineman
Grand Forks

Jeremy Steinhaus
Journeyman Lineman
Devils Lake

Max Stromsodt
Apprentice Lineman
Finley

Jesse Sturman
Journeyman Lineman
Grand Forks

Blaine Thompson
Commercial Accounts
Supervisor

Kacie Tretter
Receptionist

Travis Vathauer
Journeyman Lineman
Grand Forks

Dustin Weisser
Engineering/Operations
Specialist

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."



Annual Meeting Agenda



**GRAND PRIZE
\$750 CASH!**



***Registered members
will receive a
complimentary gift!***

- 5 p.m.**
 - Doors open and registration begins at the Alerus Center, Grand Forks
 - Complimentary supper served from 5 p.m. to 6 p.m.
- 6 p.m.**
 - Call to order of the 82nd annual meeting — *Steve Smaaladen, chairman, presiding*
 - Reading of Notice
 - Declaration of Quorum
 - Nominating Committee Report
 - Election
 - Nodak Business Report
Steve Smaaladen, Mylo Einarson
 - Question and answer period
 - Old and new business
 - Drawing for grand prize
 - Adjournment

April 12, 2022