



Welcome
TO THE

79th
ANNUAL MEETING

Resiliency
TO SERVE



CLAYTON MONSEN

District 2B | Arnegard

BOARD PRESIDENT

Recognition of Veterans



CLAYTON MONSEN

District 2B | Arnegard

BOARD PRESIDENT

National Anthem

PERFORMED BY JESSIE VEEDER





CLAYTON MONSEN

District 2B | Arnegard

BOARD PRESIDENT

Quorum Declaration

ATTORNEY ARISTON JOHNSON

2023 FINANCIAL REPORT

2023 FINANCIAL REPORT

Presentation of Audit Report
Brady, Martz and Associates, P.C.

BradyMartz

2023 FINANCIAL REPORT



Audit
Opinion



Financial
Statement
Highlights



Other
Financial
Information



Questions

Presentation of Audit Report
Brady, Martz and Associates, P.C.

BradyMartz

2023 FINANCIAL REPORT



AUDIT OPINION

**Audit procedures were conducted
in accordance with GAAS**

Audit opinion was unqualified (clean)

Presentation of Audit Report
Brady, Martz and Associates, P.C.

BradyMartz

2023 FINANCIAL REPORT



FINANCIAL STATEMENT HIGHLIGHTS

Balance Sheet as of December 31, 2023

\$580.2 Million in Total Assets

\$133.6 Million in Net Utility Plant

**\$61.8 Million in Member
Billings Receivable**

\$32.8 Million in Power Cost Payable

\$418.8 Million of Equity

- ▶ *Increase of \$40.5 Million over 2022, net of retirement*
- ▶ *31.9% Net Plant to Equity in 2023; 35.2% for 2022*

Presentation of Audit Report
Brady, Martz and Associates, P.C.

BradyMartz

2023 FINANCIAL REPORT



FINANCIAL STATEMENT HIGHLIGHTS

Statement of Revenue and Expenses

\$409 Million in Gross Operating Revenue

Increase of \$49.2 million (13.7%)

\$352.3 Million in Purchased Power

Increase of \$45 Million in power purchases

\$24.6 Million Allocation from G&T

\$36.2 Million Operating Margin

\$43.3 Million Net Margin

Presentation of Audit Report
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2023 FINANCIAL REPORT



FINANCIAL STATEMENT HIGHLIGHTS

Statement of Cash Flows

\$48.4 Million

Cash from operating activities

(\$70.3) Million

Cash from investing activities

(\$5.1) Million

Cash from financing activities

(\$26.9) Million

Net decrease in cash

Presentation of Audit Report
Brady, Martz and Associates, P.C.

BradyMartz

2023 FINANCIAL REPORT



OTHER FINANCIAL INFORMATION

Notes to Financial Statements

Note 1 – Summary of accounting policies

Note 3 – Investments

- ▶ *G&T Capital Credits – \$173.6 Million*

Note 5 – Equity

- ▶ *Total Assigned Equities – \$437.6 Million*
- ▶ *Total Retired Equities – \$143.7 Million*
 - ▶ *Balance of \$293.9 Million*

Supplemental Information

Presentation of Audit Report
Brady, Martz and Associates, P.C.

BradyMartz

2023 FINANCIAL REPORT



QUESTIONS

Thank you!

Lance Rambousek

CPA, Shareholder

Brady Martz & Associates

701-223-1717

lance.rambousek@BradyMartz.com

Presentation of Audit Report
Brady, Martz and Associates, P.C.

BradyMartz



CLAYTON MONSEN

District 2B | Arnegard

BOARD PRESIDENT

Legal Update



CLAYTON MONSEN

District 2B | Arnegard

BOARD PRESIDENT

Board President Report

MCKENZIE ELECTRIC BOARD OF DIRECTORS

DISTRICT 1

1A

Cameron
Wahlstrom



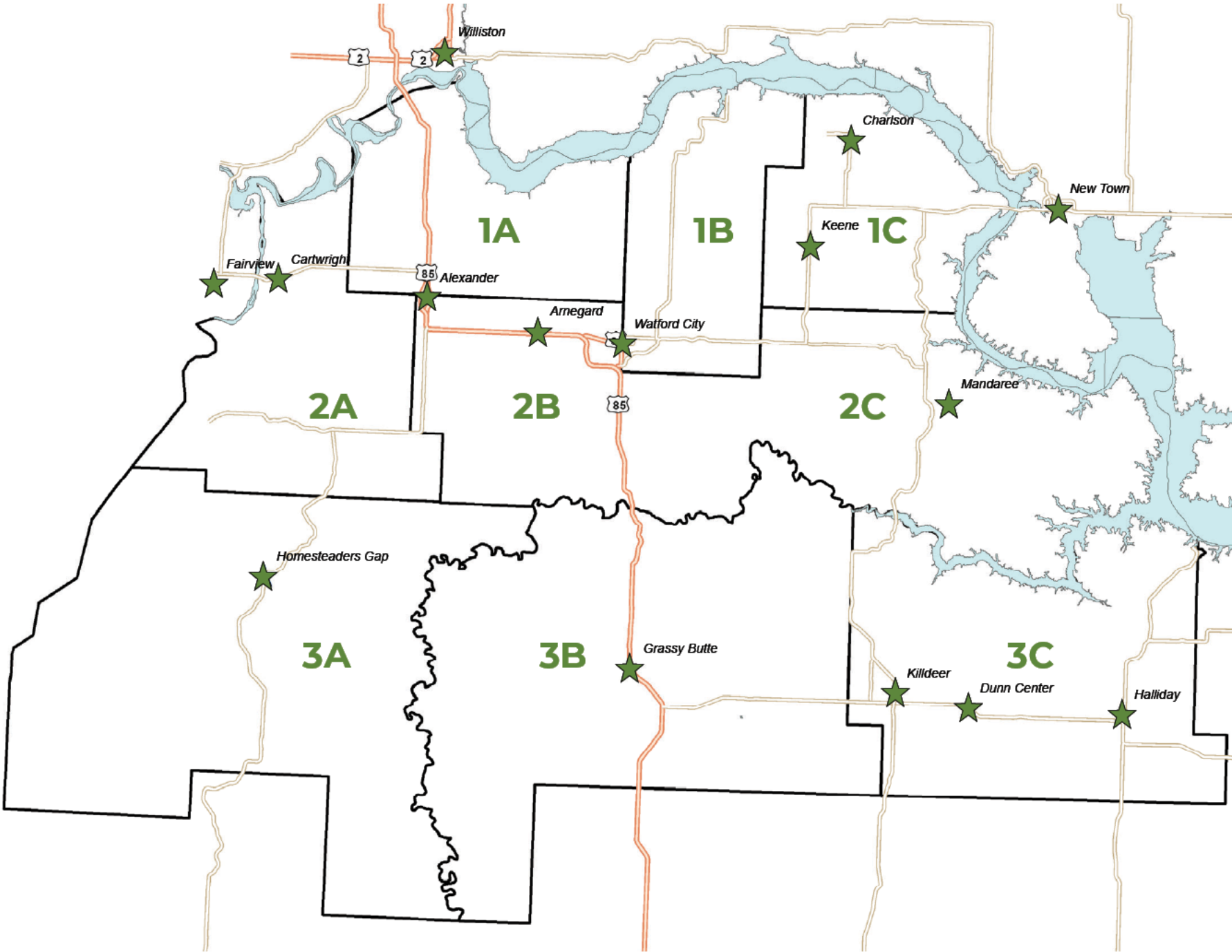
1B

Ken
Sanford



1C

Travis
Thompson



DISTRICT 2



2A

Chris
Link



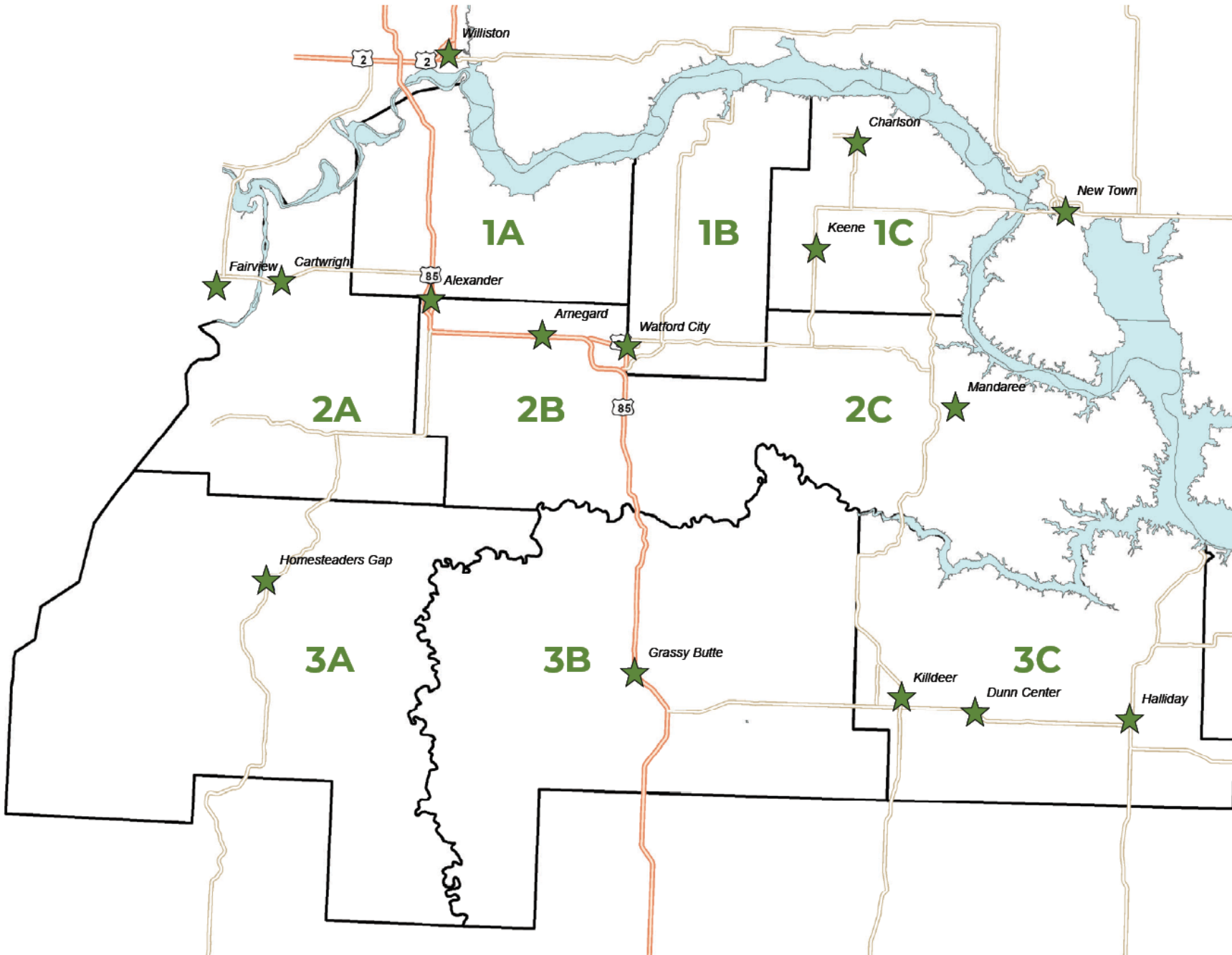
2B

Clayton
Monsen



2C

Rick
Jore



DISTRICT 3



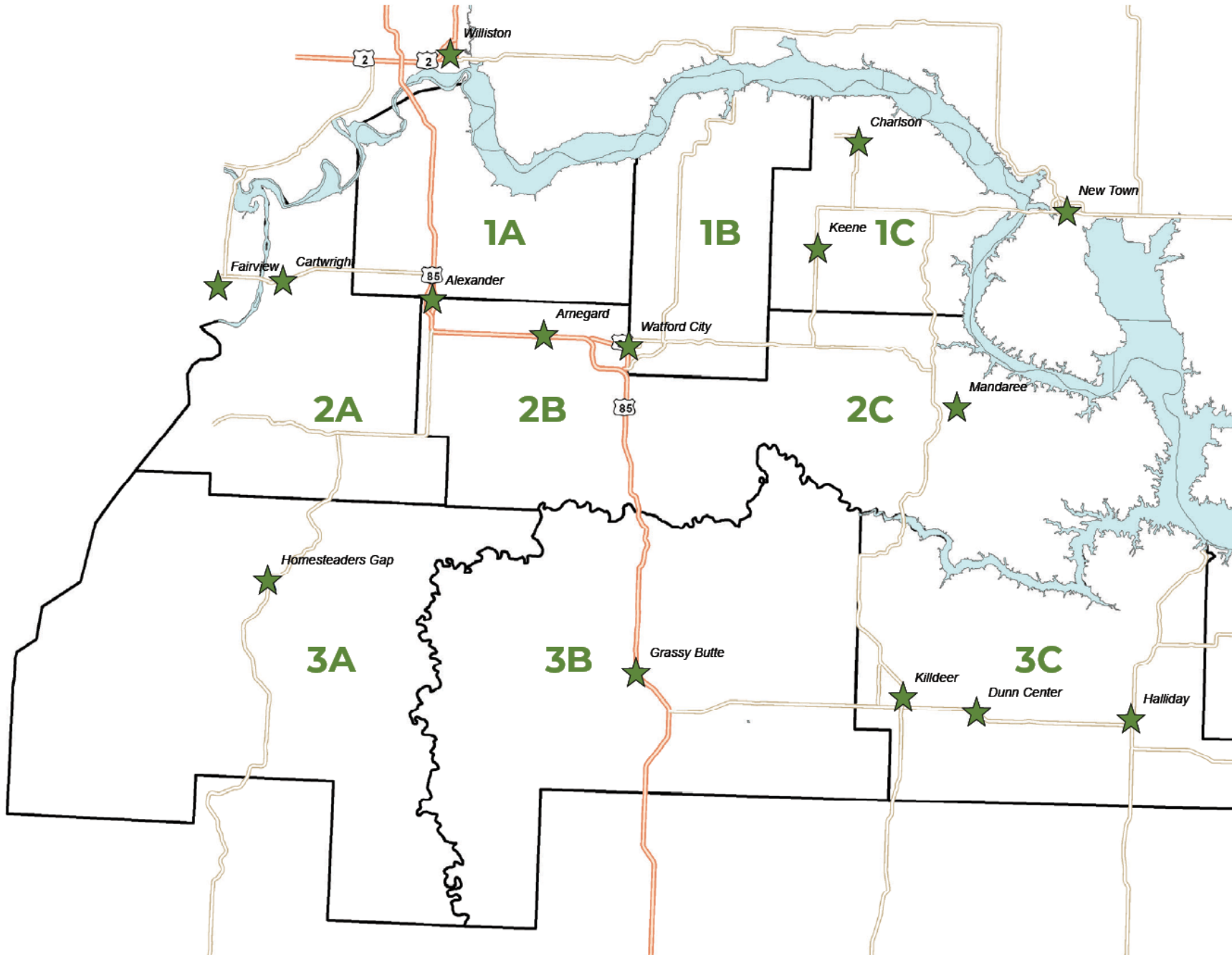
3A
Ray
Tescher



3B
Stephan
Kershisnik



3C
Tim
Wasem



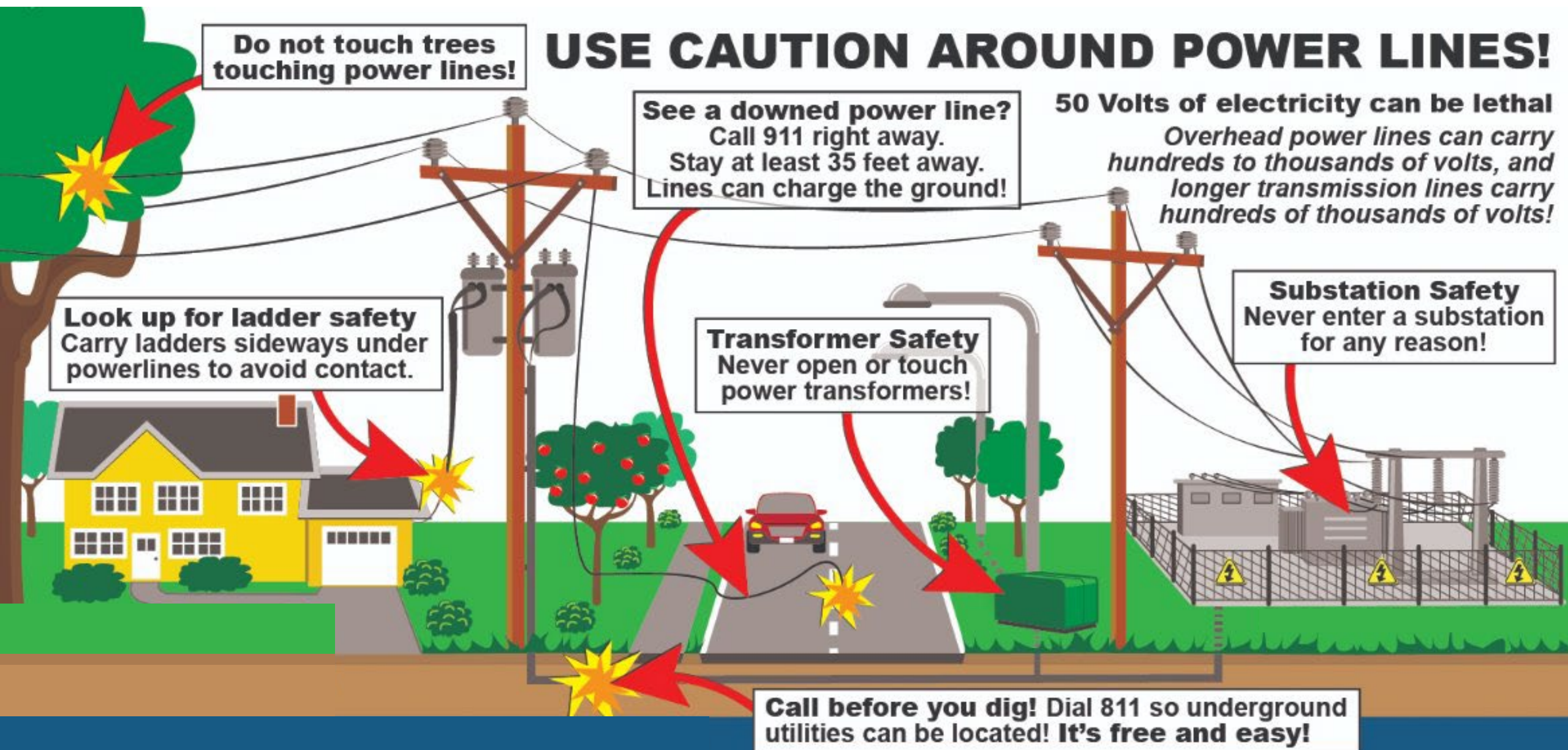


MATT HANSON

MCKENZIE ELECTRIC CEO

CEO Report

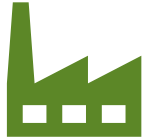
SAFETY MOMENT



Resiliency TO SERVE



**ENVIRONMENTAL
REGULATIONS**



POWER SUPPLY



COST TO SERVE

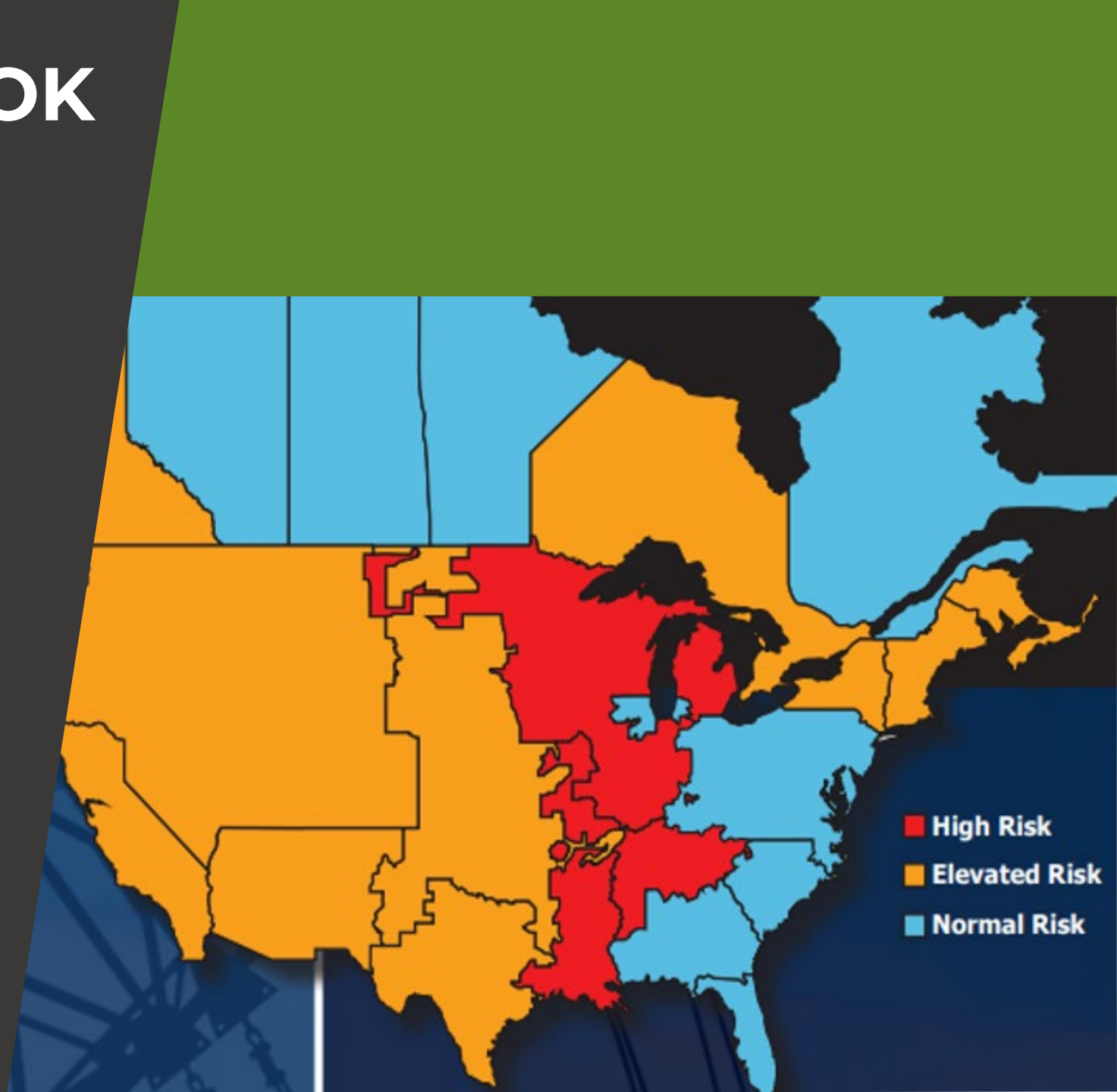


WEATHER

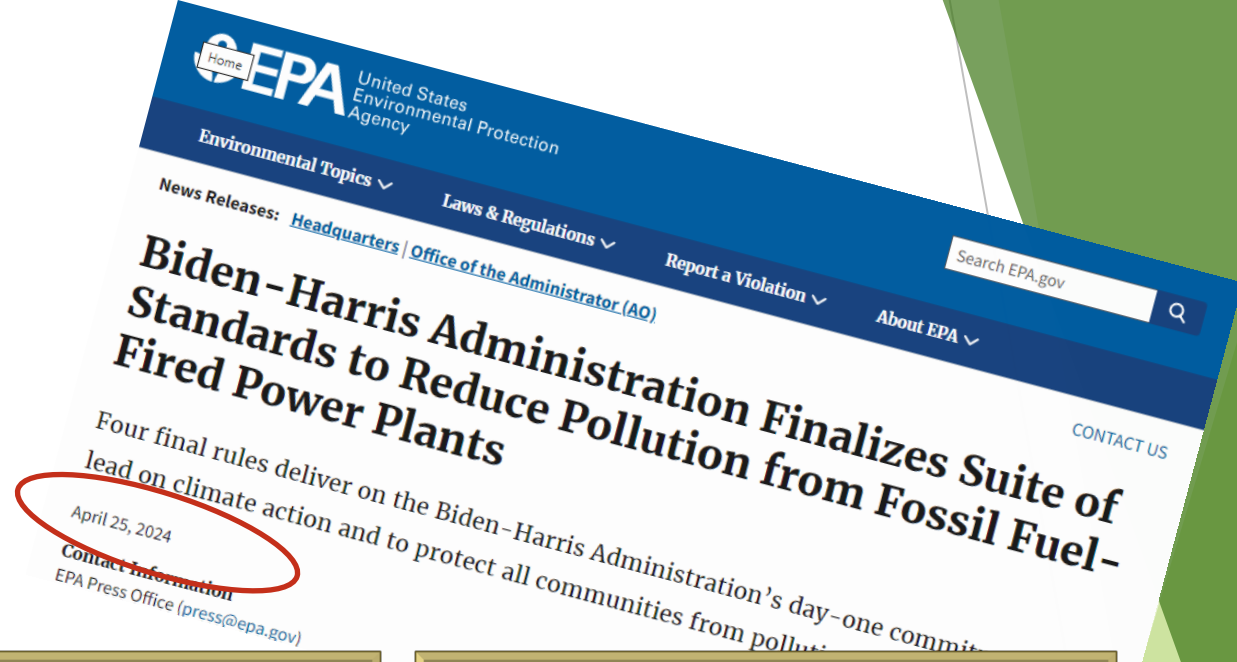


NATIONAL OUTLOOK ON THE ELECTRIC SYSTEM

- ▶ North American Electric Reliability Corporation (NERC)
- ▶ 2023 Long-term reliability assessment
- ▶ 2/3 of Nation is at risk of supply inadequacy
- ▶ NERC themes
 - ▶ Growth outpacing supply
 - ▶ Transmission network
 - ▶ Need for dispatchable generation
 - ▶ Caution given to policy
- ▶ Importance of planning, stakeholder management with policy makers, and technology development



ENVIRONMENTAL



Clean Power Plant Rule:

- Focuses on reducing carbon emissions
- Compliance by January 1, 2032
- Impact to existing coal and new gas generation
- Compliance
 - 90% carbon reduction/capture
 - Reduce or cease operation
- Challenges with availability of control technology

Revised MATS Rule:

- Focuses on hazardous air pollutants
- Reduces filterable particulate matter to lowest measurable value
- Reduces mercury limits by 70% at lignite facilities
- More stringent requirements for facility startup
- 6 ND facilities would not comply

Other Power Plant Rules:

- Stronger limits on water pollution
- Stronger standards and controls for coal ash byproducts

STATE OF POWER SUPPLY

**YEAR
2000**
2,839 MW
MAXIMUM WINTER
GENERATING CAPACITY


Coal
2,400 MW • 84.6%


Oil/Diesel/Jet Fuel
120 MW • 4.2%


Hydro
319 MW • 11.2%

**YEAR
2023**
8,112 MW
MAXIMUM WINTER
GENERATING CAPACITY


Coal
2,859 MW • 35.2%


Natural Gas
1,268 MW • 15.6%


Recovered Energy
45 MW • 0.6%

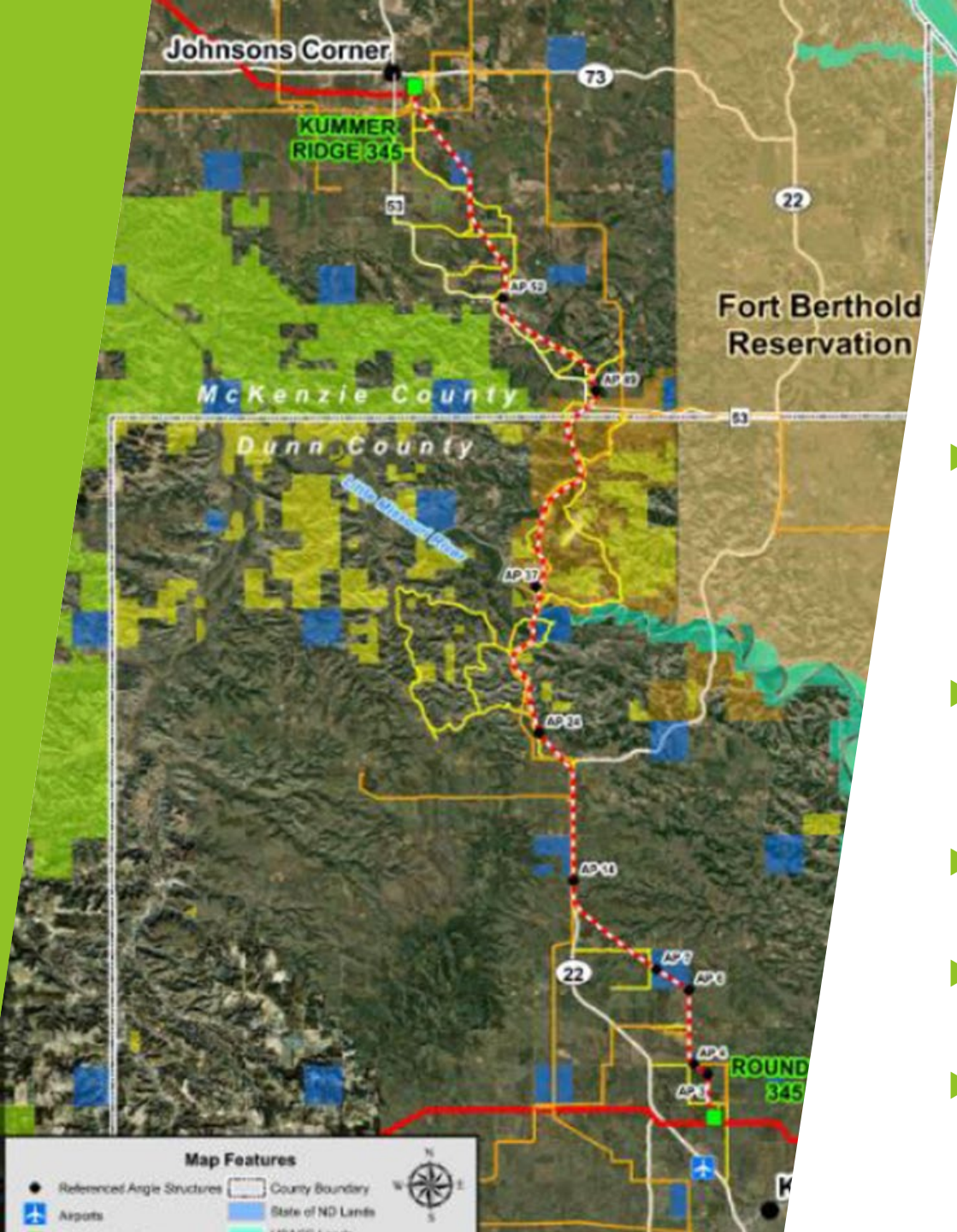

Market Purchases
1,339 MW • 16.5%


Oil/Diesel/Jet Fuel
175 MW • 2.2%


Hydro
318 MW • 3.9%


Wind
2,108 MW • 26%

- 99% of power comes from Basin Electric
- Power supply mix has changed
- Future will look different with emerging technology and changing regulations
- Power supply rate pressure due to growth in demand, aging assets, and evolving compliance requirements

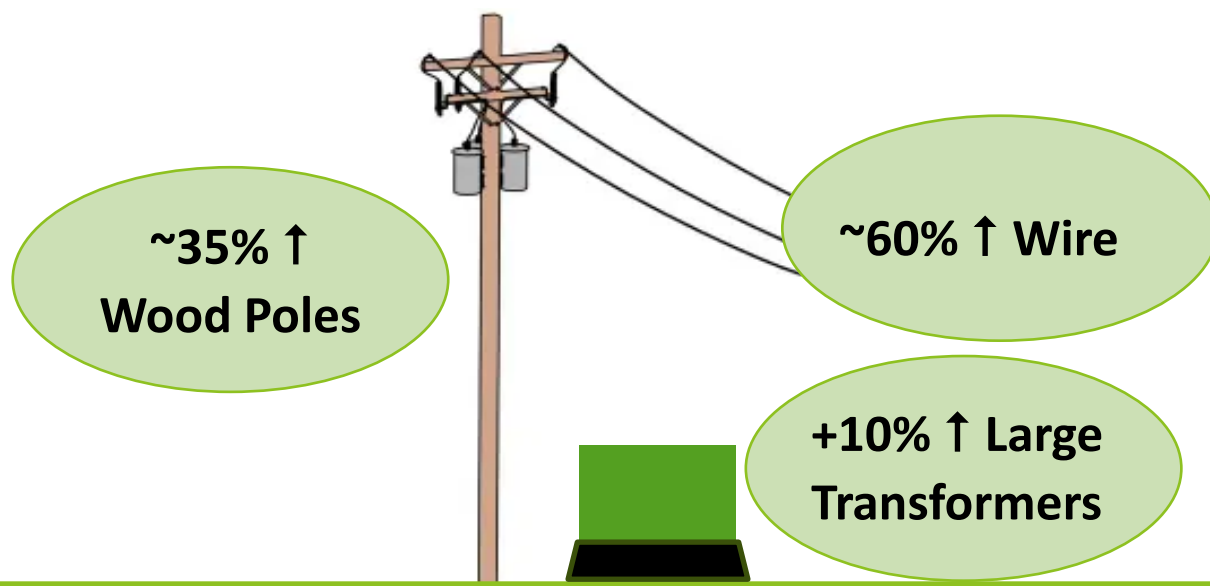


LOCAL POWER SUPPLY CONCERNS

- ▶ Kummer Ridge to Roundup 345kV transmission line (EOY 2024)
 - ▶ Additional transmission capacity
 - ▶ Redundancy on critical load pocket
- ▶ Pioneer Station IV (EOY 2025)
 - ▶ 600 MW of dispatchable natural gas generation
- ▶ Additional baseload generation in works
- ▶ Existing transmission capacity improvements
- ▶ Dynamic environment

MEC does not incentivize or seek new loads but maintains focus on providing fair and equitable treatment to **All** members.

SUPPLY CHAIN (22' TO 23')

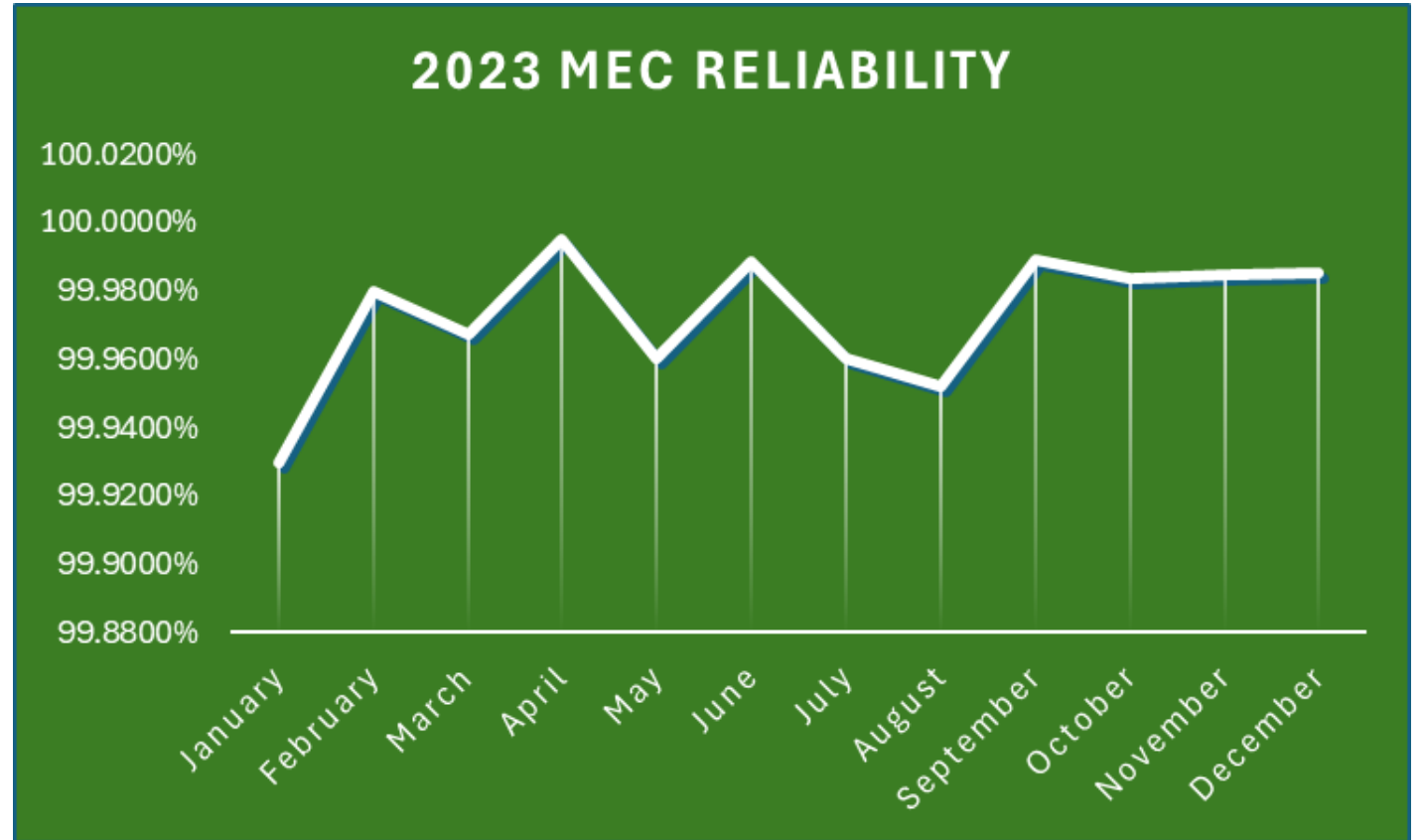


Contributing Factors to Supply Chain Issues:


- Growth across the entire utility industry
- Fueled in part by unprecedented government funding
- Issues with raw material availability
- Some moderation and some escalation
- Increasing inventory levels to manage volatility and availability
- Challenge exists for the foreseeable future



WEATHER



- Unpredictability
- Significant weather events are more common
- Icing issues early in 2023
- Continue to harden the system

- 
- ▶ Mobile substation
 - ▶ Line inspection (~400 miles/year)
 - ▶ Pole testing (~7,000 poles/year)
 - ▶ Vegetation management
 - ▶ Analytics and load forecasting
 - ▶ Preventative maintenance

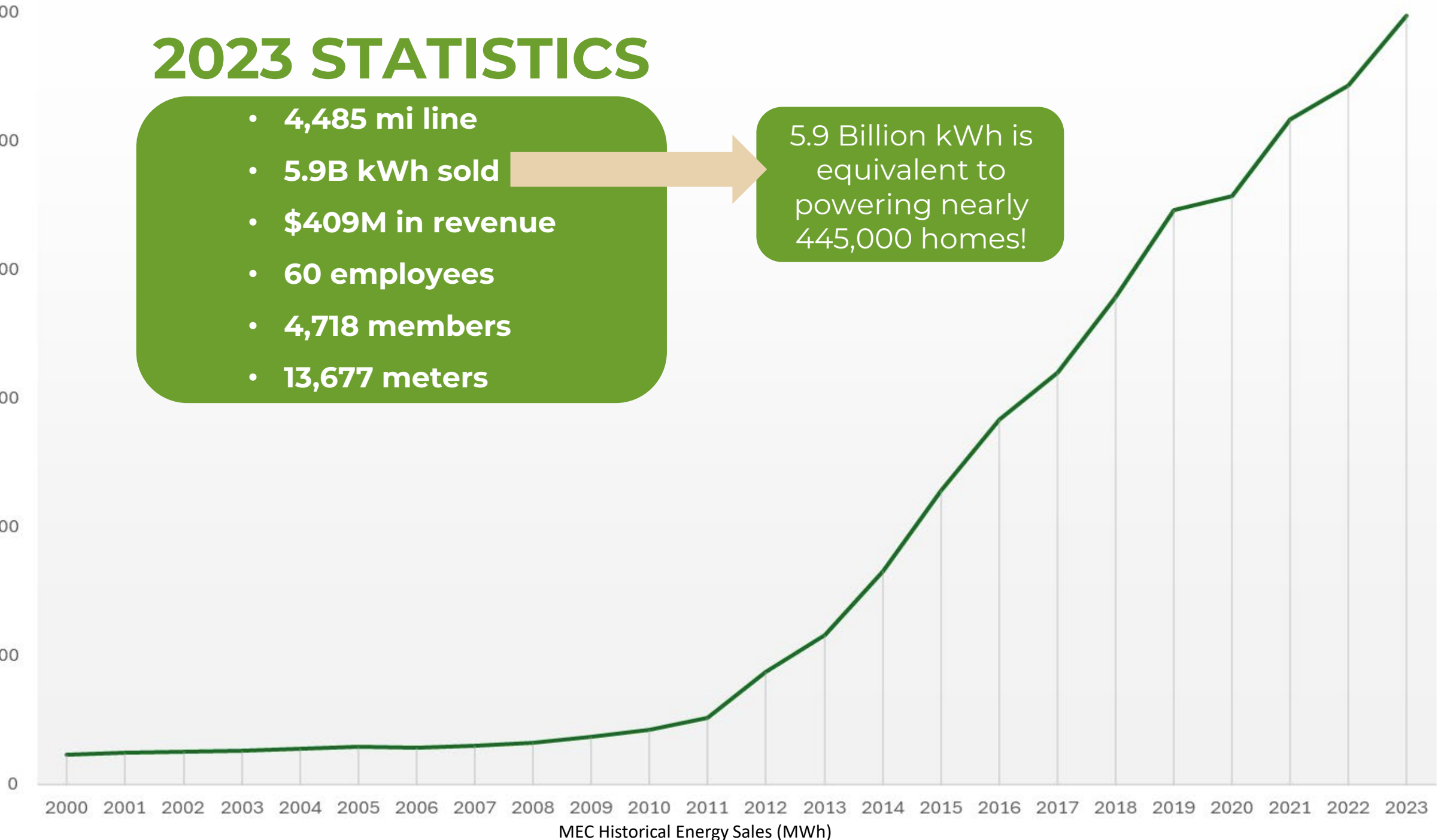
RELIABILITY – A TOP PRIORITY



2023 STATISTICS

- 4,485 mi line
- 5.9B kWh sold
- \$409M in revenue
- 60 employees
- 4,718 members
- 13,677 meters

5.9 Billion kWh is equivalent to powering nearly 445,000 homes!



WHERE MEMBERS' DOLLAR WENT

2023 FINANCES



- Cost of Power dominates Co-Op expenses
- 9.9% Growth in 2023
- Forecasting positive growth
- Busy work plan
- Taxes paid on energy sales
- Anticipating ongoing cost pressure
- Strong financial position

WHERE EACH MEMBER'S DOLLAR WENT:



GRANT APPLICATIONS

NORTH DAKOTA TRANSMISSION AUTHORITY

- 3 High-voltage capacitor banks
- 23.5 miles of fiberoptic communication cable
- Remote control of 55 substations
- \$2.8 million awarded

AWARDED

NORTH DAKOTA RURAL ELECTRIC ASSOCIATION

- Consolidated across ND electric cooperatives
- Focus on underground power line improvements
- Replace 134 miles of 40-year-old underground at MEC
- 5-year schedule w/ completion 2029
- Total request: \$30 million

APPLIED FOR

MINNESOTA RURAL ELECTRIC ASSOCIATION

- Consolidated application across 3 states
- Field control of 130+ field devices
- Security cameras at MEC substations
- Total request: \$2.4 million

APPLIED FOR

WORK PLANS

▶ FBIR Development Area

- ▶ 60 miles of transmission
- ▶ 3 new substations
- ▶ Additional 10% of distribution capacity
- ▶ Complete EOY 2025

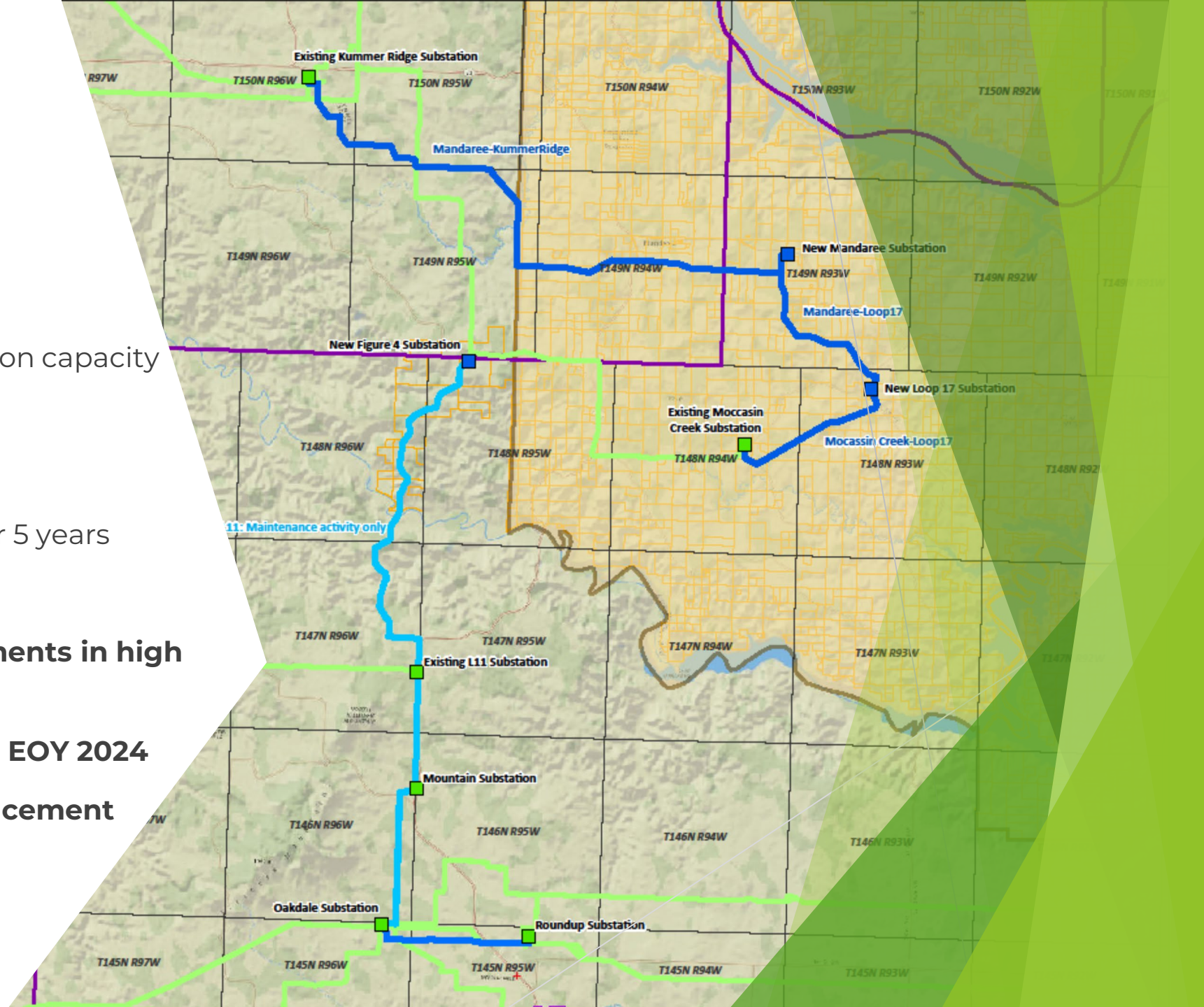
▶ Copper Replacement Project

- ▶ 450mi of replacement over 5 years
- ▶ Finish EOY 2025

▶ Near term capacity improvements in high load areas

▶ 3 distribution sub expansions EOY 2024

▶ End of life underground replacement





LAND USAGE

- ▶ 5000 miles of overhead and underground line
- ▶ Networked system offering open connectivity
- ▶ Fair and consistent right of way treatment
- ▶ Vegetation management
- ▶ Leave land in satisfactory condition
- ▶ Mindful of livestock and landowner usage
- ▶ Adhere to all regulations and requirements
- ▶ Notification to landowners of planned work
- ▶ Utilize lowest impact to land construction methods

**If something is not satisfactory,
please reach out to us!**

MEMBER SATISFACTION & ENGAGEMENT



72
Investor Owned
Energy
Utilities

71
Municipal
Energy
Utilities

74
Cooperative
Utilities

85
McKenzie
Electric
Cooperative

2023
ACSI
American Customer
Satisfaction Index

Results based on data collected by the ACSI®
in October 2023 based on a sample provided by
McKenzie Electric Cooperative, Inc.

ACSI and its logo are registered trademarks of
the American Customer Satisfaction Index LLC

*Average scores from the ACSI® Energy Utilities Study 2022-2023



FACE OF YOUR COOPERATIVE

THANK YOU FOR ATTENDING YOUR 79TH ANNUAL MEETING!



ARISTON JOHNSON

Johnson & Sundeen Law Office

COOPERATIVE ATTORNEY

Election of Directors



Sanford



Jore



Kershisnik

ELECTION OF DIRECTORS

DISTRICT 1B

Ken Sanford

DISTRICT 2C

Rick Jore

DISTRICT 3B

Stephan Kershisnik



**THE NEXT DEADLINE FOR APPLICATIONS IS
OCTOBER, 2024**

OPERATION ROUND UP REPORT

- ▶ Adopted by MEC's membership in 1998
- ▶ Over \$250,000 has been distributed throughout MEC's service territory
- ▶ Meetings twice a year to distribute funds

BOARD OF DIRECTORS

Kim Neprash- President
Nikki Darrington – Vice President
Betty Bruins – Secretary
Maureen Moe – Treasurer
Misty Powell
Mary Johnson
Ardyce Alveshere
Sue Farnsworth
Alice Voigt

YOUTH TOUR RECAP

June 18 – 23, 2023

Maxwell Hanson



**2024
SCHOLARSHIP
AWARDS**

MCKENZIE ELECTRIC SCHOLARSHIP

GUS BOHMBACH

Killdeer High School

Gus Bohmbach is the 2024 recipient of the McKenzie Electric Cooperative scholarship. Gus plans to attend the University of Mary with the intended major of biology with a concentration in pre-med. His career goal is to obtain a degree in pre-med before continuing his education to become an orthodontist. Once he obtains an orthodontics degree, he hopes to move back to a small town in rural North Dakota and start his own dental practice.

Gus is the son of Clay and Tara Bohmbach of Killdeer, ND. Congratulations Gus!



BASIN ELECTRIC SCHOLARSHIP

KREE HARTEL

Watford City High School

Kree Hartel is the 2024 recipient of the Basin Electric Power Cooperative scholarship. Kree plans to attend North Dakota State University (NDSU) with the intended major of accounting. Her goal is to become a certified public accountant and work in the tax accounting and auditing field. After college, she hopes to return back to the Watford City area to start a family.

Kree is the daughter of Justin and Angie Hartel of Watford City, ND. Congratulations Kree!



2024 YOUTH TOUR DELEGATE

ARIEANA ELLIOT

Watford City High School

The Electric Cooperative Youth Tour program has brought high school students to Washington, D.C. for a week in June every year since the late 1950s. Students apply and are selected for this program by their local electric cooperative utilizing a third-party ranking system. We believe that students should see their nation's capital up close, learn about the political process and interact with their elected officials.

McKenzie Electric Cooperative's 2024 Youth Tour Delegate is Arieana Elliot, daughter of Terry and Amy Elliot of Watford City. Congratulations, Arieana!



MCKENZIE ELECTRIC EMPLOYEE SERVICE AWARDS

MCKENZIE ELECTRIC
EMPLOYEE SERVICE
AWARDS



MCKENZIE ELECTRIC
EMPLOYEE SERVICE
AWARDS



Janice Koeser
35 YEARS



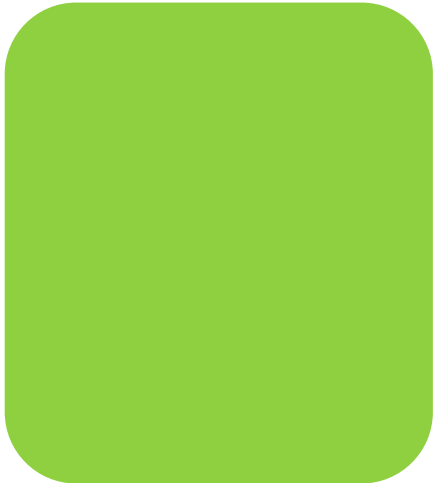
MCKENZIE ELECTRIC
EMPLOYEE SERVICE
AWARDS



Jamie Cross
15 YEARS



MCKENZIE ELECTRIC
EMPLOYEE SERVICE
AWARDS



John Carns
10 YEARS

MCKENZIE ELECTRIC
EMPLOYEE SERVICE
AWARDS



Brittany Hellandsaas
5 YEARS



MCKENZIE ELECTRIC
EMPLOYEE SERVICE
AWARDS



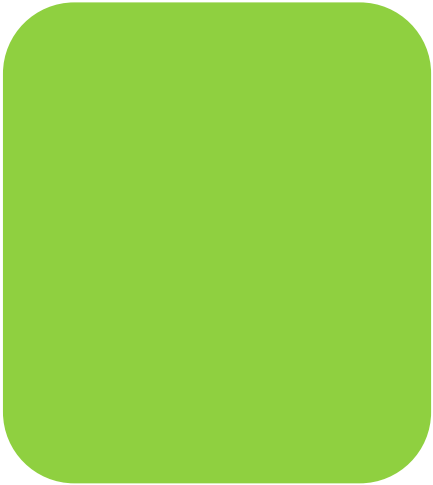
Brodie Candrian
5 YEARS



MCKENZIE ELECTRIC
EMPLOYEE SERVICE
AWARDS



Cole McGorman
5 YEARS



MCKENZIE ELECTRIC
EMPLOYEE SERVICE
AWARDS



Denby Lueck
5 YEARS



MCKENZIE ELECTRIC
EMPLOYEE SERVICE
AWARDS



Ted Schultz
5 YEARS





CLAYTON MONSEN

District 2B | Arnegard

BOARD PRESIDENT

Old & New Business

THANK YOU!

McKenzie County 4H Clubs

Jessie Veeder

Alissa Renner Photography

McKenzie County
Ag Expo Staff

All members in attendance



A Touchstone Energy® Cooperative 



FINAL DOOR PRIZE DRAWING!



80th Annual
Meeting
June 3, 2025

THANK YOU!



A Touchstone Energy® Cooperative 

