

WELCOME TO THE 78TH

ANNUAL MEETING



A Touchstone Energy® Cooperative 

MEMBER GIFT

Members in attendance
will receive a \$50 bill
credit on their next bill.

THANK YOU

McKenzie County
4H Clubs

Jessie Veeder

Rough Rider
Center staff

WELCOME TO

THE 78TH

ANNUAL MEETING



A Touchstone Energy® Cooperative 

THANK YOU

McKenzie County
4H Clubs

Jessie Veeder

Rough Rider
Center staff

NATIONAL ANTHEM

Performed by
Jessie Veeder

WELCOME TO
THE 78TH
ANNUAL MEETING



A Touchstone Energy® Cooperative 





CLAYTON MONSEN

District 2B | Arnegard

BOARD PRESIDENT

**QUORUM
DECLARATION**

Cooperative Attorney
Ariston Johnson



CLAYTON MONSEN

District 2B | Arnegard

BOARD PRESIDENT

QUORUM DECLARATION

Cooperative Attorney
Ariston Johnson

ADOPTION OF MEETING RULES

As printed on page 5
of the annual report



CLAYTON MONSEN

District 2B | Arnegard

BOARD PRESIDENT

QUORUM DECLARATION

Cooperative Attorney
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ADOPTION OF MEETING RULES

As printed on page 5
of the annual report

BOARD PRESIDENT'S REPORT



MATT HANSON

MCKENZIE ELECTRIC CEO

2022 OVERVIEW

2022 OVERVIEW

01

Global Conflicts

02

Inflation

03

Workforce

04

Weather
Conditions

2022 OVERVIEW

01

Global Conflicts



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2022 OVERVIEW

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2022 OVERVIEW

01

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Weather
Conditions

WEATHERING THE STORM TOGETHER



WEATHER



04/22/22

April blizzard

12/12/22

December freezing fog



SUPPLY CHAIN CHALLENGES

	Wooden Poles	Large Power Transformers	Pad Mount Transformers	Conductor (power lines)	Arrestors & Insulators
LEAD TIME	16-18 Weeks	84+ Weeks	12+ Weeks	24-52 Weeks	20+ Weeks
21' to 22' \$ INCREASE	25%	50%	30%	100%	5%
22' to PRESENT \$ INCREASE	30%	25%	30%	-10%	20%

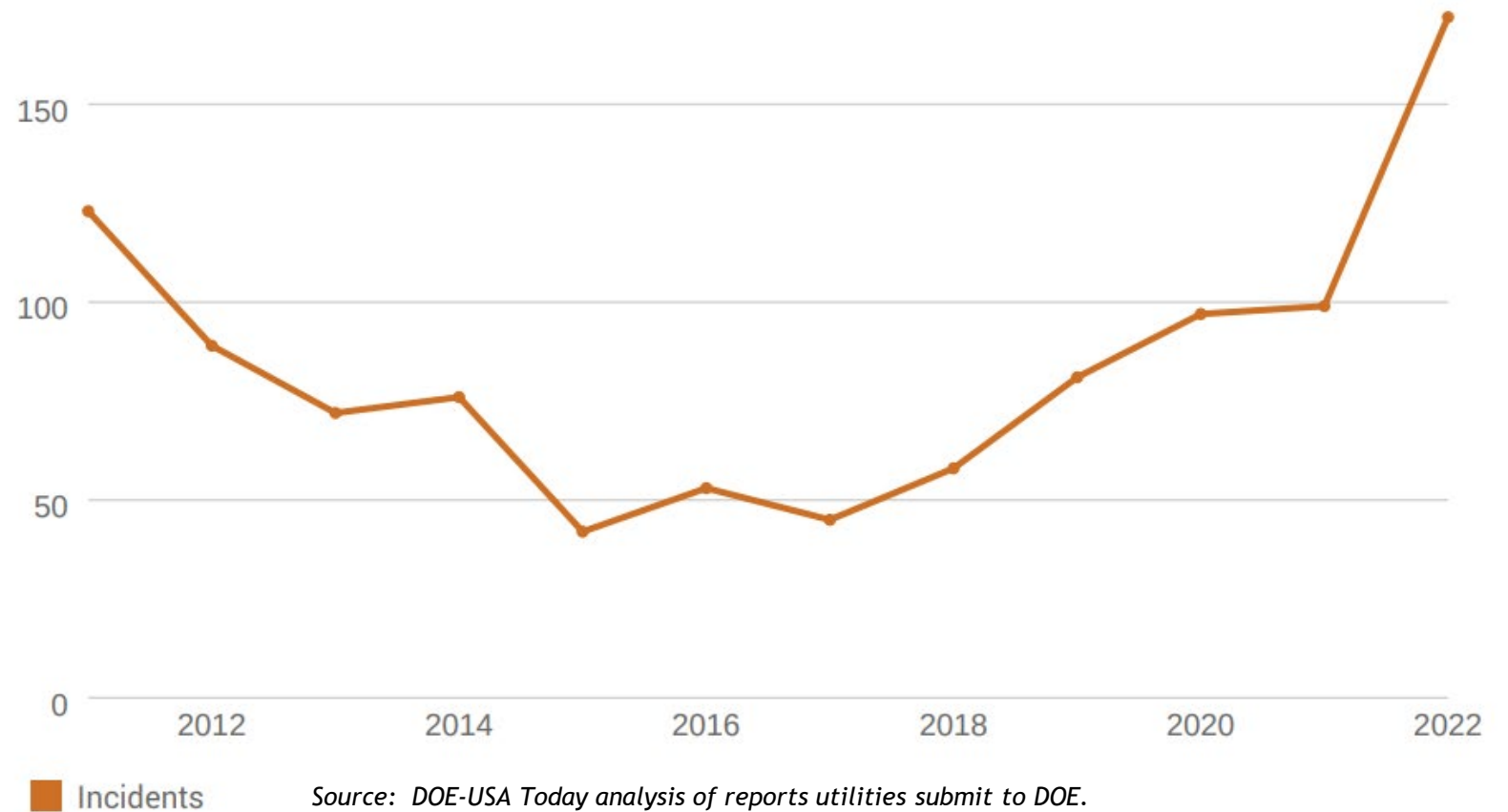
SECURITY

Cyber Threats

Substation Protection

- ▶ Increased monitoring
- ▶ Additional surplus of critical components

Human-related Disturbances and Unusual Incidents at U.S. Electrical Facilities.



INCREASED DEMAND

5.2 Percent



**McKenzie Electric
growth in 2022**

5.4 Billion



Kilowatt-hours sold

730 Megawatts



**All-time system
peak demand**

RESOURCE ADEQUACY



Gas

Governance

Grid & Infrastructure



2 minute read · November 9, 2022 1:31 PM CST · Last Updated 6 months ago



Winter power resources may be tight in parts of North America, NERC says

Reuters



CONTRIBUTING FACTORS

- ▶ **Retirement of baseload generation**
- ▶ **Changing weather patterns**
- ▶ **Timeline of construction for new generation**
- ▶ **Constrained transmission systems**

RESOURCE ADEQUACY

HIGH

Potential for insufficient operating reserves in normal peak conditions

ELEVATED

Potential for insufficient operating reserves in above-normal conditions

LOW

Sufficient operating reserves expected

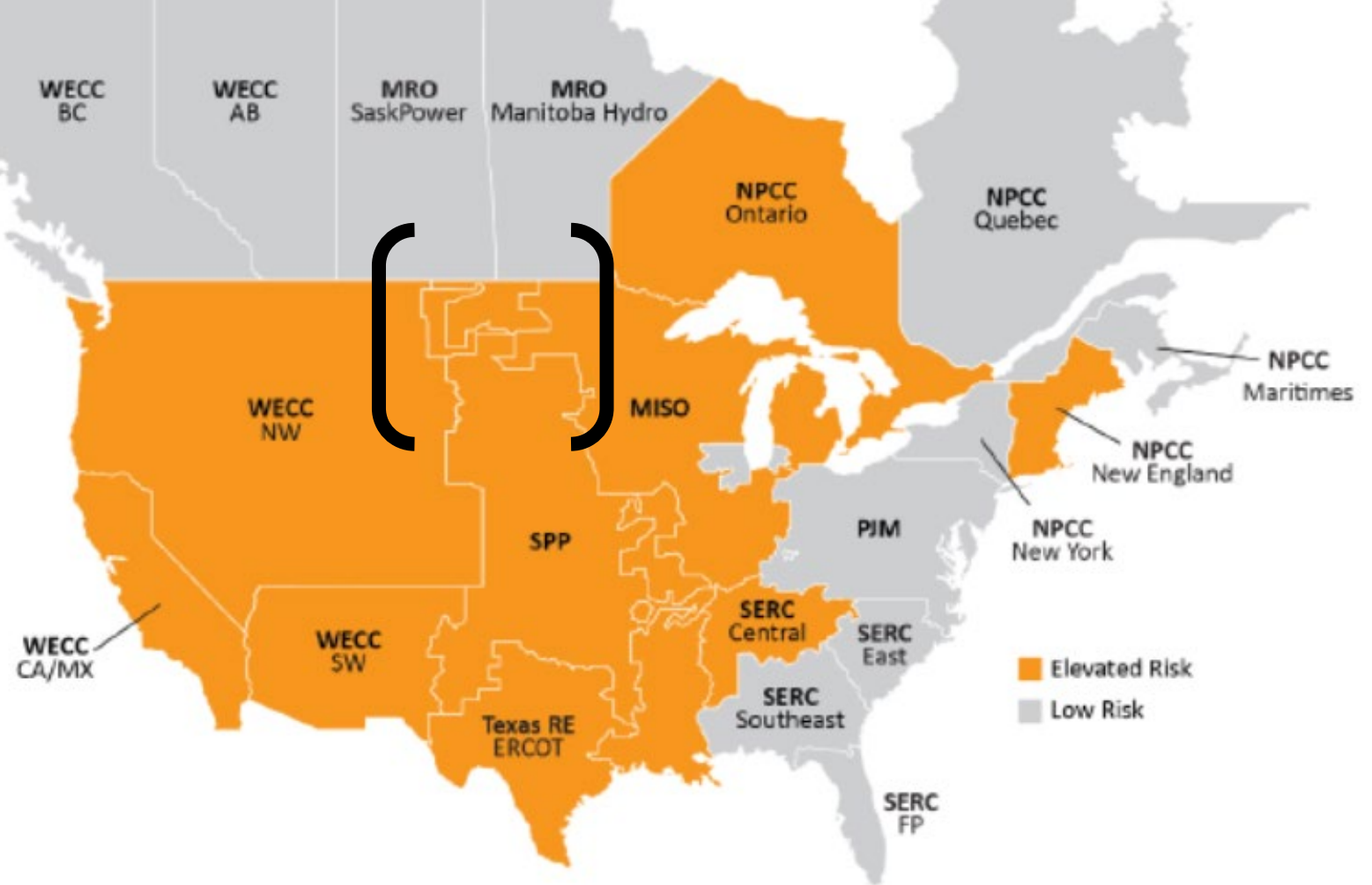


FIGURE 1: SUMMER RELIABILITY RISK SUMMARY



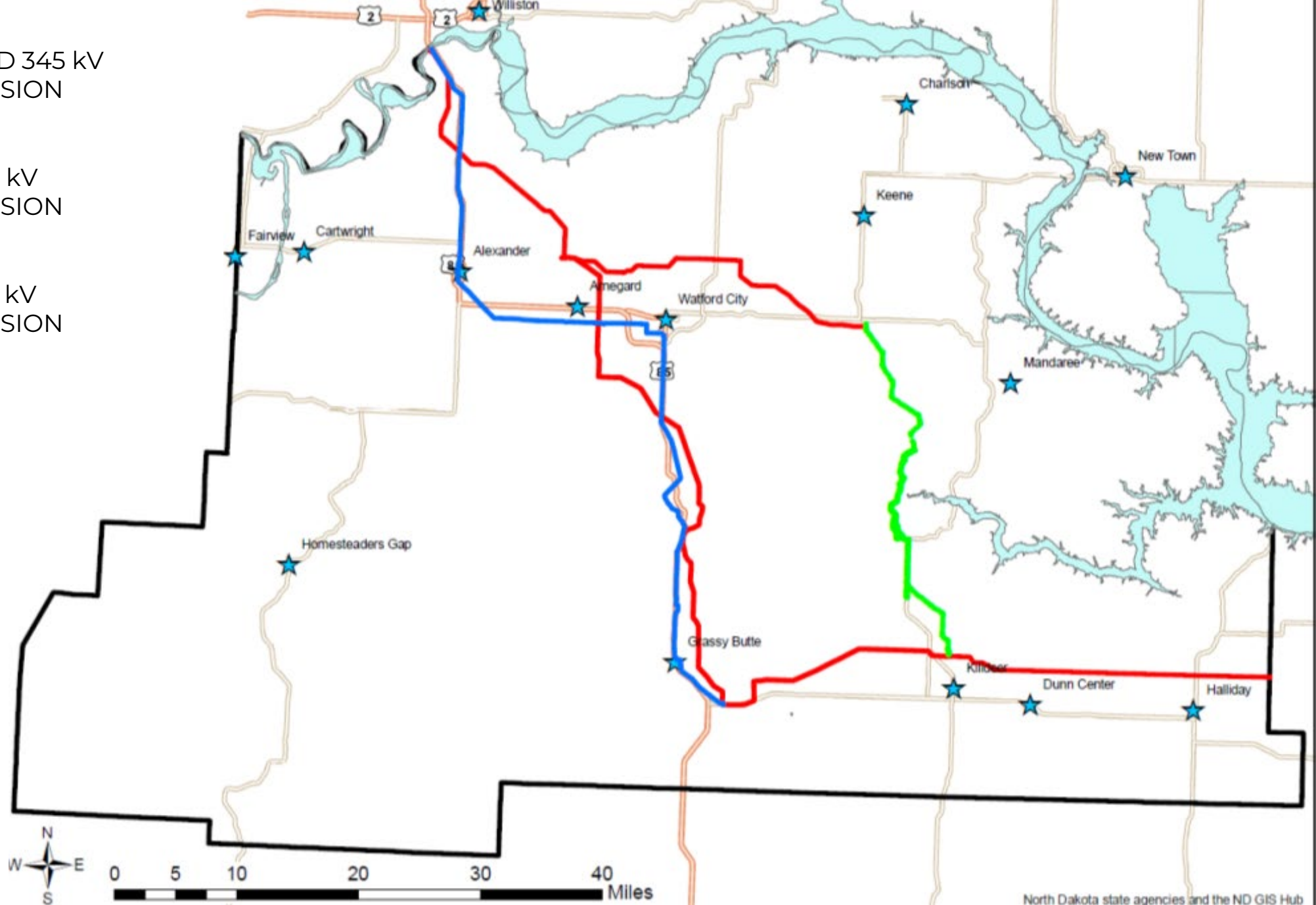
PROPOSED 345 kV
TRANSMISSION



WAPA 230 kV
TRANSMISSION



BASIN 345 kV
TRANSMISSION



WORKFORCE

Staff Restructuring
Strategic Recruitment
Improvement of
Corporate Culture

Labor Force Participation

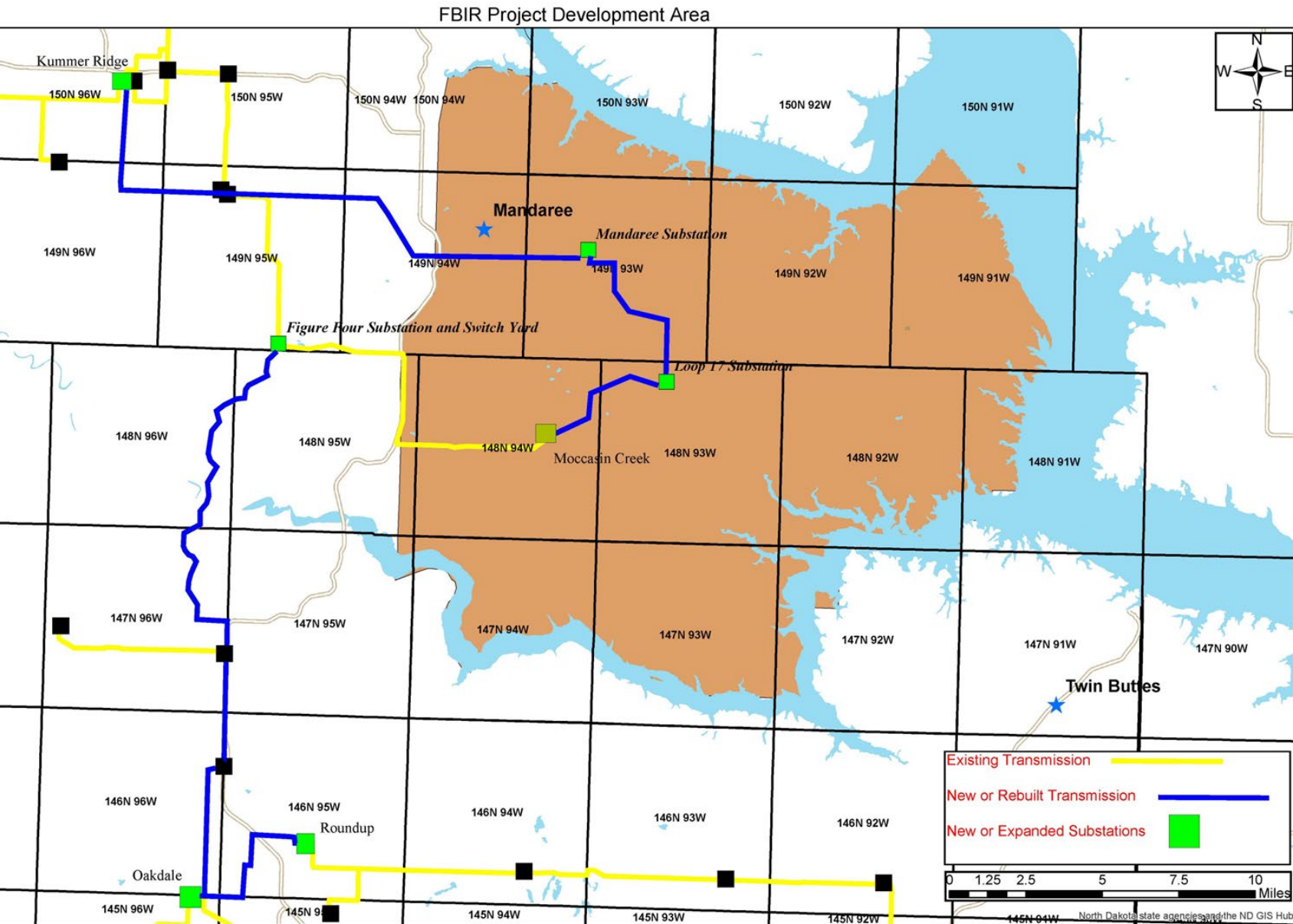
There would be 1.8 million more workers today if labor force participation was the same as in February 2020



1.8M
missing workers

Source: US Chamber of Commerce Published May 2, 2023





FORT BERTHOLD INDIAN RESERVATION

- Addition of 100MW of load capacity
 - ▶ 3 substations
 - ▶ 60 miles of 115 transmission line
 - ▶ Strategic replacement of conductor

WHERE MEMBERS' DOLLAR WENT



88¢



INTEREST
\$1,384,666



TAX EXPENSE
\$4,183,903



LINE OPERATION
& MAINTENANCE
\$8,724,779



ADMINISTRATIVE &
CUSTOMER SERVICE
\$12,761,790



DEPRECIATION & PLANT
RETIREMENT RESERVE
\$13,388,766

COST OF
POWER
\$307,282,676



**THANK
YOU**



LEGAL UPDATE

2022 FINANCIAL REPORT



Audit
Opinion



Financial
Statement
Highlights



Other
Financial
Information



Questions

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

BradyMartz

2022 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

2022 FINANCIAL REPORT



FINANCIAL STATEMENT HIGHLIGHTS

Balance Sheet as of December 31, 2022

\$520.1 Million in Total Assets

\$133.3 Million in Net Utility Plant

**\$58.4 Million in Member
Billings Receivable**

\$28.2 Million in Power Cost Payable

\$378.3 Million of Equity

- ▶ *Increase of \$49.6 Million over 2021, net of retirement*
- ▶ *35.2% Net Plant to Equity in 2022; 40.3% for 2021*

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

BradyMartz

2022 FINANCIAL REPORT



FINANCIAL STATEMENT HIGHLIGHTS

Statement of Revenue and Expenses

\$359.8 Million in Gross Operating Revenue

Increase of \$322,000 (<1%)

\$307.3 Million in Purchased Power

Increase of \$3.9 Million in power purchases

\$38.5 Million Allocation from G&T

\$51.4 Million Operating Margin

\$53.4 Million Net Margin

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

BradyMartz

2022 FINANCIAL REPORT



FINANCIAL STATEMENT HIGHLIGHTS Statement of Cash Flows

\$75.3 Million

Cash from operating activities

(\$80.2) Million

Cash from investing activities

(\$7.2) Million

Cash from financing activities

\$12.0 Million

Net decrease in cash

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

BradyMartz

2022 FINANCIAL REPORT



OTHER FINANCIAL INFORMATION

Notes to Financial Statements

Note 1 – Summary of accounting policies

Note 3 – Investments

- ▶ *G&T Capital Credits – \$149.7 Million*

Note 5 – Equity

- ▶ *Total Assigned Equities – \$396.1 Million*
- ▶ *Total Retired Equities – \$140.5 Million*
 - ▶ *Balance of \$255.6 Million*

Supplemental Information

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

BradyMartz

2022 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

MCKENZIE ELECTRIC BOARD OF DIRECTORS

DISTRICT 1

1A

Cameron
Wahlstrom



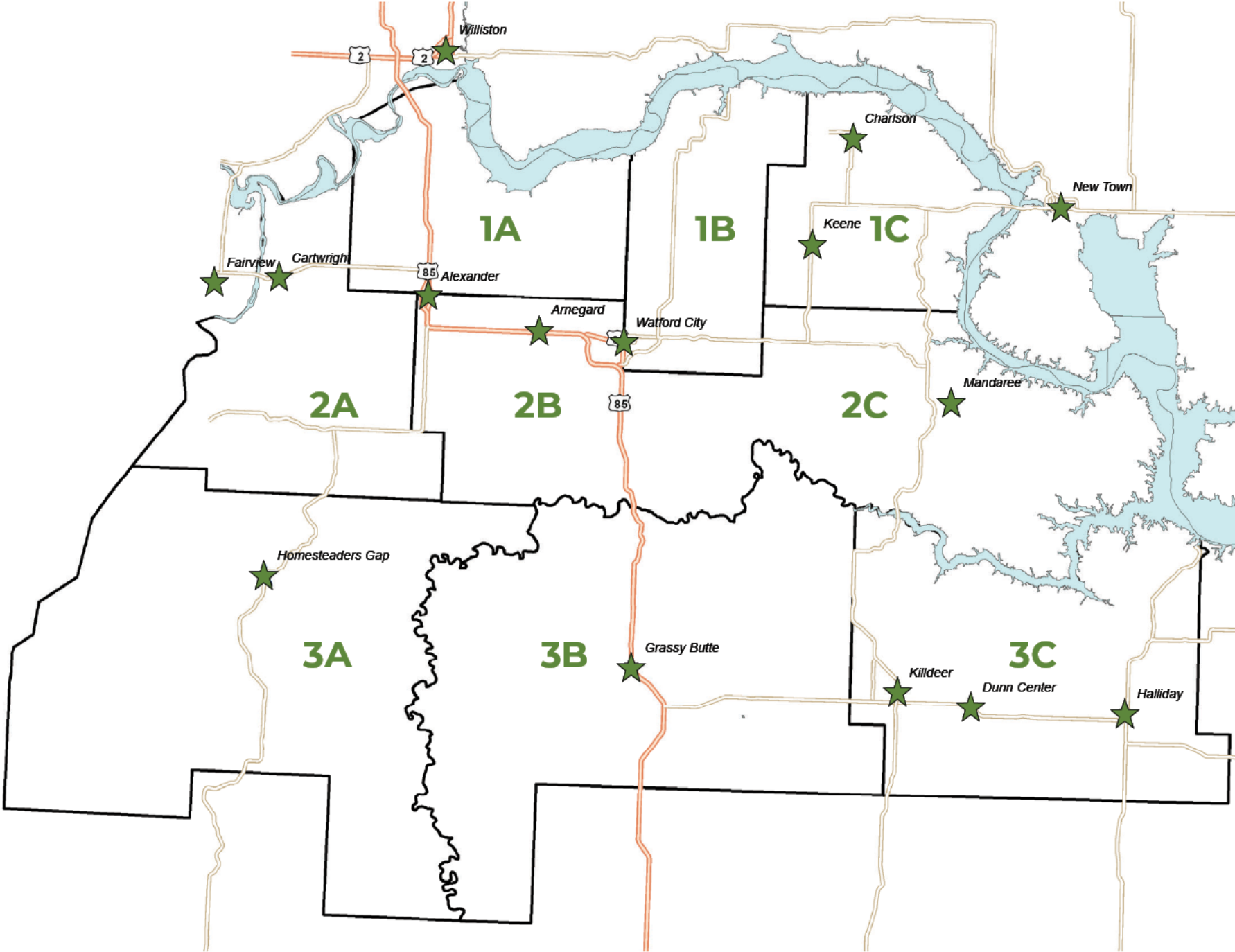
1B

Ken
Sanford



1C

Travis
Thompson



DISTRICT 2



2A

Chris
Link



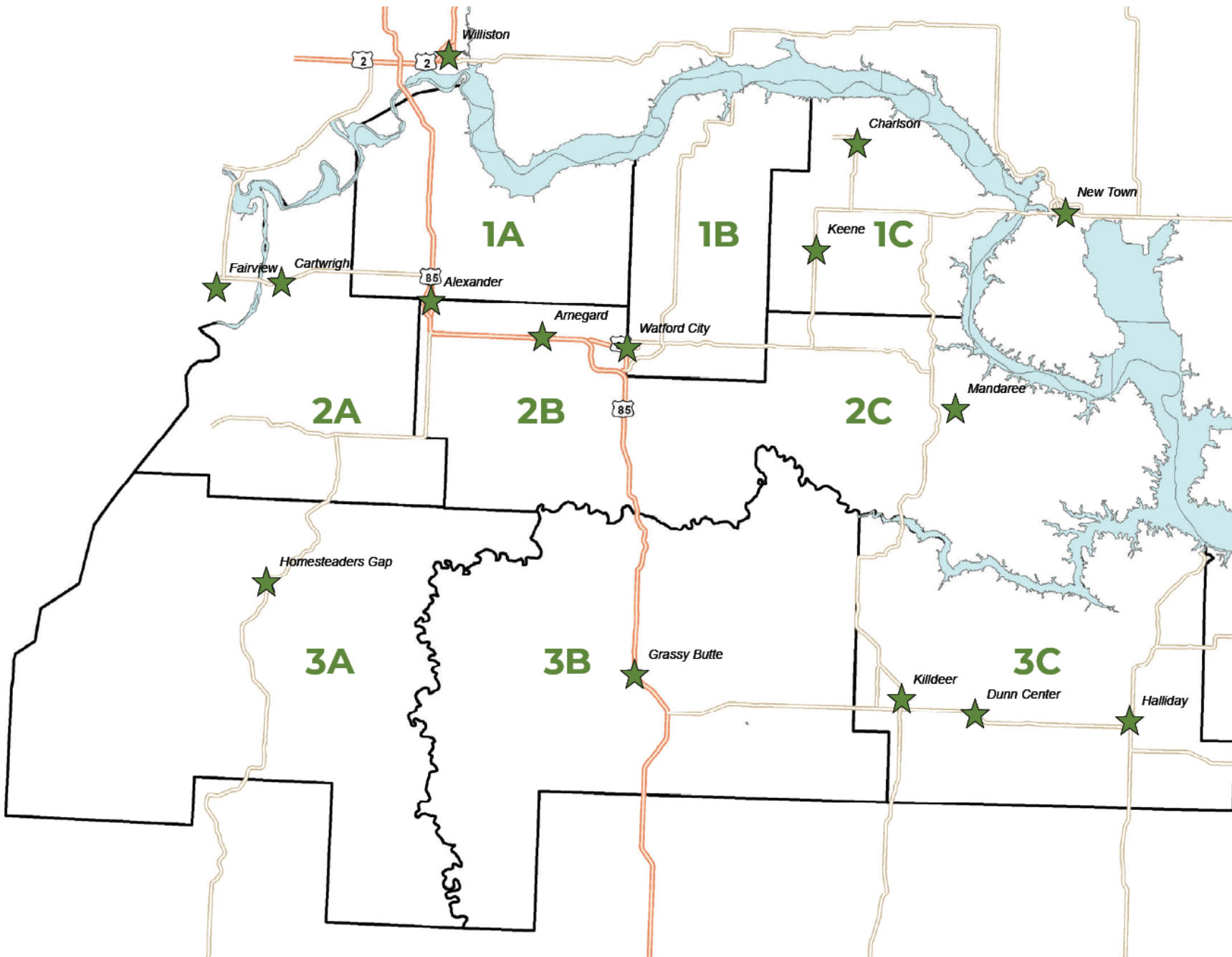
2B

Clayton
Monsen



2C

Rick
Jore



DISTRICT 3



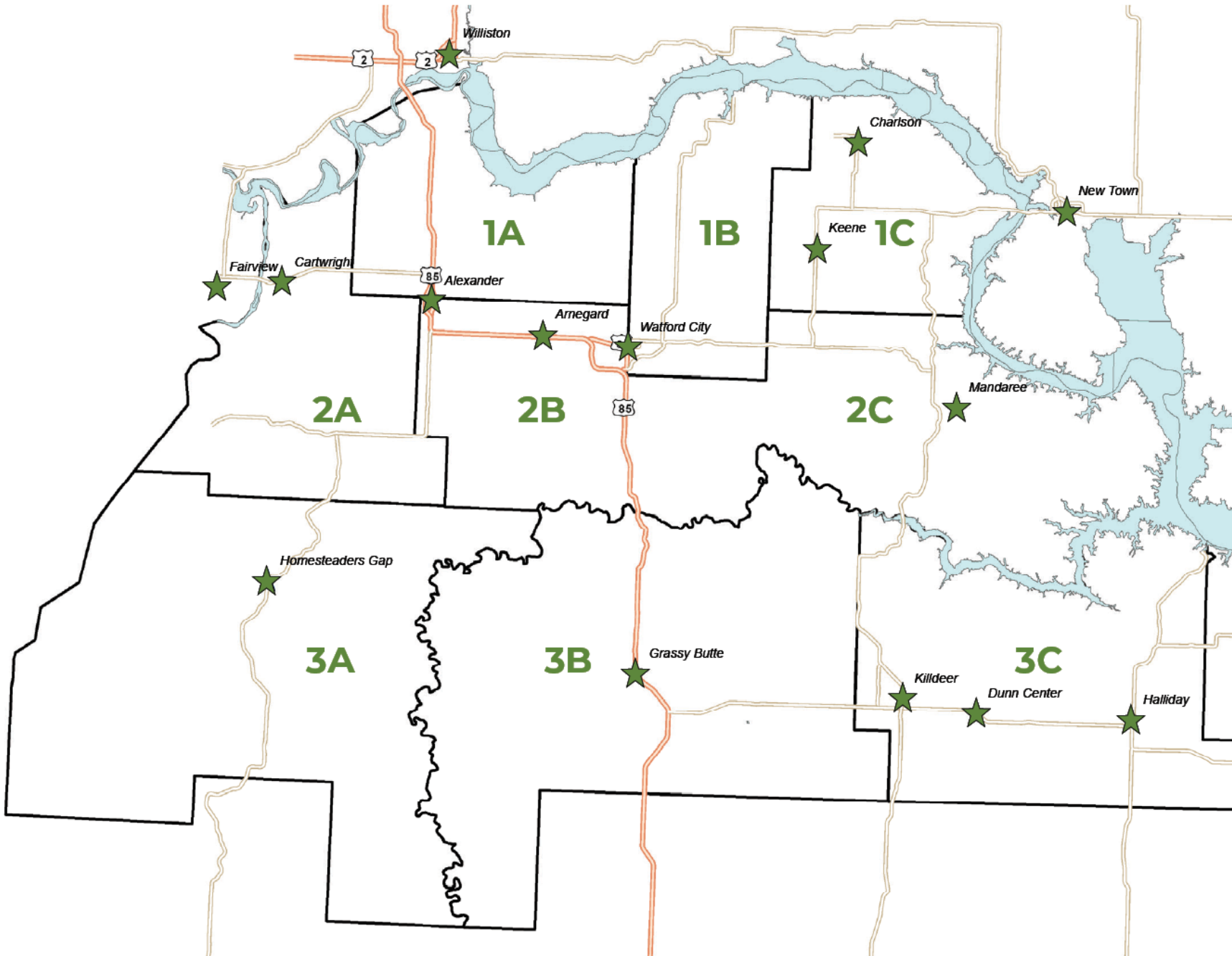
3A
Ray
Tescher



3B
Stephan
Kershisnik



3C
Tim
Wasem





Thompson



Monsen



Tescher

ELECTION OF DIRECTORS

DISTRICT 1C

Travis Thompson

DISTRICT 2B

Clayton Monsen

DISTRICT 3A

Ray Tescher

MCKENZIE ELECTRIC EMPLOYEE SERVICE AWARDS



Lynette Hanson

40 YEARS



MCKENZIE ELECTRIC EMPLOYEE SERVICE AWARDS



Colt Rangen

15 YEARS



MCKENZIE ELECTRIC EMPLOYEE SERVICE AWARDS



Jim Hansen

15 YEARS

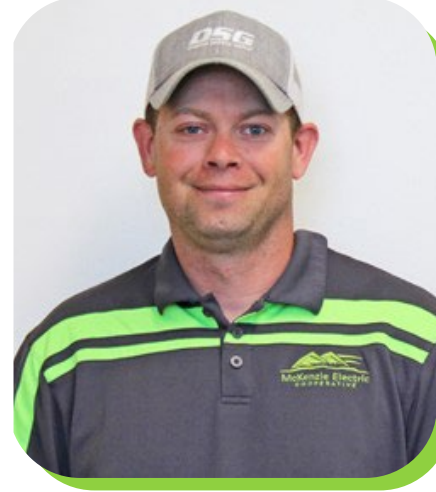


MCKENZIE ELECTRIC EMPLOYEE SERVICE AWARDS



Zane Frick

10 YEARS



MCKENZIE ELECTRIC EMPLOYEE SERVICE AWARDS



Dan Marmon

5 YEARS



MCKENZIE ELECTRIC EMPLOYEE SERVICE AWARDS



Justin Bentz

5 YEARS





**THE NEXT DEADLINE FOR APPLICATIONS IS
OCTOBER 13, 2023**

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

MCKENZIE ELECTRIC SCHOLARSHIP

GRACIE DOE

Killdeer High School

Gracie Doe is the 2023 recipient of the McKenzie Electric Cooperative scholarship. Gracie plans to attend North Dakota State University (NDSU) with the intended major of nursing. Once completed with her degree, she hopes to gain experience as a registered nurse and shortly afterwards enroll in a Doctor of Nurse Practice program to pursue a career as a Certified Registered Nurse Anesthetist. Gracie is the daughter of Jody and Sarah Doe of Killdeer, ND. Congratulations Gracie!



BASIN ELECTRIC POWER COOPERATIVE SCHOLARSHIP

CHLOE GULLIKSON

Fairview High School

Chloe Gullikson is the 2023 recipient of the Basin Electric Power Cooperative scholarship. Chloe plans to attend Carroll College with the intended major of psychology. Her career goal is to become a general psychiatrist and form an organization to help farmers and ranchers struggling with mental health in rural, underserved areas. Chloe is the daughter of Doug and Tami Gullikson of Cartwright, ND. Congratulations Chloe!



BASIN ELECTRIC MEMBER COOPERATIVE EMPLOYEE SCHOLARSHIP

ALLYSON CROSS

Watford City High School

Allyson Cross is the 2023 recipient of the Basin Electric, Member Cooperative Employee scholarship. Ally plans to attend the University of Mary with the intended major of nursing. Allyson is the daughter of Bob and Jamie Cross of Watford City, ND. Congratulations Ally!



2023 YOUTH TOUR DELEGATE

MAXWELL HANSON

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 2023 Youth Tour Delegate is Maxwell Hanson, son of Matt and Angela Hanson of Watford City, ND. Congratulations Maxwell!



THANK YOU!



A Touchstone Energy® Cooperative 

