

MAY 2015

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*My Cooperative is
My Power*

70th Annual Meeting Notice & Report

www.mckenzieelectric.com

McKenzie Electric Cooperative

Connections



Official Notice of Annual Meeting

To the members of McKenzie Electric Cooperative Inc.:

You are hereby notified that the 70th annual meeting of McKenzie Electric Cooperative will be held Tuesday, June 16, 2015, at Outlaws' Bar & Grill Ballroom, 120 N. Main St. in Watford City, with the following agenda:

Registration and complimentary meal.....5 p.m.	Cooperative update John Skurupey
Children's movie5:30 p.m.	Election of directors
Business meeting6 p.m.	Service award presentation
Invocation	2014 Youth Tour recipient..... Asha Smith
Call to order	Operation Round Up report
National anthem	Scholarship awards
Appointment of parliamentarian	Old and new business
Approval of minutes	Adjournment
Report on bylaw changesDennis E. Johnson, attorney	Drawing for door prizes
Financial report by audit firmEide Bailly LLP	\$1,000 cash prize giveaway announcement
Board chairperson's reportClayton Monson	



TREASURER'S REPORT By Rondee Hanna, Treasurer

Rondee Hanna

	2014	2013
Revenue	*\$124.6	\$86.8
Wholesale Power Cost	\$88.3	\$61.6
Operating Expenses exclusive of Wholesale Power Cost	\$15.5	\$13.5
Other Income & G&T Capital Credits	\$4.9	\$3.8
Margin	\$25.7	\$15.5

Table 1 2014 Summary * Numbers represented in millions

McKenzie Electric Cooperative Inc. (MEC) experienced another record year in sales, resulting in a solid financial performance. Table 1 is a simplified representation of how your cooperative performed in 2014 and 2013.

Seventy-one cents of every dollar MEC receives in revenue is used to pay for the wholesale power purchases - the remaining 29 cents is used to pay all other operating expenses plus a margin.

To summarize, electric revenue increased 44 percent while expenses increased 39 percent which contributed 5 percent to the overall increase in margins. Growth benefits the

membership because as more kilowatt-hours are sold and, as we hold the line on controllable costs, those fixed costs are able to be spread over more energy sales - which helps hold rates steady.

According to our loan covenants, MEC must meet three financial metrics in order to retain a favorable lending position; financial metric targets and MEC's 2014 results are shown in Table 2.

MEC's equity is presently at 36 percent and largely due to an accounting requirement regarding contribution-in-aid-of-construction. As current projects get completed, MEC's equity will increase proportionately. The board and management are in the process of developing an Equity Management Policy to help guide rate setting and annual budgeting. Financial goals are a must and having the luxury of recent exponential growth makes achieving those goals possible as we continue to expand our electric infrastructure.

The price of oil has been a hot topic that has created a slowdown in many areas of the country; however growth isn't going away for MEC. There are major projects yet to be completed and we anticipate increased electric sales as these

Financial Metric	Target	2014 MEC Result
EBITDA (earnings before interest, taxes, depreciation and amortization)	8.0 max.	.93
DSC (debt service coverage)	1.35 min.	5.66
Equity	30% min.	36%

Table 1 2014 Summary * Numbers represented in millions

projects come online.

MEC has added \$139.3 million to its plant during 2014. This plant growth has been paid for with margins, contributions from members and debt. Current outstanding long-term debt at the end of the year totaled \$25.7 million. 2015 will see more debt added to our current loan portfolio. ■

Financial Statements

Operating Statement

	2014	2013
REVENUE FROM ELECTRIC SERVICE		
Revenue from electric service	124,544,070	86,727,855
Other electric revenue	126,451	89,357
Total gross operating revenue	124,670,521	86,817,212
COST OF ELECTRIC SERVICE		
Cost of power	88,385,536	61,599,794
Operations and Maintenance	5,175,857	4,518,627
Customer service and accounts	530,685	509,755
Administrative and general	1,672,687	1,453,561
Depreciation	5,730,995	5,087,826
Tax expense	1,362,753	777,198
Interest on long-term debt	1,021,056	1,082,726
Interest expense - other	40,296	46,821
Total cost of electric service	103,919,865	75,076,308
OPERATING MARGINS		
BEFORE CAPITAL CREDITS	20,750,656	11,740,904
G&T and other capital credits	4,794,208	3,588,257
Net operating margins	25,544,864	15,329,161
NON OPERATING MARGINS	177,497	200,463
TOTAL NET MARGINS	25,722,361	15,529,624

Balance Sheet

	2014	2013
ASSETS		
Electric plant in service	131,881,300	120,608,854
Construction work in progress	133,553,554	47,920,365
Less accumulated depreciation	-62,786,911	-58,928,021
Total assets - electric plant	202,647,943	109,601,198
Other property and investments	22,494,315	18,647,484
Current assets, cash, cash equivalents, materials	98,558,725	31,982,633
TOTAL ASSETS	323,700,983	160,231,315
EQUITIES AND LIABILITIES		
Patronage capital and other equities	115,524,742	90,661,458
Long-term debt	28,237,092	25,747,997
Non-current liabilities including power cost reserve	1,318,583	1,786,946
Current liabilities including current maturities of long-term debt	33,679,276	17,769,188
Deferred credits	144,941,290	24,265,726
TOTAL EQUITIES AND LIABILITIES	323,700,983	160,231,315

Note: Capital credit checks will be mailed in early June, just prior to the annual meeting.

OFFICE CLOSED

MCKENZIE ELECTRIC COOPERATIVE WILL BE CLOSED
MAY 25 IN OBSERVANCE OF MEMORIAL DAY.

McKenzie Electric Cooperative Inc.

Nominating Committee meets

The Nominating Committee for McKenzie Electric Cooperative met April 2, 2015, via telephone conference.

The meeting was called to order by attorney Dennis Johnson. Present were Cameron Dodge, Craig Sorenson and Rorrie Sabrosky.

The first order of business was to seek a candidate for District 2C. Motion by Cameron Dodge to nominate Rondee Hanna as a candidate for the seat on the board of directors for District 2C; second to the motion by Craig Sorenson. Upon oral vote, motion carried.

The next order of business was to seek a candidate for District 3B. Motion by Rorrie Sabrosky to nominate Glenn

Houghton as a candidate for the seat on the board of directors for District 3B; second to the motion by Cameron Dodge. Upon oral vote, motion carried.

The last order of business was to seek a candidate for District 1B. Motion by Craig Sorenson to nominate Callie Thorne as a candidate for the seat on the board of directors for District 1B; second to the motion by Cameron Dodge. Upon oral vote, motion carried.

Motion by Cameron Dodge to adjourn the meeting; second by Craig Sorenson. Motion carried.

Terms Expiring



District 1B (Dennis Johnson)



District 2C (Rondee Hanna)



District 3B (Glen Houghton)



Annual meeting rules

CALL TO ORDER: The chairperson shall take the chair at the time of annual meeting and shall call the meeting to order.

POINTS OF ORDER: The chairperson shall preserve order and decide all questions of order, subject to an appeal to the members.

RECOGNITION BY THE CHAIR: Every member, previous to his speaking, shall rise from his seat and address the chair, and remain standing until he is recognized by the chair, and proceed by stating his name.

WHO RECOGNIZED: When two or more members rise at the same time to speak, the chairperson must designate who is to speak.

RULES AS TO SPEAKING, NUMBER OF TIMES AND DURATION: No member shall speak more than twice on the same subject without permission of the delegates present, nor more than once until every delegate choosing to speak on the subject

pending shall have spoken. Nor shall any member occupy the floor more than five minutes the first time, and three minutes the second time, without the consent by a majority of the members in attendance. Any member, director, manager or attorney in good standing may speak under the same rules.

MOTION TO BE MADE BY A MEMBER BEFORE DEBATE: No motion shall be debated or passed unless the same be seconded. Seconds to any motion made must also be by a member. No second is required when the motion is made by direction of a committee.

MOTION MAY BE WITHDRAWN: If the motion has been stated, it shall be deemed in possession of the meeting, but may be withdrawn at any time before amendment or decision by the member who made the motion with the consent of a majority of the members present.

MOTION ON DEBATE AND PROCEDURE: When a question is under debate, no motion shall be received but to adjourn, postpone, to amend or substitute.

MOTION TO ADJORN IN ORDER WHEN: A motion to adjourn shall be in order, except when a member is addressing the chair, or a vote is being taken.

RESOLUTIONS, HOW PRESENTED: Resolutions may be presented from the floor with the consent of a majority of the members present.

PROGRAM SCHEDULE: The schedule as printed in the agenda submitted to all members, with any additions thereto, shall be the official meeting program.

ROBERT'S RULES OF ORDER (REVISED): On any point not covered in the above rules, Robert's Rules of Order shall govern.

At the conclusion of McKenzie Electric's annual meeting, those present will receive a 500 kilowatt-hour credit.



John Skurupey



Clayton Monson

JOINT REPORT of Chairperson Clayton Monson and GM/CEO John Skurupey

“My Cooperative is My Power.” It should be completely understood by all of the membership that McKenzie Electric Cooperative is owned by its members, hence “My Cooperative.” Along with ownership, you have a say about how your cooperative is operated, which is through your democratically elected board of directors. Either running and being elected to the board of directors yourself or having a neighbor on the board gives you a voice – a place to take your questions, concerns or even appreciation, if that happens to be the case. Local control is a fantastic member benefit that is often underrated.

“My Power” carries multiple meanings, the most obvious of which is the electricity that is delivered to each and every member of McKenzie Electric. The power that flows through the lines to your transformer is getting more reliable almost every month as we continue to build out and build up your system of delivery.

“My Power” can also describe the fantastic benefit enjoyed by all members as you have local control of your cooperative. “My Power (and “My Cooperative”) means we’re here. During the work day when you call for any reason, you get a person who lives here and who is quite possibly a fellow member. After hours and on weekends, you will speak with personnel working for our wholesale power provider, Basin Electric Power Cooperative, which also fits the descriptor, “My Cooperative,” for you own it, too. These after-hours dispatchers are fantastic!

As a cooperative, we work closely with other cooperatives in the state

through the North Dakota Association of Rural Electric Cooperatives. We also work with and participate on a national level with the National Rural Electric Cooperative Association. These two groups are proactively looking out for the collective membership’s interest – making sure that challenges, claims and legislation developed by special interest groups and others who don’t care if your rates go up, are responded to in order to protect your interests – your investment. Political power is an amazing benefit.

“My Power” and “My Cooperative” are intrinsic to belonging to a cooperative; each member should carry a sense of pride in ownership for what your cooperative has become what it is today. So what have we accomplished this past year?

Your cooperative had another stellar year. 2014 ended with approximately 43 percent growth in energy sales. While commercial and industrial sales make up the bulk of the growth, we saw a nearly 19 percent increase in residential and general service sales. On that note, construction of substations, and transmission and distribution lines continued at a frenetic pace. Ten substations, 70 miles of transmission and an untold number of miles of distribution lines were constructed. In addition to the power delivery system, construction of the new headquarters facilities is progressing.

As of this writing, there has been a distinct slowdown in drilling activity in North Dakota. While the drilling rig count has dropped below 100 in the state, a 50 percent reduction since the end of 2014, the rig count within McKenzie Electric’s service area has dropped about 40 percent. Our contractors and crews are still behind on the backlog of projects and there is a feeling of anticipation amongst us that

we may have a window of opportunity to get somewhat caught up. Economists, oil companies and others are predicting the price of oil to come back, but not to the high levels that drove the massive expansion we’ve already witnessed. Only time will tell.

The sorely needed improvement and expansion of McKenzie Electric’s system on the Fort Berthold Indian Reservation is still in a holding pattern. With the election of new leadership, there is hope that progress can be made as we attempt to get capacity and distribution constructed on the reservation. As always, your board of directors is concerned about treating everyone the same and therein lies the heart of the matter. With all of the balls in the air on the reservation, it is hard to predict how they will all land.

We want to thank all the members for a successful year. A special thank you to our member landowners who have been very cooperative as we improve your whole power delivery system. Thank you, board members, who spend time and share a common commitment and concern for your cooperative. Thank you, management, for keeping this great cooperative moving forward. Thank you, MEC employees, for making sure the members’ needs remain the most important part of your job and for diligently carrying out that task. Thank you, Basin Electric and Upper Missouri Power Cooperatives, for ensuring there is ample power available for the load growth experienced by your members. And finally, thank you to the numerous contractors employed by MEC, for your commitment to doing the job and doing it right.

We encourage the membership to make every effort to attend this year’s annual meeting. After all, it IS your cooperative. ■

69TH ANNUAL

MEETING MINUTES June 17, 2014

The 69th Annual Meeting of the members of the McKenzie Electric Cooperative, Inc. was called to order on June 17, 2014, at the Outlaws' Conference Room in the lower level of First International Bank.

Chairperson Ray Tescher called the meeting to order.

Pastor Chad Peterson of the Assembly of God Church gave the invocation for the meeting.

The National Anthem was performed by McKenzie Electric Cooperative employee Janice Koeser, her daughter Courtney Koeser, and Colene Ninneman.

Chairperson Ray Tescher welcomed the members of the Cooperative to the 69th Annual Meeting. Paul Duetsch was appointed Parliamentarian for the meeting by Chairperson Tescher. It was confirmed by Cooperative Attorney Dennis Edward Johnson that a sufficient number of members were present to declare a quorum for business to be held pursuant to the Bylaws of McKenzie Electric Cooperative, Inc.

Chairperson Tescher requested a motion to adopt the meeting rules as printed in the Annual Report. A motion from the floor was made and a second was received that the meeting rules as printed be adopted. After a vote, motion carried.

A motion was made to waive the reading and approve as printed the meeting Notice for the Annual Meeting and the Minutes of the 68th Annual Meeting. Motion from the floor was made, seconded and upon vote was approved.

Chairperson Tescher called upon Attorney Dennis Johnson to report on a Bylaw change. Attorney Johnson explained the changes made to the language of the Capital Credits Bylaw to clarify as to when capital credits would actually be paid.

Chairperson Tescher next called Nick Lee from Eide Bailly to give the financial report for McKenzie Electric. Mr. Lee reviewed the financial audit of McKenzie Electric's books from the preceding year. Mr. Lee complimented the Board of Directors of McKenzie Electric for managing the budget and financial matters of McKenzie Electric in such a dynamic changing environment for western North Dakota at this time. After the report, there were no questions from the floor by the membership in regard to the financial report.

Chairperson Tescher requested a motion be made to approve the financial report as presented by Mr. Lee. A motion from the floor was made to approve the financial report and was seconded. Upon vote the motion carried.

Chairperson Tescher next recognized and thanked Outlaws' managers Aaron and Angie Pelton and staff for the dinner and the accommodations. A thank you was also extended to Greg Wheeler from Basin Electric for the audio and technical support. The Wolf Run Village was thanked for providing the children's movie chaperones. The MEC employees were thanked for their service to the membership over the past year. Several guests and candidates for various political offices were then recognized.

Chairperson Tescher gave the Chairman's report to the membership. The report stressed McKenzie Electric's tremendous growth in order to meet the needs of its consumers. Tescher referred to the end of the 1980s oil boom and described how electric power companies in western North Dakota, including McKenzie Electric, went into a pattern of wondering whether there would ever be growth again. It was pointed out how the Bakken Boom continues to change the growth of McKenzie Electric.

Tescher reminded the membership that in 2006 McKenzie Electric ranked sixth in kilowatt sales in the state of North Dakota but now ranks second. With current projections of loads coming to McKenzie Electric's area, MEC may move into the number one spot.

Tescher stressed that as growth continues, the Board of McKenzie Electric and management continually strive to move forward in areas that make sense to the cooperative and the membership. Tescher reported to the membership that the Board's vision and outlook for expansion includes: 1) having an immediate goal to serve our current consumers and 2) having a long-term focus to prepare with predictions and projections of energy needs in the area for the future; to look at and be sure that sufficient numbers of employees in the office and in the field are working for McKenzie Electric to provide the consumers the service that they have become accustomed to; to improve the electrical grid with new substations and upgrading lines to provide good electrical service as this expansion continues; and to build a new headquarters.

Tescher also reported on the housing issues for employees and the skyrocketing costs of rent and property values in McKenzie Electric's territory. Tescher also noted that there had been some complaints from landowners concerning contractors not contacting them before entering their land. Tescher explained that the easements do say that such entry is permissible, and that the employees are there to check on, improve and fix the power lines. Due to logistics and the pressing time issues, it is simply not practical to contact landowners before employees or contractors for McKenzie Electric have to go onto their land.

Tescher next reported on the situation that is occurring on the Fort Berthold Indian Reservation by discussing with the members the great difficulty, and near impossibility of obtaining easements that allow McKenzie Electric lines to be placed on lands within the exterior boundaries of the Reservation such that they would receive the same treatment as those power lines and facilities that are located off the Reservation. It was reported the Board of Directors and management is working to resolve this issue, but for now the situation is not resolved.

Tescher closed by stressing that the two main objectives of the McKenzie Electric team, management, employees and Board of Directors, remains to be 1) providing reliable power to its members, and 2) providing affordable power to its members. Tescher indicated he was happy to report that McKenzie Electric still has the lowest residential rates in North Dakota.

John Skurupey then came to the podium to present the General Manager/CEO report. In addition to discussing the new facilities being planned for the headquarters; bringing awareness of higher power costs due to administrative actions by the Federal Government; and thanking the Membership, Board of Directors and employees for another successful year, Skurupey reviewed several comparisons from the Key Ratio Trend Analysis in the form of a question and answer quiz. The following KRTA financial comparisons were brought to the membership's attention:

Of 807 cooperatives reporting, how many reported having less debt per kilowatt-hour sold than McKenzie Electric? Answer: 44; that means 95% of the reporting cooperatives have more debt in relation to the amount of energy they sell than your cooperative does.

Of 813 cooperatives reporting, how many cooperatives took in lower operating revenues per KWH sold than McKenzie Electric? Answer: 44; again, this means that 95% of the reporting cooperatives take in more money in relation to the amount of energy they sell.

Of 813 cooperatives reporting, how many cooperatives took in lower revenue per KWH sold to residential members than McKenzie Electric? Answer: 27; nearly 97% of the other cooperatives charge more

in residential rates than your cooperative does.

Of 811 cooperatives reporting in 2012, how many cooperatives had higher growth percentage than McKenzie Electric? Answer: 0.

Of 813 cooperatives reporting, how many cooperatives had lower controllable expenses per KWH sold than McKenzie Electric? Answer: 5; only 0.6% of other cooperatives are better at efficiency than we are. In 2006, 13% were better than MEC. For cooperatives our size in 2012, only one was better!

Chairman Tescher next appointed the Sargent at Arms for voting as follows: District 1C-Paul Wisness, District 2B-Craig Braaten, and District 3A-Joel Gorrell.

Attorney Dennis Johnson was called to the podium to explain how Director candidates are nominated and the voting procedures that would be followed for the election of Directors.

The election for the Board of Directors was then held. For Region 1, District 1C the candidate was Travis Thompson. A motion from the floor was made to cast a unanimous ballot for Travis Thompson. The motion received a second and upon vote the motion carried.

For Region 2, District 2B the candidate was Clayton Monsen. A motion from the floor was made to cast a unanimous ballot for Clayton Monsen. The motion received a second and upon vote the motion carried.

For Region 3, District 3A the candidate was Ray Tescher. A motion from the floor was made to cast a unanimous ballot for Ray Tescher. The motion received a second and upon vote the motion carried.

Chairman Tescher, with the assistance of General Manager/CDO John Skurupey, then presented employee service awards as follows:

Myra Anderson – 35 years
Janice Koeser – 25 years
Lori Wright – 20 years
Jamie Cross – 5 years

New employee pins were awarded to the following individuals, many of whom were present at the Annual Meeting: Jennifer Orozco, Danielle Bay, Mio Felipe, Karyn Phillips, Dee Alvarez, Brandon Wollen, Paul Herral, John Carns, Kevin Bone, Troy Johnson, Courtney Lovas, Coleton Herbert, Matthew Hansen, Austin Fiechtner, Trent Purington and Bradley Hueth.

Chairperson Tescher next recognized Morgan Berquist, daughter of Greg and Stella Berquist, as the 2013 Youth Tour recipient. Due to medical reasons, Morgan was unable to attend the annual meeting, but a thank you letter describing her experience in Washington, D.C., was read to the members.

The Operation Round Up report was next given by Gayle Gunderson. It was reported that since its inception, Operation Round Up has donated \$148,000 to eligible individuals and organizations. Awards were then presented to the Missoula Children's Theater, \$750, and to the First Lutheran Church Summer Program, \$750.

It was announced that Tori Williams and Trevor Kalberer were each awarded a McKenzie Electric Cooperative \$500 scholarship. Tori Williams gave a thank you speech to the members.

It was also announced that Haley Moe of Watford City was a recipient of the \$1,000 scholarship award from Basin Electric. Haley was unable to appear as she was attending a ministry camp in the Black Hills, however a thank you letter from her to the members was read.

Donald Link took the podium next and discussed the Co-op Owners for Political Action (COPA) and the ACRE program as well. A short video was presented.

Chairperson Tescher resumed the podium. Tescher thanked the members for reporting wire breaks, poles being down, hazardous situations, for helping crews that were stuck and in other situations, and for granting easements for construction projects.

There being no further business to come before the Membership, the meeting was adjourned.

Meeting your needs through innovation

BY BROOKE SOLBERG

How do you grow to meet the demands in a booming oil field area, where nothing seems to be growing fast enough to keep up with the necessary infrastructure? In an area where the landscape appears to change on a daily basis, the ability to supply the equivalent power supply is of the highest importance.

Innovation. It's a key factor in our ability to keep up with the ever-changing production and demands of western North Dakota. Innovation, one of the four core values of Touchstone Energy® Cooperatives, is crucial to our dependability and commitment to our members and the communities that we serve.

Thanks to the innovation and forward thinking of our allies at Basin Electric Power Cooperative, the reliability of electrical service in western North Dakota continues to make progress in meeting the demands and electric needs of our area.

In 2013, Basin Electric built two gas-fired peaking plants, one near Williston and the other near Watford City. These plants can come online within minutes and be automatically controlled from Basin Electric headquarters in Bismarck to meet demand at peak times here in our booming Bakken.

The Lonesome Creek Station west of Watford City became operational in December 2013, as a 45-megawatt (MW) unit. While 45 megawatts may not sound like a lot of power, 1 MW can generally supply power to around 1,000 homes.

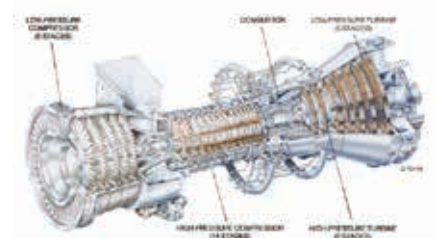
During 2014, two more 45-MW units were added. Coming this spring, a third construction phase will begin to add two additional 45-MW combustion turbines. The project is scheduled for completion in 2017. The new turbines use a "dry"

low-emission combustion process that requires no water to control nitrogen oxide emissions.

The turbines resemble a 747 jet engine design, but unlike an airplane's engine, these turbines create a supplemental power supply for western North Dakota. On site, you'll find a fully operational control room, where the site operators monitor the load on the turbines and can make any necessary adjustments to keep them running as smoothly as possible, and keep the power supply available for our consumers. The dry emission feature allows the Lonesome Creek turbines to keep up with demand, even in the often frigid temperatures during our North Dakota winters.

Upon first glance, the Lonesome Creek Station may appear to be just another small gas plant. The difference? This particular peaking plant is actually using natural gas to power and supply the rising demands on the electrical systems within McKenzie Electric's service area. It's exceptionally quiet in comparison with your typical power plants, and offers quick-on quick-off features in the event of peaking demand times or maintenance and repairs to the primary lines. The power supplied by this plant is not only efficient, but also cleanly produced, with little to no by-product being released into the atmosphere.

In order for the turbines to generate the electricity that is distributed to our members, the compressor draws air into the engine, pressurizes it, and then feeds it to the combustion chamber at extremely high speeds. This system is typically made up of a ring of fuel injectors that inject a steady stream of fuel into combustion chambers where it will then mix with air.



The mixture is then burned, which produces a high-temperature and high-pressure gas stream that enters and expands through the turbine. As the hot combustion gas expands through the turbine, it spins the rotating blades, which perform a dual function of driving the compressor and spinning a generator to produce electricity.

In the final step of the process, a transformer converts the electrical energy from the generator into high-voltage electrical energy, which is then transmitted through power lines to homes and business on our system. As it travels the power lines, other transformers reduce the voltage back down to a usable level for your home or ranch.

While many industries in western North Dakota have been hit with a decline after the recent oil price drop, the electrical industry has remained on a steady rise. While the rise may not be nearly as rapid as just a few months ago, the recent more reasonable pace has allowed an opportunity for our systems to improve and grow to meet the needs of our members. Your cooperatives are seizing this opportunity to catch up and ensure that when the oil prices rise again, we are ready to meet the necessary demands through our electrical system.

BOARD
OF
DIRECTORS



Monsen



Link



Hanna



Thompson



Wahlstrom



Johnson



Tescher



Houghton



Skurupey

Board report

March 25, 2015

The regular meeting of the McKenzie Electric Board of Directors was held at the Headquarters Building in Watford City, North Dakota.

Directors present were: Clayton Monsen, Donald Link, Rondee Hanna, Ray Tescher, Glen Houghton, Tim Wasem, Travis Thompson and Cameron Wahlstrom. Cooperative Manager/CEO John Skurupey, Attorney Dennis Johnson and staff personnel of McKenzie Electric were also present.

PRELIMINARIES: The agenda for the meeting, minutes of the previous regular meeting and minutes of a special board meeting were approved by the Board of Directors. Director expenses were also approved.

DIRECTOR DISCUSSIONS: The Board approved a donation to the Alexander School sports program for their new scoreboard. The Board then discussed several issues that had arisen regarding land acquisition for substations, easements and the construction of Basin's 345-KV line.

ASSOCIATED ORGANIZATIONS: Donald Link reviewed the minutes of the recent North Dakota Association of Rural Electric Cooperatives (NDAREC) board meeting. Several statewide political issues were discussed along with several bills introduced at the Legislature. Cameron Wahlstrom reported on the NRECA annual meeting and the national issues that were addressed. Wahlstrom also reported on the educational classes he attended including Strategic Planning and Financial Decision Making.

POWER SUPPLY: Travis Thompson reported on the recent Upper Missouri Power Cooperative board meeting. The Upper Missouri annual meeting is scheduled for April 22, 2015, and will include a recommended bylaw change relating to the addition of new members. Ray Tescher reported briefly on the Mid-West Electric meeting he attended.

ATTORNEY'S REPORT: Attorney Dennis Johnson reported on several issues including land acquisition, document review for the new headquarters service center loan, pipeline easements and capital credits.

GENERAL MANAGER/CEO

REPORT: General Manager/CEO John Skurupey reported an offer had been made and accepted for the Chief Operations Officer position. Easement issues were again discussed relating to the Basin 345-KV line; delays in construction directly affect MEC's goal of improved system reliability. Skurupey reported he had testified at the Public Service Commission hearing regarding the North Killdeer Loop Phase 1. The Board discussed the progress of moving towards self-funding MEC's employee health insurance plan and also reviewed the construction progress report of the new headquarters service center. MEC's mission statement was reviewed; the Board directed staff to prepare mission statement options for consideration at a future meeting.

OFFICE REPORT: Financial and statistical reports for February were reviewed with the Board along with a budget-to-date comparison. The comparative cash reports were also reviewed with the Board. The Board approved resolutions authorizing loans for the new headquarters service center and a construction loan for projects approved in the 2015 Budget. The Board approved special capital credit retirement requests as presented.

ENGINEERING REPORT: A status report was provided regarding contractor pricing. Several large projects were reviewed with the Board. An update was given on a presentation being prepared for the BIA regarding marking overhead lines with bird diverters.

OPERATIONS/CONTRACT MANAGEMENT REPORT: An update was given on the projects currently being worked on by MEC contractors. MEC placed a new digger truck in service; crews have been aggressively changing outdated turtle meters to new TWACS meters to aid with more accurate meter readings for billing purposes.

NERC COMPLIANCE: An update was given on the continuing process to develop policies and programs for MEC to become NERC (North American Electric Reliability Corporation) compliant—including an overview of purposes and objectives to becoming NERC compliant. An update was also given on the status of

substation land acquisition sites.

MEMBER SERVICES REPORT:

The \$1,000 Basin scholarship was awarded to Sawyer Flynn, son of Scott and Dona Flynn, Cartwright. MEC's 70th Annual Meeting will be held June 16, 2015 in the lower level of Outlaw's Bar & Grill in Watford City beginning at 5 p.m. CST. The promotion to encourage member e-bill signups has been going extremely well.

NEXT MEETING DATE: The next meeting date was set for April 29, 2015, at the Watford City Headquarters building.

ADJOURNMENT: There being no further business, the meeting was adjourned. ■



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OFFICERS AND DIRECTORS:

Clayton Monsen, Chairperson
Director, District 2B, Arnegard..... 586-3336

Donald Link, Vice Chairperson
Statewide Director
Director, District 2A, Alexander..... 828-3427

Rondee Hanna, Sec.-Treas.
Director, District 2C, Watford City..... 675-2516

Travis Thompson, Director-At-Large
Director, District 1C, Charlson..... 675-2373
Upper Missouri G&T Director

Cameron Wahlstrom
Director, District 1A, Alexander..... 770-6631

Dennis Johnson, Alternate Statewide Director
Director, District 1B, Watford City..... 842-2055

Ray Tescher
Director, District 3A, Beach..... 565-2342

Glen Houghton
Director, District 3B, Grassy Butte 863-6606

Tim Wasem,
Director, District 3C, Halliday..... 938-4376

GENERAL MANAGER/CEO:

John Skurupey
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