

Your Power for Change



MWEC

2019 Annual Report

YOUR Cooperative At Work

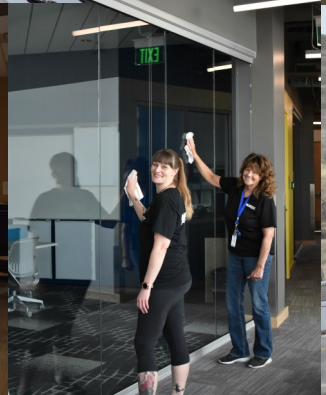


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Agenda & Annual Meeting Rules

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- » Election of Directors
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1. **CALL TO ORDER:** The Chairman shall take the chair at the time set forth for the opening of the annual meeting or the time to which the annual meeting has been adjourned and shall call the convention to order.
2. **POINT OF ORDER:** The Chairman shall preserve order and decide all questions of order subject to the appeal to the convention.
3. **RECOGNITION BY THE CHAIR:** Every member previous to his speaking shall rise from his seat and address the Chair and remain standing before proceeding to speak until he is recognized by the Chair.
4. **WHO RECOGNIZED:** When two or more members rise at the same time to speak, the Chairman must designate the member who is to speak but in all cases, the member who shall rise first and address the Chairman may speak first.
5. **RULES AS TO SPEAKING, NUMBER OF TIMES, AND DURATION:** No member shall speak more than twice on the same subject without permission of the convention nor more than once until every member choosing to speak on the subject pending shall have spoken. Nor shall any member occupy more than five minutes at the first time nor more than three minutes the second time without the consent by a majority of the members present. After all members have spoken any director, manager, employee or attorney may speak.

6. **MOTION TO BE SECONDED AND STATED BEFORE DEBATE:** No motion shall be debated unless put forth and the same be seconded. It must then be stated by the Chairman before the debate and any such motion must be reduced to writing if the Chairman desires it.
7. **MOTION MAY BE WITHDRAWN:** If the motion has been stated by the Chairman, it shall be deemed to be in possession of the convention, but may be withdrawn at any time before amendment upon decision of the delegate offering it with consent of the seconder.
8. **MOTION ON DEBATE AND PROCEDURE:** When a question is under debate, no motion shall be received but to table, to postpone, to amend, or substitute.
9. **MOTION TO ADJOURN IN ORDER, WHEN:** A motion to adjourn shall always be in order, except when a member is addressing the Chairman or a vote is being taken.
10. **CONDUCT BEYOND THESE RULES:** On any point not covered in the above rules "Robert's Rules of Order" shall govern.
11. **VOTING:** All questions shall be decided by a vote of a majority of the members voting thereon in person, except as otherwise provided by law, the Articles of Incorporation, or these by-laws.
12. **VOTING ELIGIBILITY:** Each member shall be entitled to only one vote. Joint membership shall constitute a one joint vote.

Chairperson / Manager's Report

When Mountrail-Williams Electric thinks about who we are and what we stand for as the Cooperative, the theme **"Your Power for Change"** seems to hit home.

While the world faces a global health pandemic, posed by the COVID-19 virus, this crisis has adversely affected our economy, our industry, especially our members, and our communities across our service region. MWEC's first priority is ensuring the safety and well-being of our employees and their families to ensure that we have the essential workforce to sustain our delivery of electricity to you.

The oil and gas industry faces excess supply and lower demand, causing drops in crude oil prices not seen since the mid-1980s. This has lowered MWEC's sales to our industrial/commercial group substantially.

While no one can predict when this crisis will ultimately be resolved, MWEC will continue to work closely with our members to serve their electrical needs when their operations return to normal.

As MWEC has demonstrated during past economic downturns throughout our history, we recognize our member's hardships and understand what they are facing. In May, a new cooperative financial forecast was prepared and presented to the MWEC Board of Directors, to give them options of how the cooperative could operate while returning some of the members' capital back to the membership. MWEC returned \$12.3 million in cash to our members for the years 2013 and prior. These dollars were the margins of the cooperative for the years 2013 and prior. This, of course, lowers the membership's ownership into the cooperative, known as member equity, meaning our lender's debt percentage, therefore, is greater. MWEC is operating from a position of strength, and you can see from the financials a strong balance sheet. MWEC purchased \$224,500,382 of electricity on your behalf in 2019.

Your board effectively managed your cooperative, demonstrating their capability to align and scale our cost structure to adjust with our projected revenue decline. During 2019, MWEC's average rate was 8.1 cents per kilowatt-hour. The Residential rate has not changed since 2009, and before that was 1991, while offering numerous rate holidays throughout the years.

You can find out more about the work your board does in the board meeting minutes published each month in the center pages of the ND Living magazine. The magazine is available by mail or on our website at www.mwec.com.

In the following pages of this report, you will read reports about the different areas of the cooperative. We want to point out a new web site is in design that will provide a live chat feature and better outage communications. This is part of our goal of constant focus on member engagement and proactive communication.

MWEC is committed to investing in our employees, and we all have to take time to move them to the top of our list and thank them for all they do. They connect the membership with the cooperative and very importantly, the directors also. We want to say THANK YOU and be safe employees!

The success of 2019 is because you, the members, believe co-ops are best suited to keep electricity reliable and affordable, which allows MWEC to be **"Your Power for Change"**!



Dale Haugen
General Manager

Roger Sorenson
Board Chairperson

Current Board of Directors



ROGER SORENSON
CHAIRPERSON
ROSS, DISTRICT 2C
MOUNTRAIL COUNTY
Elected 1995



ROBERT GRANT
VICE CHAIRPERSON
BERTHOLD, DISTRICT 3B
MOUNTRAIL COUNTY
Elected 1981



BLAINE JORGENSON
SECRETARY
WILLISTON, DISTRICT 1B
WILLIAMS COUNTY
Elected 2006



CHERYL HARTSOCH
TREASURER
RAY, DISTRICT 2B
MOUNTRAIL COUNTY
Elected 1997



GARRETT LALIM
DIRECTOR
TIOGA, DISTRICT 2A
WILLIAMS COUNTY
Elected 2014



DICK LUDWIG
DIRECTOR
WILLISTON, DISTRICT 1A
WILLIAMS COUNTY
Elected 2017



JENNIFER WADE
DIRECTOR
GRENORA, DISTRICT 1C
WILLIAMS COUNTY
Elected 2019



KYLE DETIENNE
DIRECTOR
MAKOTI, DISTRICT 3C
MOUNTRAIL COUNTY
Elected 2019



CHARLENE AUBOL
DIRECTOR
NEW TOWN, DISTRICT 3A
MOUNTRAIL COUNTY
Appointed 2019

2019 Minutes

2019 ANNUAL MEETING MINUTES

June 6, 2019

The Annual Meeting of the members of Mountrail-Williams Electric Cooperative met at the Northern Lights Wellness Center in New Town, North Dakota on Thursday, June 6, 2019.

Chairman Sorenson gave special thanks to Pita Palace and crew for preparing the meal, Cooperative employees for serving the meal, Music Machine Jeff Nelson and Basin Electric Power Cooperative for providing the sound and video system, and the Northern Lights Community Center for helping with set up and use of their facilities. James Neether, Safety Coordinator for the Cooperative, outlined the safety procedures which were in place for this meeting. The Honorable New Town Mayor, Dan Uran, gave a brief greeting.

Chairman Sorenson called the meeting to order at 7:05 p.m. The agenda was approved as presented. The Pledge of Allegiance and National Anthem were led by Ava Rogers and Jersey Rynestad. Ava Rogers is the winner of the Basin Electric \$1,000 scholarship, niece of Aaron Lynne and just graduated from North Shore/Plaza High School. Jersey Rynestad is a junior at North Shore/Plaza.

NOTICE OF ANNUAL MEETING

Upon a motion passed by the membership, the reading of the notice of the 2019 Annual Meeting was suspended.

QUORUM

Chairman Sorenson reported there were 428 registered members in attendance and a quorum was declared present. Zero absentee ballots had been received.

ANNUAL MEETING RULES

In the handout materials for the meeting, proposed rules had been presented for the procedure to be followed at this meeting. Upon a motion passed by the membership, the rules were adopted as presented.

APPROVAL OF 2018 ANNUAL MEETING MINUTES

In registering, each member was given a copy of the minutes from the 2018 Annual Meeting, which had been held on June 7, 2018. Upon a motion passed by the membership, the reading of the 2018 Annual Meeting minutes was suspended and the minutes were approved as presented.

INTRODUCTION OF GUESTS

Chairman Sorenson introduced special guests in attendance, including legislators and legislative candidates, neighboring cooperative directors and employees, and consultants and suppliers to the Cooperative. He also introduced Cooperative legal counsel, General Manager of the Cooperative along with his wife, and the current directors of the Cooperative.

DR. LOWELL CATLETT PRESENTATION

Dr. Lowell Catlett, a retired Professor in Agriculture Economics, Business and Economics at New Mexico State University and a futurist gave an entertaining presentation. Dr. Catlett gave a statistical driven presentation about the ages of people in the workforce, the trend of individuals moving to rural America, the increased use of robots and technology across all generations and work fields, and the increasing importance for reliable electricity across rural America.

ELECTION OF DIRECTORS

Attorney Brittany Foust reviewed the process for nomination of members to serve as directors for three-year terms. Those candidates who had previously filed petitions before the deadline included:

East District:	Bette Wold
	Kyle DeTienne
Central District:	Roger Sorenson
West District:	Jennifer Wade

The candidate biographies were included in the meeting handout.

2019 Minutes (cont)

Attorney Brittany Foust then called for any further nominations for the position of director from the East District. There were no other nominations and a motion was made and carried ceasing nominations for this district.

Attorney Brittany Foust called for any further nominations for the position of director for the Central District. There was one nomination from the floor for Don Craft. No further nominations from the floor were made and a motion was made for nominations to cease for the Central District.

Attorney Brittany Foust called for any further nominations for the position of director for the West District. There were no other nominations and a motion was made and carried ceasing nominations for this district. A motion was also made and carried casting a unanimous ballot for Jennifer Wade.

Attorney Brittany Foust appointed the election committee consisting of:

East District:	Cindy Edwards
Central District:	Allen Lund
West District:	Roger Manger

She also announced the East District would be voting on the green ballot provided to each member at registration and the Central District would be voting on the yellow ballot provided to each member at registration and would also need to write in Don Craft as a nominee from the floor.

PROPOSED BYLAW CHANGES

Manager Haugen gave a brief synopsis of each of the proposed bylaws. The membership passed Motions for support of Proposition #1, Proposition #2, Proposition #4 and Proposition #5 without discussion. A Motion in support of Proposition #3 passed after comments from three members about removing nominations from the floor and the criminal background check. All five Propositions were passed as presented.

AUDIT REPORT

Logan Fahnhorst of Eide Bailly, LLP, presented the results of the financial audit for the Cooperative for the year ending December 31, 2018. This audit showed operating margins of \$24,864,273 and operating revenues of \$280,132,750. The total net margins were \$55,306,069, which included capital credits received by the Cooperative. The total equities of the Cooperative are now \$235,488,896. The total investment in the electric plant increased to \$594,979,196. The auditor went on to report that the firm had issued an unmodified audit opinion for the Cooperative. The Financial Report was given in full and was accepted as presented by the Board of Directors at its March 2019 meeting.

DOOR PRIZES

Names were randomly drawn for the door prizes. A \$250 credit was applied to all registered members in attendance at the meeting.

ATTORNEY'S REPORT

Attorney Foust reported the Board's actions in the past year had complied with the bylaws of the Cooperative as well as the laws of the State of North Dakota. She also reported that the Cooperative is not currently involved in any litigation, claims or assessments that would impact the financial integrity of the Cooperative.

ELECTION RESULTS

Attorney Foust presented the results for the election for directors at this meeting. The following members were elected to serve as directors for a three-year term:

East District:	Kyle DeTienne
Central District:	Roger Sorenson
West District:	Jennifer Wade

OLD BUSINESS

There was no old business brought forward for discussion.

NEW BUSINESS

There was no new business brought forward for discussion.

ADJOURNMENT

There being no further business, the meeting was adjourned.

Financial Operations Summary

Who would've guessed we would look all the way back to 2019 and say those were the good old days? Oil was flowing in the Bakken at record numbers and we knew nothing about Covid-19.

Luckily, I only have to tell you about 2019, and what I can tell you is Mountrail-Williams had another successful year.

I'll get some of the formalities out of the way and let you know that Mountrail-Williams Electric Cooperative's financial records are kept in accordance with the uniform system of accounts as prescribed by Rural Utilities Service commonly referred to as RUS. Also, Eide Bailly, a certified public accounting firm, audits Mountrail-Williams annually. Eide Bailly completed the audit of Mountrail-Williams' books in February 2020 and issued a clean audit opinion on the financial statements and on compliance with rules and regulations and on internal controls of the cooperative. In other words, Eide Bailly found the financial records of your cooperative to be in good order.

In 2019, MWEC had operating margins of \$28,253,858, this was up almost \$3.5 million from 2018. Operating margins come mainly from sales of electricity. We had total margins of \$38,339,850, this number is our operating margins plus interest income plus patronage dividends we receive from other cooperatives. Our net operating margins were down \$16 million due to a large decrease in patronage dividends from our power supplier (Basin Electric).

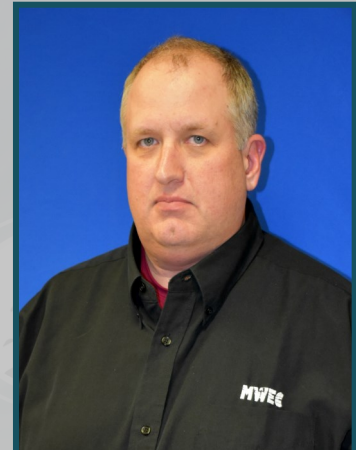
As far as the balance sheet goes, our total assets are now at \$698.5 million, an increase of almost \$35 million over last year. Our largest asset is our electric plant which makes up 74% of the total assets. Liabilities came in at \$434.3 million which was a \$5.9 million increase from last year. Our largest liability is our long term debt at \$345.9 million (80%) Which was actually down \$2.4 million from last year. The final part of the balance sheet has to do with equity which is your ownership in Mountrail-Williams Cooperative. Patronage capital which gets returned to members as the board retires it increased by \$27.6 million to \$253 million, other equities increased \$1.1 million to \$11.1 million bring total equities to \$264.25 million or 37.8%.

One of the advantages of being a member of a cooperative is that your board has the ability to react and do what's best for its members faster than your typical utility.

As an example, MWEC has in place a financial policy designed to keep your cooperative healthy and our bankers happy. In the fall of 2019, we could see that we would have no problem meeting the ratio's in our financial policy, so the directors voted to do a rate holiday in November and December. This rate holiday lowered our sales figure by almost \$9 million. That's money that stayed in your pocket!

Capital credits are another advantage of being a cooperative member. In June of 2019, MWEC returned a record amount of patronage to members in the form of capital credit checks totaling \$10,765,000. That record didn't stand very long, it was surpassed in June of 2020 with checks totaling \$12,333,000.

In closing, I would like to thank you for the opportunity to work at your cooperative and I'd like you to know that Mountrail-Williams is financially strong, healthy and ready to take on whatever 2020 can throw at it.



Jay Lux
Chief Financial Officer
(CFO)

Financials

STATEMENT OF OPERATIONS AND PATRONAGE CAPITAL

WHERE IT CAME FROM

OPERATING REVENUE:

	2019	2018
Electric	\$297,159,096	\$268,988,311
Lease	\$14,459,457	\$10,996,404
Other	\$91,835	\$148,035
Total Operating Revenue	\$311,710,388	\$280,132,750

WHERE IT WENT

OPERATIONS EXPENSES:

Cost of Power	\$224,500,384	\$194,574,603
Transmission Expense-Operations	\$696,783	\$1,223,071
Transmission Expense-Maintenance	\$714,838	\$498,754
Distribution Expense-Operation	\$9,779,482	\$11,105,495
Distribution Expense-Maintenance	\$3,358,967	\$2,789,192
Operations Costs	\$14,550,070	\$15,616,512
Customer Accounts Expenses	\$2,122,444	\$1,971,808
Customer Service & Info. Expense	\$426,757	\$614,430
Sales Expense	\$11,000	\$10,000
Administrative & General Expense	\$4,703,831	\$6,091,406
Administration Costs	\$7,264,032	\$8,687,644
Depreciation Expense	\$16,029,891	\$15,371,227
Accretion of Plant Reserve	\$2,350,790	\$2,336,626
Taxes	\$2,537,626	\$2,543,199
Interest on Long-Term Debt	\$15,900,536	\$15,900,312
Amortization of Loss on Reacquired Debt	\$181,401	\$181,401
Other	\$141,800	\$56,953
Total Operating Expenses	\$283,456,530	\$255,268,477

OPERATING MARGINS BEFORE CAPITAL CREDITS:

\$28,253,858 **\$24,864,273**

GENERATION AND TRANSMISSION AND OTHER COOPERATIVE CAPITAL CREDITS:

\$10,085,992 **\$29,630,238**

NET OPERATING MARGINS:

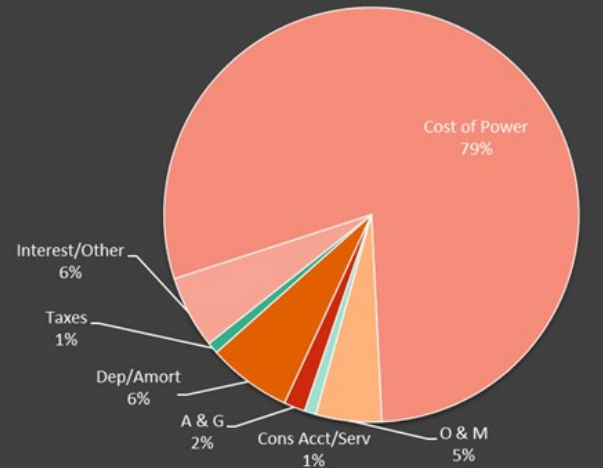
\$38,339,850 **\$54,494,511**

NON-OPERATING MARGINS:

Merchandising, Less Costs & Expenses (2016 - \$252,170; 2015 - \$363,888)	\$38,001	\$60,626
Other Non-Operating Margins	\$51,130	\$70,516
Interest Income	\$736,631	\$680,416
Total Non-Operating Margins	\$825,762	\$811,558

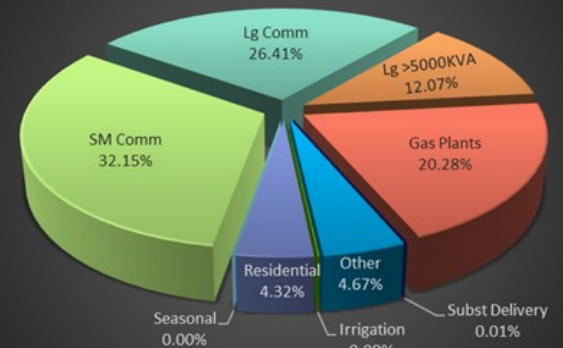
NET MARGINS

\$39,165,612 **\$55,306,069**



2019 Cost of Electric Service

Cost of Power	\$224,500,384
O & M	\$14,550,070
Cons Acct/Serv	\$2,560,201
A & G	\$4,703,831
Dep/Amort	\$18,562,082
Taxes	\$2,537,626
Interest/Other	\$16,042,336
Total	\$283,456,530



2019 Operating Revenue

Residential	\$13,477,702
Seasonal	\$12,791
SM Comm	\$100,206,226
Lg Comm	\$82,312,416
Lg >5000KVA	\$37,608,645
Gas Plants	\$63,205,583
Subst Delivery	\$43,504
Other	\$14,570,287
Irrigation	\$273,233
Total	\$311,710,388

ASSETS

As of December 31, 2019 and 2018

WHAT WE OWN

	2019	2018
ELECTRIC PLANT:		
In Service	\$560,506,797	\$537,695,741
Under Construction	\$71,310,579	\$57,283,455
Total Investment in Electric Plant	\$631,817,376	\$594,979,196
Less Accumulated Provisions for Depreciation	\$116,379,274	\$102,349,884
Electric Plant - Net	\$515,438,102	\$492,629,312
OTHER PROPERTY AND INVESTMENTS:		
Investments in Associated Companies	\$95,369,175	\$86,926,209
Other Investments	\$253,059	\$247,427
Revolving Loan Fund	\$247,014	\$245,283
Special Funds	\$457,860	\$337,265
Total Other Property and Investments	\$96,327,108	\$87,756,184
CURRENT ASSETS:		
Cash and Cash Equivalents	\$1,196,853	\$699,282
Temporary Cash Investments	\$16,433,399	\$11,783,048
Current Portion of Notes Receivable	-	-
Accounts Receivable, Less Allowance for Uncollectible Accounts (2016 - \$2,583,066; 2015 - \$2,382,199)	\$20,654,123	\$24,428,147
Unbilled Revenue	\$24,889,646	\$25,441,441
Materials and Supplies	\$13,375,869	\$10,425,874
Prepayments	\$271,985	\$107,131
Interest Receivable	\$50,513	\$21,378
Total Current Assets	\$76,872,388	\$72,906,301
DEFERRED CHARGES:	\$9,918,154	\$10,589,864
TOTAL ASSETS:	\$698,555,752	\$663,881,661

EQUITIES AND LIABILITIES

WHAT WE OWE

	2019	2018
EQUITIES:		
Patronage Capital	\$253,073,098	\$225,405,623
Other Equities	\$11,185,270	\$10,083,273
Total Equities	\$264,258,368	\$235,488,896
LONG-TERM DEBT, LESS CURRENT MATURITIES:	\$345,973,027	\$348,346,434
OTHER NON-CURRENT LIABILITY:		
Deferred Revenue	\$12,000,000	\$12,000,000
Leased Plant Maintenance Reserve	\$863,030	\$863,030
Plant Retirement Reserve	\$15,073,534	\$12,722,744
Postretirement Benefit Obligation	\$130,481	\$147,998
Total Other Non-current Liabilities	\$28,067,045	\$25,733,772
CURRENT LIABILITIES:		
Current Maturities of Long-Term Debt	\$9,728,497	\$7,061,000
Accounts Payable	\$23,769,529	\$21,921,788
Customers Deposits	\$4,276,362	\$4,626,439
Taxes Accrued	\$5,449,932	\$5,314,780
Miscellaneous Accrued Current Liabilities	\$55,295	\$41,983
Accrued Compensated Absences	\$741,776	\$693,297
Postretirement Benefit Obligation-Current	\$19,600	\$19,600
Total Current Liabilities	\$44,040,991	\$39,678,887
DEFERRED CREDITS:	\$16,216,321	\$14,633,672
TOTAL EQUITIES & LIABILITIES:	\$698,555,752	\$663,881,661

Chief Operating Officer's Report

Billing Department

MWEC's Billing department's primary responsibility is to ensure accurate billing of services for our members. That sounds like a simple task, but the department stays busy with 9,000 accounts and over 100,000 bills sent annually. The billing department is also responsible for the allocation of capital credits and the collections on unpaid bills.

Customer Service Department

Our Customer Service department consists of Receptionists and Customer Service Representatives. If you call or stop by our office, chances are the first person you talk to or see is one of our receptionists. They help our members in any way they can, including processing payments, assisting with new member signup, documenting power outages, or answering account-related questions. Our customer service representatives handle many of the same tasks our receptionists do, but they additionally guide our members through the processes of having new electrical services built or modified.

Metering Department

The MWEC Metering department does many tasks, but its primary goal is to make sure we accurately measure how much power each of our members use. With 23,000 meters in our system, our metering department ensures the system keeps performing while acquiring roughly 1.6 million measurements daily. Their work directly feeds into the work that our billing department does.

These departments worked together in 2019 to bring our members a new billing option called Power UP Prepaid. Power UP Prepaid allows eligible members to purchase electricity before using it, allowing them to avoid deposits and fees. Another benefit of this new program is members often become more aware of their energy use patterns. As a result, they usually reduce their energy use and their power bill.

I also want to take this opportunity to make sure you are familiar with SmartHub. SmartHub is an innovative web and mobile app that makes account management a breeze. About 60% of MWEC members are already using SmartHub to manage their accounts. Although we have had SmartHub for years, we are continually adding functionality to it. This tool allows you to pay your bill, view past bills, view your usage, contact customer service, and report outages.

I have covered just a few of the tasks and projects that these departments work on; please keep in mind that they do so much more. In everything we do at MWEC, we all have the same goal of "serving our members." You can rest assured that MWEC will continue to work toward that goal.



Alex Vournas
Chief Operating Officer
(COO)

IT / Mapping / Compliance Report



Jerry Rehak
IT, Compliance and
Special Projects Manager

Compliance

MWEC continues to develop and refine its compliance program, as mandated by the North American Electric Reliability Corporation (NERC). MWEC's overall compliance goal is to assure the effective and efficient reduction of risks to the reliability and security of not only the MWEC transmission grid, but also that of the entire North American Bulk Electric System. MWEC continues to: implement Reliability Standards; annually assess seasonal and long-term reliability; monitor the bulk power system through system awareness; and provide education and training to our employees. This valued program is spear-headed by our Compliance Committee which meets periodically to ensure that all aspects of the program are planned, executed, and documented properly.

Mapping and Staking

MWEC's Mapping department strives to reach its goal of connecting people, locations, and data using interactive maps. Whether it is construction coordinators or linemen in the field, dispatchers or

engineers in the office, or you the members during an outage, we strive to put the most up-to-date digital information in the hands of those who need it the most.

Information Technology (IT)

MWEC's IT department has several primary goals. First, is that of day-to-day support. The IT department supports several hardware, software and security platforms including member payment kiosks, phones, computers, radios, security cameras, fiber optics, televisions, iPads, SmartHub, SCADA, and a suite of NISC productivity tools.

Our second primary goal is the continuous monitoring of all technical aspects of the electronic tools needed to efficiently serve our members. We are constantly evaluating all aspects of hardware and software, to ensure that they are: 1) cost effective, 2) kept up to date, 3) performing correctly, and 4) meet both our current and future needs.

Finally, our third primary goal is to preserve and protect all member information and data from outside agents. MWEC is PCI (Payment Card Industry) compliant when it comes to your financial information, meaning that we follow a set of requirements which ensures that we maintain a secure environment, for all your information.

Currently, one of our larger projects is the replacement of our existing phone system. The IT department has spent substantial time trying to source the most cost-effective phone system, in terms of both initial costs and long-term total cost of ownership. This new Mitel system will help MWEC to improve the efficiency and customer service delivery of our front desk and contact center teams without significantly increasing our budgeted costs. This phone system offers a broad range of customizable options, which includes: more flexibility as we deal with "working from home" Covid-19 related issues, the option of recording phone calls for quality assurance, and the ability to offer "live-chat" support on our website.

Member Services Report

The Member Services group at MWEC strongly believes that your relationship as a consumer-member of your electric cooperative should consist of more than a monthly billing statement for energy services and your payment in exchange for those services. We strive for a relationship that focuses on: Cooperative Performance; Community Engagement; and Digital Engagement. Fancy terms and phrases, but what does this relationship focus mean to you as a consumer-member of MWEC? Good question ... let's discuss in greater detail.

Cooperative Performance is simply a measurement that tells the staff and directors of MWEC how we are doing in relationship to meeting your needs and expectations as a consumer-member. So how do we know if we are a meeting your standards? We could assume that your payment for energy services says that we are all good and life goes on. Fortunately, it takes more than assumptions to grade our services. It takes open and transparent, interactive communication. The communication can happen through periodic member satisfaction surveys that the cooperative conducts, the MWEC webpage (www.mwec.com), or social media applications such as Facebook ([@mwelectric](https://www.facebook.com/mwelectric)). The communication also happens at a county fair, community picnics and parades, and at many of the other community events which the Cooperative participates in to engage with you and the communities it serves.



Chris Brostuen
Member Services Manager

Community Engagement is a relationship that is committed to improving the lives of our consumer-members and participating with organizations and activities that make our communities great places to live and work. The commitment includes preparing and responding to large outages caused by severe weather events. It also includes the offering of energy efficiency and rebate programs, supporting emergency responders and other essential community services, advocating for affordable energy, and working to retain and attract businesses and industries that increase the economic vitality of our communities.

Digital Engagement is a focus to enhance and increase the Cooperative's online presence with its consumer-members through digital strategies. More than 30% of younger consumer-members now have a smart thermostat and over 80% have wireless networks in their home. Over 58% of MWEC consumer-members now manage their accounts via the Cooperative's online SmartHub application, and over 73% have an email presence with the Cooperative. The use of smart devices and applications grows daily. Digitally, MWEC can help those it serves to actively manage their energy costs, anticipate their information needs and infrastructure needed to meet the demands of our evolving membership. Once thought of as entertainment and recreation, digital communications now allow us to manage work and life activities in ways we never could have imagined. If we cannot chat at a local community event, please check out MWEC online.

The MWEC Member Services staff are dedicated to do its best to increase member satisfaction and engagement. Our lives, and the world we live in, are continually changing, often at a very hectic pace. Whether its your energy needs, or the quality of life in the community you live and work in, MWEC is dedicated to being "Your Power for Change."

High Voltage Transmission Report



Matthew Stoltz
Senior Electrical Engineer
Transmission System

Mountrail-Williams Electric (MWE) owns and operates approximately 400 miles of transmission lines and 50 related substations which are interconnected with the facilities of the Western Area Power Administration (WAPA) and Basin Electric Power Cooperative (BEPC). MWE transferred functional control over its transmission facilities to Southwest Power Pool (SPP) in 2017 and is a Transmission Owner in a SPP pricing zone. SPP is a Regional Transmission Organization (RTO) that provides several services which are beneficial to MWE. SPP's footprint covers 14 states in the middle of the U.S. from North Dakota to Texas and serves a peak load of over 50,000 MW. SPP wholesale power prices are the lowest of any RTO in the U.S.

SPP administers an Open Access Transmission Tariff (OATT). The OATT provides the "rules of the road" for usage of the SPP member transmission systems. When MWE joined SPP, MWE placed its network 115kV transmission system under the administration of the SPP OATT. Therefore, any request to interconnect generation or load to an MWE network facility or a request for transmission service across the MWE system would be administered by SPP. If any of these activities caused a technical deficiency on an MWE facility, SPP would identify the fix and provide MWE with a

Notice to Construct (NTC) the new facility. An example of this is the recent NTC MWE received to construct the North Shore (near Ross) to New Town 115kV line. Since an NTC was provided by SPP, MWE can add the costs of the new line to the MWE annual transmission revenue requirement and get cost recovery from the SPP tariff, costs will be regionally shared.

SPP provides a Reliability Coordinator function as well. Western Area Power Administration is the transmission operator of MWE networked facilities. The responsibility of the Reliability Coordinator is to oversee and ensure all the transmission operators are operating safely and within design limits.

SPP is also the MWE Planning Coordinator (PC) for transmission facilities. The PC administers the SPP Integrated Transmission Plan (ITP). The ITP is a yearly analysis of the reliability of the SPP transmission system. MWE works closely with SPP to make sure that SPP has the latest MWE load forecasts and transmission data. Therefore, should load growth cause a system deficiency, the ITP will detect it and identify a fix in time to allow the load to be served reliably.

SPP administers the Integrated Marketplace. The Integrated Marketplace is responsible for pricing and scheduling power to the load within the SPP footprint. The owners of generation provide SPP with a cost of generation. In real time SPP calculates how much generation is required to meet the needs of the actual load. The generation is ranked by cost and the most economical generation is dispatched to cover the requirements of the load. The process is very complex, but it ensures the least expensive combination of generation is online at any given moment. Basin Electric is MWE's power supplier and is the interface between MWE and the SPP integrated market.

As a transmission owning member of SPP and a member of Basin Electric, Mountrail-Williams has a direct and substantial interest in SPP. MWE has a seat on the SPP Markets and Operation Policy Committee (MOPC) as well as the Transmission Working Group. The MOPC reports directly to the SPP Board of Directors. Therefore, MWE has a voice in issues that impact MWE from a regional transmission perspective.

SPP is a member driven organization with similar values to a cooperative. SPP staff have visited the MWE area on several occasions, the Fall of 2019 being the latest. That visit including tours of the MWE office, substations, oil pads, and a gas processing plant at Tioga.

Engineering Report

Every year as the leaves start to change color, the MWEC engineering department is putting final touches on the distribution load forecast and annual work plan. The distribution load forecast looks at system loading for the next 10 years and is crucial to distribution, transmission, and generation planning. Our work plan is like that of many other cooperatives but unique at the same time. This work plan has many implications, but the two most prominent are that it defines the system improvement projects and the budget for the distribution system. Both the forecast and work plan work hand in hand for MWEC.

Creating a distribution load forecast is a daunting task and at MWEC that takes on a whole new meaning. The distribution load forecast at MWEC takes data from oil field producers, oil field predictions, oil prices, commodity prices, trends, residential growth, farming and ranching forecasts and trends, and other variables into consideration. All of this data is compiled, and the output is a 10-year forecast. This forecast is then approved by the board and sent to Basin Electric Power Cooperative (BEPC) and Upper Missouri Power Cooperative (Upper Mo) for them to use in their forecasts. MWEC, BEPC, and Upper Mo all use the forecast to forecast revenue as well as plan for the resources needed for distribution, transmission, and generation.

The majority of Rural Electric Coops in North Dakota borrow money from USDA Rural Utility Services (RUS) but MWEC does not. The concept of our work plan does, however, come from RUS requirements in their loan process. The big difference is that we are a dynamic coop experiencing large amounts of change and growth. Due to that growth and the pace at which it occurs we opt for an annual work plan, as opposed to one every four or five years. This allows us to adapt to these changes quickly on an annual basis.

One of the main goals of the annual work plan is to define projects that will improve the overall system and power quality for our members. We look at four main criteria to define parts of the MWEC system that need the most improvement. Those four criteria are:

- 1) Number of outages;
- 2) Length of outages;
- 3) Age of the conductor;
- 4) Number of consumers.

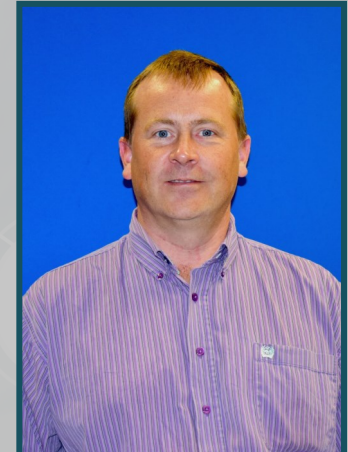
Although this lists only four criteria, there are many other processes and criteria that are run in addition through the analysis. Some may now wonder if we will ever improve your line, especially if you are one of those three members on a very long single-phase line. The answer is yes, MWEC will look to improve the line you are on as well. No part of our system is considered more important than the others and MWEC looks at every segment of line on the system. We also realize that numbers alone cannot choose or define all the projects that we will plan for the following year. We make sure that ALL our members are considered in our decisions.

The work plan also looks at all other construction for the coming year as well and Engineering also plans for the number of new service requests we will receive throughout the year. All of those plans are added to the annual work plan, and those costs are then presented for approval.

There was a need for an additional employee within the Engineering Department, around one year ago MWEC brought Tanner Burnett on board. Tanner graduated from NDSU and is from the Williston area. His parents have been members in the coop for some time. If you ever meet Tanner, please welcome him to our coop.

Our goal is to always learn from the previous forecast and work plan, plus continue to try to meet our members' needs in the future. We do our best to find all our system's weaknesses and correct as many of those weaknesses we can annually to improve the power delivered to your homes and businesses. This annual process comes to an end every year just as the leaves are falling.

Take care and have a wonderful year ahead!



Scott Iverson
Senior Electrical
Engineering, Distribution
& Load Forecasting

Operations Manager's Report



James Neether
Operations Manager

Mountrail-Williams Electric Cooperative (MVEC), and its team of employees are responsible for the reliable electric needs of every home and business within our service area. We try to deliver that power with the very best in member service ... and it's a responsibility we take seriously!

Last year, MVEC line crews performed routine system maintenance to ensure the continuing reliability of that service. System improvements were successfully completed throughout the cooperative's 4,079 miles of overhead distribution line, 860 miles of underground distribution line and the 421 miles of transmission line. This includes line and substation upgrades, the installation of automated distribution control equipment, identification and mitigation of loading issues, changing out poles, crossarms and equipment that no longer meets requirements.

The Covid-19 virus has brought many changes to the cooperative and communities we serve. Not only the virus itself, but the effect it has had on the surrounding communities and the economy in the region. Because MVEC is considered an essential business, MVEC has a list of Covid-19 protocols for all employees in the office and the field. One of the protocols that we follow is our crews must use the same teams in the coop vehicles as we travel to and from the job sites. Each of these vehicles must be wiped down on the inside before and after each team change. Crews and office employees must practice social distancing. We do this for the health of our own employees.

Throughout the year MVEC encounters many different types of storms and conditions that our crews and employees must work in to ensure that power is being delivered to you, our members. I want to cover what MVEC does to protect our system, to prepare us in the event of any storm. It is a hard job to keep a system reliable in North Dakota due to the different weather patterns that we encounter 12 months out of the year. High winds, tornadoes, lightning, wet snow and ice are all contributing factors that can cause outages on our electric system. We install lightning arresters to absorb devastating strikes. We mitigate the risk of falling trees by removing those that lean and those with limbs hanging over electric lines. We apply herbicides that allow grasses to populate the ground beneath our lines and prevent trees from growing into the line. We design our system to hold up to the changing weather conditions. Does it work? Most certainly ... more often than not, the lights stay on, even as the storm rages just outside your door. MVEC does have outages even with the protective equipment and measures we have in place to improve our system. When the power goes off you can rest assure that MVEC is on the job and working diligently to restore your service in a safe and timely manner. Your team has also evaluated its performance during every prior storm to ensure it has captured and implemented every possible improvement. You trust us to give you our best when you need us most, and when your lights are out; we deliver just that in a safe and efficient manner.

If for some reason you do have an outage, as always, please call and report it. MVEC has an Outage Management System that assists us into helping MVEC find the source of the trouble and it is based on your calls into Mountrail-Williams.

Mountrail-Williams Electric Cooperative truly believes the safety and health of our employees is paramount in achieving our goals to serve our members. Our safety department continues to develop training. Some trainings from the past year include: Protective Device Operation, Switching Procedures, Mayday, Bucket Truck Rescue, Pole Top Rescue and Ground and Hotstick Testing.

To better our employees and to make our cooperative a leader in the electric utility industry, MVEC has added a full time Safety Coordinator to our team. Helping us develop MVEC's safety goals of leadership training, employee safety leadership and reasonable suspicion training to help our cooperative grow safely!

In closing, as always, look up and respect those powerlines. Please be safe and we hope you all stay well!

Substation Overview and Projects

What is a Substation?

Your Electric Power System is made up of:

Generation – where the power comes from

Transmission – how high voltage power is carried

Distribution – how power gets to end-user

A distribution substation is a critical part of getting power to your home. A substation transforms the high voltage from transmission lines to a lower voltage that can be used by members.

MWEC Substation Department is responsible for all site maintenance, as well as preventative maintenance and repair for all associated equipment.



Matt Glueckert
Division Manager:
Substations/Dispatch/
Security

See below for a quick look at the approximate numbers:

Sites

- 2 - Radio Tower Sites
- 3 - Office Yard Sites
- 6 - Transmission Switchyard Sites
- 10 - Distribution Switchyard Sites
- 20 - Transmission Line Switch Sites
- 55 - Distribution Substation Sites

2019-2020 Projects

New Substations/Switchyards

- Folvag Substation
- East Fork Switchyard
- Slette Substation
- East Nesson Compressor Site

2020-2021 Projects

New Substations/Switchyards

- Muskrat Substation
- Marmon Substation
- Sanderson Substation
- Satterthwaite Substation

Equipment

- 20 - 115kv Transmission Line Switches
- 25 - 115kv Transmission Circuit Switchers
- 70 - Battery Banks
- 80 - 115kv Substation Transformers
- 160 - 115kv Transmission Circuit Breakers
- 300+ - 15/25kv Circuit Feeder Breakers

Substation Upgrades

- Twelve Mile Substation
- Big Bend Substation
- Moe Substation
- Belden Substation

Substation Upgrades

- New Town Substation
- Robinson Lake Substation
- Plaza Substation
- Stateline Substation

Operation Round Up

Operation Round Up is a program where members voluntarily “round up” their electric bills to the next whole dollar amount. The extra money is put into a trust in which a voluntary board meets and grants the funds to community-based, non-profit organizations serving Mountrail and Williams Counties. The average contribution is 50¢ per month or about \$6 per year.

2019 Disbursements

Mountrail Cooperative Trust: \$9,500.00

Williams Cooperative Trust: \$20,675.00

Total: \$30,175.00



Since its inception in 1997, the Operation Round Up Program has dispersed a total of **\$344,775!**

- * Your Operation Round Up contributions are distributed according to your county of membership.
 - * Application forms are available at all MWEC offices, or at www.mwec.com
 - * Please contact our office (800-279-2667) if you would like to add Operation round Up to your account
- *Thank you for your contributions to the MWEC Operation Round Up Program!



Legal Report



Leah Johnson Ellis
In-house Counsel



Brittany Foust
General Counsel
Neff, Eiken & Neff, PC

This past year, attorney Leah Johnson Ellis has served as in-house counsel and attorney Brittany Foust with Neff Eiken & Neff has served as general counsel for your Cooperative and have attended the regular and special board meetings. We believe the actions of your Directors have been in compliance with the Bylaws of your Cooperative and the laws of the State of North Dakota. We are happy to report we are not aware of any specific or threatened litigation, claims or assessments against MVEC that would impact the financial

integrity of your Cooperative at this time. The Cooperative has continued to monitor ongoing state and FERC cases that could impact the Cooperative's facilities and rates.

2020 brought unprecedented challenges for the Board and the Cooperative. Due to the Covid-19 pandemic, the Board participated in monthly regular board meetings virtually via Web-Ex in March, April, and May and started meeting again in person with social distancing guidelines in place in June. The Board also made difficult decisions balancing how to hold the annual meeting in compliance with the Bylaws of your Cooperative and maintaining social distancing guidelines. We believe the decision to send ballots to the membership and postponing the 2019 annual meeting to the fall of 2020 is in compliance with the Bylaws and the laws of the State of North Dakota while allowing the annual meeting to be held in person on a smaller scale than normal for ease of social distancing. With ongoing concerns of the spread and rise in cases of Covid-19 in Williams and Mountrail Counties, the Board continues to assess the appropriateness of holding an in-person 2019 annual meeting. Should further changes to the format of your Cooperative's 2019 annual meeting be deemed advisable, decisions on the format and date of the 2019 annual meeting will be made in a good faith effort to comply with the Bylaws and with the laws of the State of North Dakota. Additionally, when we think about future annual meetings and how the Cooperative can better prepare for uncertainty, the proposed bylaw changes would allow for your Cooperative to hold an annual meeting with remote participation.

Proposed Bylaw Changes

Summary of Proposed Bylaw Changes

The Mountrail-Williams Electric Cooperative Board of Directors recommends that the membership affirmatively vote to approve certain changes to MWEC's bylaws. The proposed changes are redlined on the copy of the bylaws included.

The revisions reflect changes that allow MWEC to conduct member meetings in a remote format, including, but not limited to constituting a quorum with remote participation.

Proposed Amendments: (**Printed in BOLD, UNDERLINED, RED ink**)

Article III, Section 1 has been revised to allow the Board discretion to determine that it's in the best interest of the members to conduct the annual meeting in an alternative meeting format so long as members can hear, be heard and participate in the meeting.

Article III, Section 4 has been revised to allow remote participation to count toward constituting a quorum at member meetings. It also incorporates North Dakota Century Code 10-15-18 that confirms valid absentee ballots will be counted toward quorum for any questions, motions, or resolutions voted upon and submitted by absentee ballot.

*** A full set of the MWEC Bylaws can be found at www.mwec.com or by contacting our office at 800-279-2667.**

ARTICLE III.

Meetings of Members

SECTION 1. Annual Meeting. The Annual Meeting of the members shall be held between March 1 and November 1 of each year at the call of the board at such place in the County of Williams or Mountrail, State of North Dakota, as shall be designated in the notice of the meeting for the purposes and business as may come before the meeting. If the day fixed for the Annual Meeting shall fall on a Sunday or legal holiday, such meeting shall be held on the next succeeding business day. The Board of Directors may, from time to time in its sole discretion, determine that it is in the best interest of members to allow or require members to participate in an annual meeting by telephonic or electronic media which permits members not physically present at the meeting to hear, be heard, and participate in the business brought before the members during the course of the meeting.

Failure to hold the Annual Meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

SECTION 2. Special Meetings. Special member meetings may be called by the Chairperson, Board, or members having ten percent of the votes entitled to be cast at such meeting, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the membership may be held at any place within the County of Williams or Mountrail, State of North Dakota, specified in the notice of the Special Meeting.

SECTION 3. Notice of Members' Meetings. Written or printed notice stating the place, day and hour of the meeting and, in case of a Special Meeting or an Annual Meeting at which business other than that listed in Section 7 of this article is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten days nor more than thirty days before the date of the meeting, either personally, by mail, or by electronic means of communication to any Member who has authorized electronic delivery; by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid, or if delivered electronically, when sent by electronic means. The failure of any member to receive notice of an Annual or Special Meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

SECTION 4. Quorum. A quorum at a Members' Meeting shall be 10 percent of the first 100 members plus 5 percent of additional members present in person. A quorum shall never be more than 50 members, nor less than 5 members, or a majority of all members, whichever is smaller. If a meeting by telephonic or electronic media format is selected, the quorum requirements for a Member Meeting will be deemed met for any telephonic or electronic presence so long as, at least 50 members are present in person or by telephone or electronic means, or a combination thereof. If less than a quorum is present in any meeting, a majority of those present in person or by telephone or electronic means, may adjourn the meeting from time to time without further notice; provided that the Secretary shall notify any absent members of the date, time and place of such adjourned meeting. Members represented by submitted signed paper or electronic absentee ballots may be counted in computing a quorum only on those questions, motions or resolutions as to which an absentee vote is authorized and submitted.

SECTION 5. Voting. Each member shall be entitled to only one vote. All questions shall be decided by a vote of a majority of the members voting thereon in person, except as otherwise provided by law, the Articles of Incorporation, or these by-laws. An absent member may submit a signed vote if he has been previously notified in writing of the exact motion or resolution upon which the vote is taken.

SECTION 6. Notice. Whenever notice is required by this chapter to be given to any person, such notice shall be given either personally or by mail. If by mail, such notice is given when deposited in the United States mail with postage prepaid thereon, addressed to such person at his address as it appears on the records of the Cooperative. A signed waiver is equivalent to personal notice to the person so signing.

SECTION 7. Order of Business. The order of business at the Annual Meeting of the members and, so far as possible, at all other meetings of the members, shall be essentially as follows:

1. Report as to members present in order to determine the existence of a quorum.
2. Reading of the notice of the meeting and proof of the due publication of mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of reports of officers, directors and committees.
5. Election of directors.
6. Unfinished business.
7. New Business.
8. Adjournment.

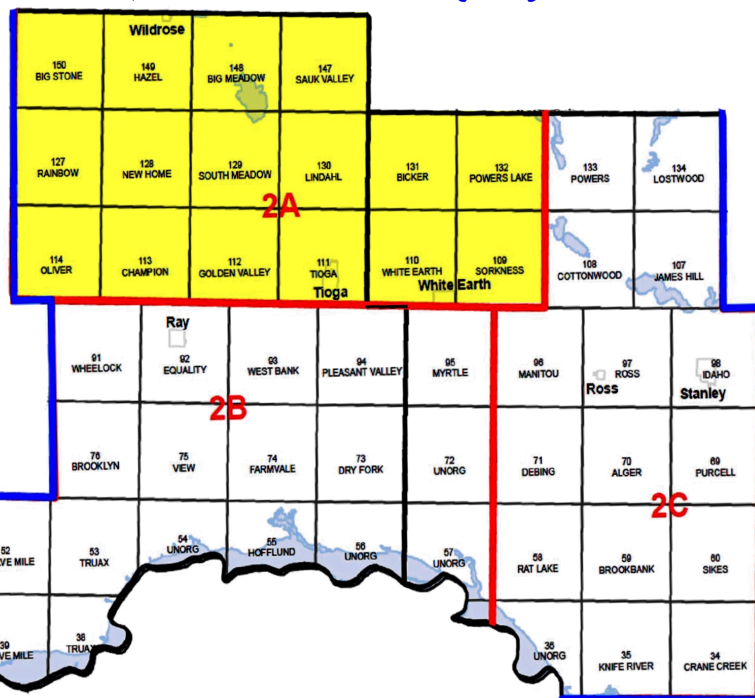
Board Seats

Seats up for Election

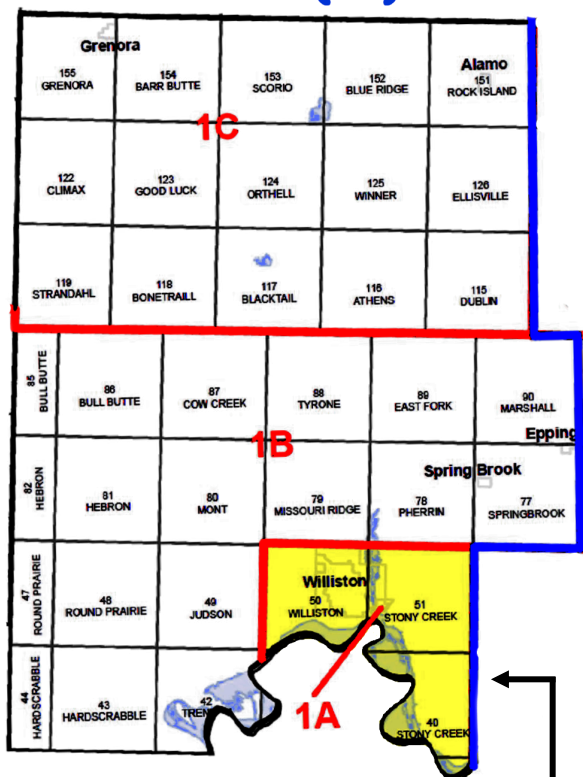
Central District 2A

(Townships: Big Stone, Hazel, Big Meadow, Sauk Valley, Rainbow, New Home, South Meadow, Lindahl, Bicker, Powers Lake, Oliver, Champion, Golden Valley, Tioga, White Earth and Sorkness)

CENTRAL (02)



WEST (01)



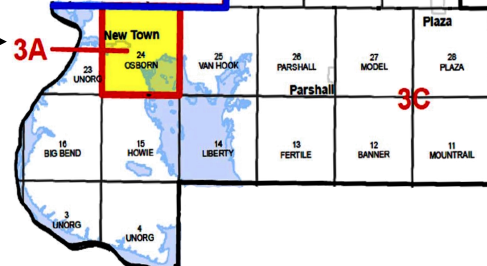
West District 1A

(Townships: Williston and Stoney Creek)

EAST (03)

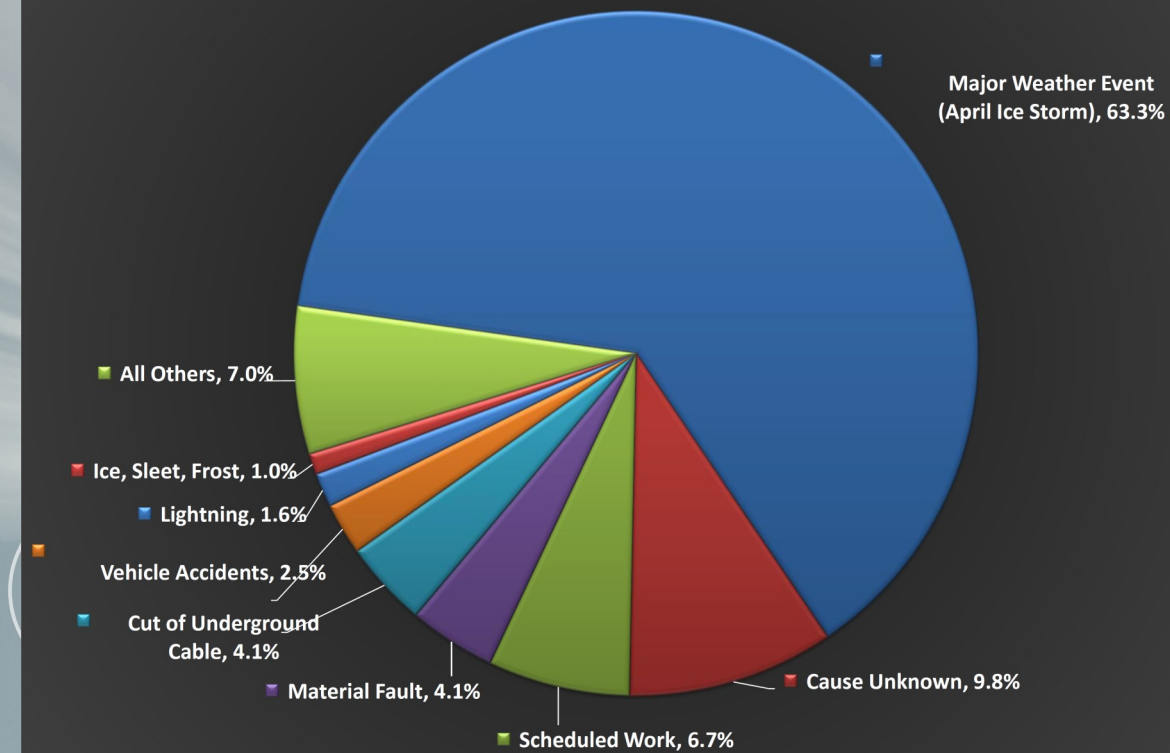


East District 3A
(City of New Town)

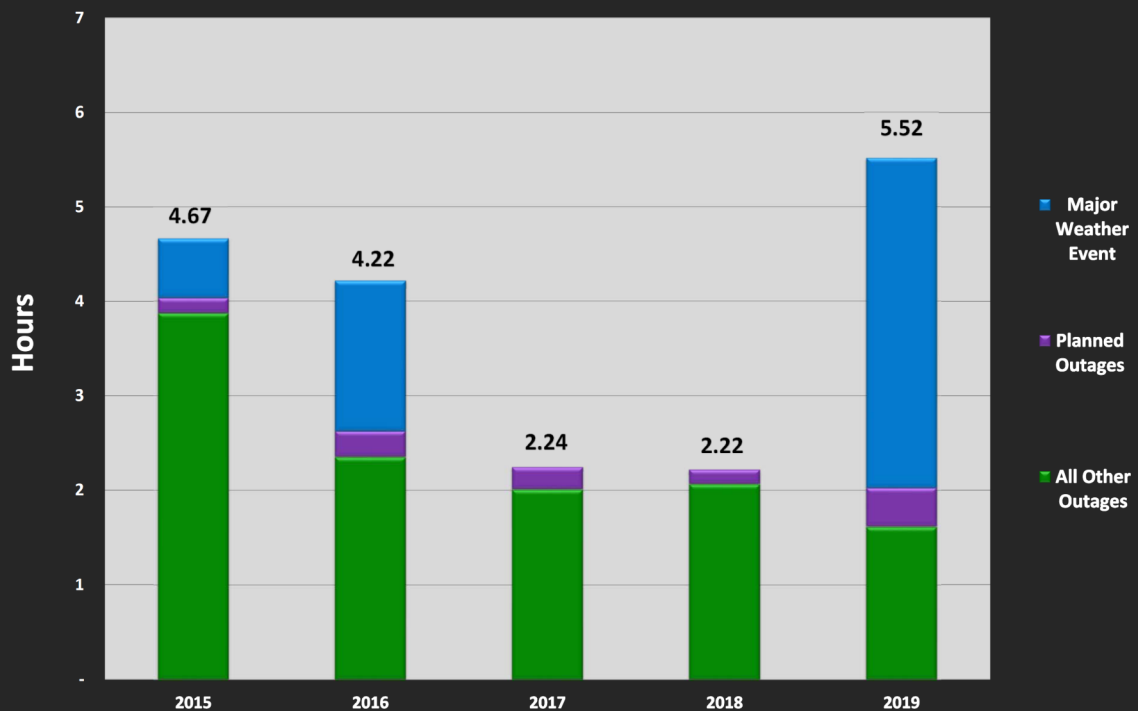


Outage Report

2019 MWEC Outages by Cause



MWEC Average Hours Without Power Per Meter



Commitment to Community

2019 Scholarships

MWEC would like to congratulate this year's scholarship winners on their accomplishments and wish them the best in their future endeavors.



The winner of the Basin Electric Power Cooperative \$1000 scholarship on behalf of MWEC is Katelyn Rehak.

Rehak is a Senior at Williston High School and plans to attend University of North Dakota. There she plans to enroll in their aviation program and obtain a degree in Commercial Aviation while also taking music courses to enhance her love for music. She is the daughter of Jerry and Jame Rehak.



Recipient of a \$500 scholarship is Brooklyn Douglas.

Douglas is a Senior at Williston High School and plans to attend either Rocky Mountain College or Montana State University-Billings and major in Biology. She is interested in attending Physician Assistant School and becoming a PA. She is the daughter of Fred and Lynn Douglas.

Recipient of a \$500 scholarship is Bradyn Lenning.

Lenning is a Senior at North Shore Plaza High School and plans to attend the South Dakota School of Mines in Rapid City, South Dakota. He plans to major in electrical engineering and wants to eventually work for SpaceX. He is the son of Chris and Jennifer Lenning.



Service Awards

Years

Brad Eide
Leon Brackey
Jorey Bartsch
Duane Schauer
Andrew Jackson
Josh Miller
Lora Walton
Dylan Enget
Steve Peterson

Years

Brad Haberman
Brooklyn Albertson
Jake Stoltz
Matt Glueckert

Years

Chris Meiers
Jason Iverson
Becky Cornell



The POWER is in YOUR hands



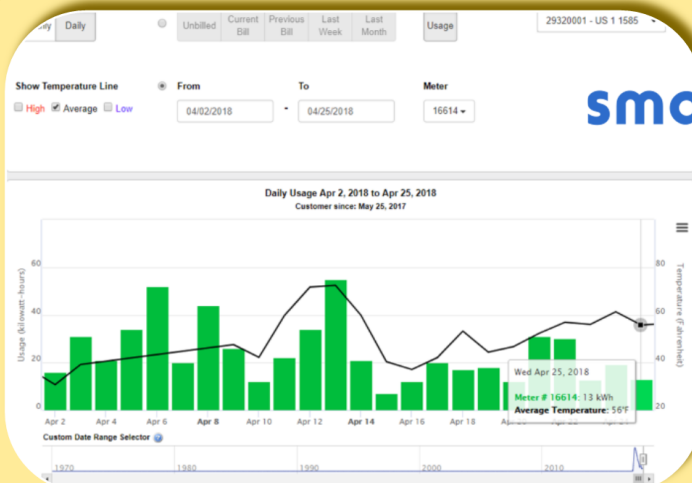
Benefits

- 🔌 **No Due Dates**
- 🔌 **No Deposit**
- 🔌 **Payments Made YOUR way**
- 🔌 **No Reconnect/Disconnect Fee**
- 🔌 **No Late Fees**
- 🔌 **Monitor Energy Use**
- 🔌 **Helps Reduce Energy Use**
- 🔌 **Teaches the Value of Electricity**



Download the SmartHub App to:

- * Make payments
- * Monitor daily electric use
- * Check account balances
- * View historical billing and kWh use
- * Set your own alerts
- * Receive alerts and reminders
- * Check estimated days of service remaining



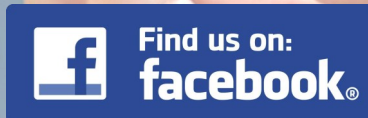


Mountrail-Williams Electric Cooperative

Your Touchstone Energy® Cooperative 

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New Town
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