2022 Annual Meeting

POWER ON TOGETHER

Thursday, October 27, 2022







Office Staff: Christina, Melissa, Marie, Tori







Brock helping put out fires



Cody in Bucket Truck



"Nick" & Nick





MEET OUR GUEST SPEAKER



Chris Christensen is the first Montanan elected as an officer of the NRECA Board of Directors where he currently serves as President. He is also a Director at NorVal Electric Cooperative in Glasgow, Montana. Chris is a Credentialed Cooperative Director and is NRECA Board Leadership Certified.

Chris received his Associate's Degree in Farm/Ranch Business Management from the University of North Dakota-Williston, and a Bachelor's in Agricultural Education from Montana State University. Chris is a former Agricultural Education Instructor, FFA Advisor, member of the Agricultural Education Advisory Committee for Montana State University, and past director of numerous other school, association, and professional boards.

Chris is also a recipient of the Glasgow Chamber of Commerce Agriculturalist of the Year Award, MSU Inspirational Teacher Award, MSU Agricultural Teacher of the Year Award, and Honorary Member of the National FFA Association.

Chris and his wife Carol have four children, Chisholm, Chateau, Chadaya, and Chaykota. He and his son, Chisholm, run the family cattle ranch in partnership with Chris's mother.

2022 NORVAL STAFF



Back Row (L to R): Craig Herbert, Nick Dulaney, Joe Brent, Cody Odom, Jayson Nelson, Kyle Barras, Brock See, Kirk Capdeville, Christina Crum

Front Row (L to R): Tori Koski, Melissa George, Kyle Shipp, Ole Borge, Eric Feit, Joe Odom, Tracy Henry, Jace Young, Marie Donaldson

NOTICE OF ANNUAL MEETING

The Board of Directors of Norval Electric Cooperative Inc., have selected Thursday, October 27, 2022 as the date for the 14th Annual Meeting for the members to be held at the Glasgow Civic Center in Glasgow, Montana.

Registration will begin at 4:30p.m. with a pulled pork dinner to follow at 5:30p.m. and a business meeting to commence at 6:30p.m.

The purpose of this meeting is to elect two Directors for a term of three years, one Director for a two year term, present reports for the previous fiscal year and transact any other business that may come before the meeting.

MEET YOUR BOARD OF DIRECTORS



Ron Reddig President District 6



Rick Molvig Vice President District 3



Rocky Kittleson
Secretary/Treasurer
District 7



Kevin Nelson District 1



Sam Gunderman District 2



Chris Christensen
District 4

ANNUAL MEETING AGENDA

4;30 P.M. Registration of Members

5:30 P.M. Invocation and Dinner

6:30 P.M. Call to Order

Color Guard

Pledge of Allegiance

National Anthem

Determination of Ouorum

Notice of Meeting

Minutes of 2019 Annual Meeting

Financial Reports for 2022

President's Report

NRECA President's Update

Introduction of Candidates

Election of Directors

Manager's Report

Old Business

New Business

Young Member Grand Prize

Grand Prize Drawing

Rocky Kittleson, Secretary Ronald Reddig, President **American Legion-Post 41**

Chisholm Christensen Rocky Kittleson, Secretary Rocky Kittleson, Secretary Rocky Kittleson, Secretary Cory Wheeler of Smith, Lange & Halley Ronald Reddig, President Chris Christensen, NRECA President Christofferson and Knierim. P.C. Christofferson and Knierim, P.C Craig Herbert, General Manger

> \$200 Cash \$300 Cash





Crew working on transmission lines



Crew replacing poles



Crew replacing poles & trenching





Crew working on transmission lines

2019 ANNUAL MEETING MINUTES

The 2019 annual meeting of the members of NorVal Electric Cooperative, Inc., was held on October 22, 2019, at 6:30 P.M., at the Lustre High School. Rocky Kittleson gave the invocation prior to dinner being catered and served by the Lustre Alumni Committee.

Prior to the start of the meeting, President Reddig invited all kids in attendance to pick out a prize from the prize table and encouraged them to color the pages provided and get into a drawing for a girl's bike and a boy's bike.

President Ron Reddig called the meeting to order at 6:30 and thanked the Lustre Alumni Committee for the meal.

Gary Sethre lead the members in reciting the Pledge of Allegiance. Karen Engstrom was appointed the recording secretary.

The list of members present at the meeting is attached to these minutes.

Secretary, Kurt Breigenzer determined that a quorum was present. Mr. Breigenzer read the notice of meeting and proof of mailing. A motion to dispense with the reading of last year's annual meeting minutes as they were printed in their entirety in the annual meeting notice booklet was made, seconded and unanimously carried to dispense with the reading of the minutes. A motion to approve the minutes as printed was called for. A motion was made, seconded and unanimously carried that the 2018 annual meeting minutes be approved as printed.

President Reddig introduced the guests, former directors and former employees.

Manager Herbert introduced the current employees of the cooperative, after which President Reddig introduced the current board of directors

President Reddig read his report as printed in the meeting booklet.

Cory Wheeler, Certified Public Accountant, with the firm of Smith, Lang & Halley, in Sidney, was called on to report on the financial statements. A motion was made, seconded, and unanimously carried to accept the financial statements as presented.

Halle Beil, the 2019 Youth to Washington, D.C. Essay Contest Winner, was introduced.

Ms. Beil showed a slide presentation of her time spent in Washington D.C. and thanked the board and members for the opportunity to go Washington.

President Reddig introduced Chris Christensen, current director of the cooperative, and the Montana Representative on the National Rural Electric Cooperative Association Board. Chris is currently serving as the Vice President on the NRECA board. Mr. Christensen reported on the current issues the national organization is working on.

Kirk Lundby from MECA was present and spoke to the members about issues MECA is working on.

Manager Herbert gave his report and was presented with a 10 year service award by President Reddig. Mr. Herbert then presented the following service awards:

- Jace Young 5 years
- Tracy Henry 5 years
- Nick Dulaney 15 years
- Ron Reddig- 25 years
- Sam Gundermann 20 years
- Rocky Kittleson 20 years

Attorney Katie Knierim was called on to run the election portion of the meeting. Attorney Knierim announced that there was only one candidate for the position for District #3, being the incumbent, Rick Molvig. Ms. Knierim asked three times for other nominations from the floor and there being none, a motion was made, seconded and unanimously carried to close the nominations for District #3. A motion to dispense with the ballots and instead use a voice vote was made, seconded and unanimously carried. Rick Molvig was unanimously elected.

The President opened the floor for questions and there being none, he asked for any old or new business to be brought before the meeting.

There being no other business, a motion was made, seconded, and unanimously carried that the meeting be adjourned.

LETTER FROM THE PRESIDENT OF THE BOARD



RON REDDIG

It is my pleasure to invite you to attend the 14th Annual Meeting of NorVal Electric Cooperative, scheduled for October 27, 2022. This year our meeting will be held in Glasgow at the Glasgow Civic Center. We would love to see all of our members in attendance at this year's meeting. Registration starts at 4:30 pm; a meal will be served starting at 5:30 and the business session commences at 6:30pm. It's been two years since NorVal had it's annual meeting due to the Covid 19 virus. We are all hoping to get our lives back to normal after the shut downs and changes in doing business and everyday life. Those involved in agriculture would certainly like to see a normal weather year again as well. Your board of directors, management and staff had to switch everyday operations in many ways during this time to keep things running smoothly and making sure our member had reliable power to have school at home, run their businesses and to live their lives with almost everything different from the norm. The NorVal Board of Directors is so proud of how our management and staff brought everyone through some very trying times. The last couple of years have seen various high wind events that have caused some major damage to our system. But with speed, accuracy and working safely, our crews have done a great job restoring power for our members. You all have dedicated people providing service for you. With the positives come the negatives. It has become very difficult for NorVal to find the required supplies and equipment to keep on hand, not only to restore power but also to construct new services. We have all experienced these supply shortages in the last year, not to mention the increased cost of most things we purchase. Some of the items we are in very short supply of are over two years out for expected delivery. Your directors have done everything they can to supply low cost, reliable power over the years.

NorVal's last rate increase was in 2016. With the increase in supplies and operations, it appears we might have to raise our future rates. The other item I would like to discuss with you all is our disappointment in the Trans Canada XL pipeline project. As you know, after planning and prepping since 2009 and the expectation of crude flowing through the pipeline beginning in 2022, the project was stopped in 2021. This project would have quadrupled NorVal. On the positive side, the board and management decided day one NorVal would not fund this project like others were doing. NorVal members were not charged one cent for the thirteen years of planning for this project. All of the time, logistics and supplies purchased were paid for by TC Energy.

Our board remains active locally, statewide, and nationally. We are so proud of your District 4 representative Chris Christensen. He is the current national NRECA President. Chris's term started in 2021 and will end in the spring of 2023. Mr. Christensen is doing a remarkable job representing NorVal and Montana while running the nation's Cooperatives. We hope you will attend the annual meeting to vote for your local directors. We have contests in Districts 1, 3 and 5 this year. Please read the bios of those running on pages 7 and 8 in this booklet. After fourteen years, the NorVal Board will be down to its desired seven directors from the fourteen that were serving at the time of the merger with Northern and Valley Electric. We look forward to seeing everyone on October 27th. Don't

miss your meeting!

LETTER FROM THE GENERAL MANAGER



CRAIG HERBERT

I want to take time to invite everyone to this year's Annual Meeting in Glasgow. After a two year hiatus, due to the pandemic, we are excited to see our members in person once again.

Since 2020, we have seen a notable about of growth and improvement across our system. The improvements we have made will help to continue to deliver reliable power to our life long members as well as our new members that have joined NorVal. While these improvements have increased the efficiency of our system, the summer of 2022 has put it to the test. We worked very diligently to restore all outages.

I hope this year's meeting will be one for record books! We have great food and prizes. In honor of 75 years of serivce in Northeastern Montana, we are giving away a \$30 bill credit to every primary member that walks through the door.

In closing, we have a lot of information to share regarding the upcoming year. We would like to discuss the upcoming rate increase, before opening up the floor to our members to ask us all the questions that they may have.

I look forward to seeing everyone at the Glasgow Civic Center on Thursday, October 27th for NorVal Electric's 14th Annual Meeting!

NOMINATING COMMITTEE REPORT

The Board nominated District 5 members for election in July of 2022.

The Nominating Committee representing District 1 and 3 submitted nominations to the office of NorVal Electric Cooperative during the week of August 20, 2022.

- District 1: Jim Fossum and Bryce Risa nominated the incumbent Kevin Nelson
- District 3: Don Nelson and Don Jones nominated Gary Martin and the incumbent, Rick Molvig.
- District 5: The Board nominated Jesse McIntyre, Jeff Sather, Rick Stahl, and Brett Stenglein.

MEET THE CANDIDATES

KEVIN NELSON, INCUMBENT

DISTRICT 1

Kevin Nelson is a life long North Valley County resident and a fourth generation farmer rancher outside in the Opheim community. He graduated high school in 1990, went on to attend Mayville State University and received a Bachelor of Science in Biology and Chemistry.

In 1996, Kevin went back to the farm and in 1997, he married his wife Tami. Together they have 3 children, BriAnn, CJ and Kortney. They are actively involved in the local school, church and other community organizations and continue to operate their farm and ranch with plans of the fifth generation returning.

RICK MOLVIG, INCUMBENT DISTRICT 3

Rick Molvig is the incumbent candidate for District 3 and is currently Vice President of the NorVal Board of Directors. He is a lifelong resident of the Tampico Community where him and his wife, Alison, farm and ranch.

Rick has been actively involved with the statewide Rural Electric organization and attends valuable trainings when they are available. He brings his depth of knowledge to solve the challenges the NorVal Board faces. Rick's training and experience on the Board help to ensure that NorVal keeps up-to-date with the ever-evolving industry and he works hard to make sure NorVal is providing the most economical and reliable power to its members.

GARY MARTIN DISTRICT 3

Gary Martin was born and raised in Valley County. He is the third generation living on his grandfather's homestead at Tampico. Gary and his wife, Sheila, have been married for 58 years and raised their family in Valley County.

Gary earned his pilots license and graduated from Glasgow High School in 1957. After graduation, Gary enlisted in the National Guard Aviation Unit and moved to Helena to attend Aircraft Maintenance Trade School. In 1959, he was working for the National Guard and attending school in Fort Eustis, VA during the Cuban Issue.

In 1963, Gary moved his family to Malta and went to work for Mendel Flying Service for 13 years. He moved back to Tampico in 1975 to help his parents on the family farm while still owning his Aerial Application Business.

Gary spent eighteen years on the Valley County airport board, three years on the Glasgow School Board, ten years flying for FMDH Stat Air and he was MATA member/president for 44 years, retiring in 2020.

MEET THE CANDIDATES (CONTINUED)

JESSE MCINTYRE

DISTRICT 5

Jesse McIntyre was born and raised in Valley County on the family farm North of Glasgow. He graduated from Glasgow High School and continued on to Carroll College where he graduated with an undergraduate degree in 2009. He then moved to Pullman, Washington to pursue a Masters Degree at Washington State University while also working in corporate finance.

Once he graduated from Washington State University, he decided to move back to Valley County to work in agriculture. He explains, "I don't remember when I started being a part of farming, one day I went out to play with my dog and the next day I was a full-time employee and Mom was my HR Rep." Jesse is a proud member of Valley County and would make sure that it shines through as a member of our Board of Directors.

Jesse would also like to thank Kurt Breigenzer for his many years of service and wishes all of NorVal's Members a safe and successful harvest season.

JEFF SATHER

DISTRICT 5

Jeff Sather is a fourth generation farmer rancher in the Larslan and Baylor community. Jeff has been on the family farm since graduating from North Dakota State University in Fargo, ND, where he received a degree in Ag Systems Management and a minor in Ag Economics and Animal Science. Jeff is married to Marissa and together they have two boys, 4 and 1 year old. He has been active in the past with 4H and Farm Bureau and is currently serving as a board member at Francis Mahon Deaconess Hospital Foundation and Dry Prairie Rural Water.

RICK STAHL

DISTRICT 5

Rick Stahl and his wife, Sue, moved from the Opheim area to six miles North of Glasgow by Cherry Valley Road 10 years ago.

Rick was a farmer and auctioneer for 36 years and retired from both. After he and his wife sold their farm, he started working for Boarder Plains CaseIH for about six years.

When Rick was living in Opheim, he was elected board member for the Northern Electric Cooperative for four; three year terms. He was on the Board when Northern Electric and Valley Electric merged. Due to the attrition of board members to get back to a seven man board and the fact that he did not have the time to do a good job as a member of the Board, he decided to resign at that time.

Rick states, "I would very much like to be elected back on the Board of Directors, as I have lots of time now to be at all the meetings and trainings that are required as a Credential Board Member for the NorVal Electric Cooperative Members (the owners of our Co-op) as an all-around Director with no personal agendas."

BRETT STENGLEIN

DISTRICT 5

Brett Stenglein was born in Glasgow, MT to Tim and Michele Stenglein. He grew up on a farm and ranch south of Opheim helping his grandparents and uncles. Brett graduated in 2004 from Opheim High School. After high school he pursued a degree in Drafting and Design from MSU Billings College of Technology, graduating in 2006 with an Associates Degree. That summer he worked for Pro Co-op in Opheim. In the fall of 2006, he applied for a job with Heberly and Associates, a power and telecommunications engineering firm in Havre, MT. During the 11 years he worked there, Brett was part of multiple projects for different telephone and power clients. The tasks they would perform included design work, creating schematics, staking out placement of the physical plant and overseeing construction.

Brett and Shawni were married in 2013 and now have 4 children, 3 daughters and a son. In the spring of 2018, he and his family moved back to the farm and run cattle with his great uncle.

Brett is looking forward to the possibility of using his knowledge and experience to serve the co-op and its members.

BALANCE SHEET

AS OF APRIL 30, 2022

ASSETS-WHAT WE OWN	2022	2021
Electric Plant in Service	\$ 41,969,298	\$ 40,593,219
Construction Work in Progress	576,912	831,416
Less Depreciation	19,258,399	18,616,444
NET VALUE OF OUR PLANT	\$ 23,287,811	\$ 22,808,191
Working Funds- Cash	\$ 2,733,504	2,392,795
Investments in Associated Utilities	2,410,252	2,344,795
Energy Bills Due From Members	645,663	574,741
Due From Material Sales	173,285	62,446
Material Inventory	1,198,066	1,076,028
Prepaid Insurance & Other Debits	197,046	383,012
Other Investments	<u>119,866</u>	121,203
TOTAL ASSETS	\$ 30,765,493	\$ 29,763,211
LIABILITY- WHAT WE OWE		
Owed to RUS/Loan	\$ 4,672,334	\$ 4,831,581
Owed to Federal Finance Bank/Loan	1,545,036	1,631,749
Owed to CoBank/Loan	3,127,393	3,456,396
Owed to NRUCFC/Loan	2,212,428	2,284,107
Owed to Independence Bank-PPP Loan	0	480,250
Prepaid to RUS (5% Interest Earned)	(389,255)	(450,787)
Equipment Leases	331,791	319,907
Accounts Payable	557,803	630,987
Accrued Taxes	329,647	322,765
Consumer Prepayment & Other Credits	1,906,950	1,275,656
Consumer Deposits TOTAL LIABILITIES	757,808	424,992
TOTAL LIABILITIES	\$ 15,051,935	\$ 15,207,603
EQUITY- OUR WORTH		
Patronage Capital Assigned	\$ 13,854,203	\$ 13,213,284
Patronage Capital Assignable	1,832,979	1,315,944
Other Equities & Margins	<u>26,376</u>	26,380
TOTAL NET WORTH	\$ 15,713,558	\$ 14,555,608
TOTAL LIABILITIES & NET WORTH	\$ 30,765,493	\$ 29,763,211

STATEMENT OF OPERATIONS

AS OF APRIL 30, 2022

WHERE OUR DOLLAR CAME FROM	2022	2021
Residential Sales	\$ 3,810,335	\$ 3,643,596
Seasonal Sales	1,425,626	1,347,264
Irrigation Sales	376,413	202,417
Three Phase/Oil Production	771,136	608,119
Three Phase/General	433,362	423,926
Large Power	486,433	541,411
Public Street Lighting	96,051	96,406
Other Electric Revenue	74,791	96,477
TOTAL REVENUE	\$ 7,474,147	\$ 6,959,616
WHERE OUR DOLLAR WAS SPENT		
Purchase Power	\$ 2,313,418	\$ 2,063,692
Operations & Maintenance	2,182,195	1,984,038
Billing & Consumer Accounts Expense	217,391	235,252
Administration & General Expense	762,069	728,995
Depreciation Expense	1,287,216	1,267,557
Interest Expense/RUS & CoBank	507,061	<u>535,976</u>
TOTAL EXPENSES	\$ 7,269,350	\$ 6,815,510
MARGINS TO BE ALLOCATED	\$ 204,797	144,107
PERCENTAGE OF REVENUE	2.74%	2.07%
Capital Credits/Associated Organizations	\$ 403,888	\$ 633,582
Interest Earned	18,469	31,599
Other Non-Operating Income	714,370	233,897
NET MARGINS FOR PERIOD	\$ 1,341,524	\$ 1,043,185

YEAR IN REVIEW

OCTOBER 2021-AUGUST 2022

October

The crews were working to finish the three phase primary underground line on Baylor Road. They changed out poles north of Tampico Road in an effort to shorten the span lengths making them more reliable in high winds.

November

The crews were working on the single-phase line at the Pines Recreation Area and at Wagner Road. They added frost brackets, vibration dampeners and replaced worn out hardware.

December

Nick and the crews started working plans for updating the plant records, system maps, and next year's work load. The staff worked diligently to stay proactive, working with our vendors to order material well in advance to stay ahead of the material shortages.

Janurary

We kicked off 2022 with annual meter reads. This process was done to ensure that our meters have been reporting correctly for billing accuracy. Crews also focused on line patrol and retired idle services, they also worked in the shop to perform preventative maintenance on our fleet vehicles.

February

The line crews worked with Eric, Warehouse Manager, to complete inventory. Crews completed the annual meter readings and began clearing Right-of-Ways of trees when weather permitted.

March

As 2022 went on, we started hearing our material lead times were getting further and further. With our system developing with Kirkland Ranch and Idlewild areas, our material was going fast!

April

It slowed down due to late snow storms, but Christina, Operations Coordinator, was helping the crews get ready for the construction season by getting the necessary permits and easements for all of the new services we put in this past summer.

Mav

The focus was on the new water projects in the Wolf Point, Lustre and Volt areas. As the weather got nicer, the crews got busier. They hit the ground running with locates, new services, and service upgrades.

June

Material shortages were hitting us hard. We took a conservative approach to manage inventory levels to adequately maintain our system.

July

Our system was hit pretty hard with a tornado South of Glentana to the Dredge Cuts. We had members out for a few days while the crews worked through the day and into the night to repair what they could to get everyone's power restored.

August

Crews worked diligently to repair the aftermath of the tornado damage. We had a couple fires on our system in August which made it challenging to stay caught up with the plans we had set in place at the beginning of our construction season, but our crews made it happen!

NEW EMPLOYEES

Ole Borge, Lineman Apprentice
Joe Brent, Staking Engineer
Christina Crum, Operations Coordinator
Melissa George, Billing Clerk
Tori Koski, Accounts Payable/Communications

FAREWELLS

Kurt Breigenzer, Director
Mitch Griebel, Staking Engineer
Karla Johnson, Billing Clerk
Britni Lingohr, Operations Coordinator
Gary Meyer, Director
Lee Risa, Director
Leila Seyfert, Accounts Payable/Communications
Scott St. John, Accountant



YEARS OF SERVICE AWARDS

2020-2022



Cody Odom Foreman 15 Years (2022)



Brock See Lineman 5 Years (2022)



Gary Meyer Retired Director (2022) 15 Years (2021)



Lee Risa Retired Director (2022) 15 Years (2021)



Chris Christensen Director 15 Years (2020)



Joe Odom Foreman 25 Years (2020)



Kyle Shipp Lineman 10 Years (2020)



Kirk Capdeville Lineman 5 Years (2020)



Alec

Marie going up in bucket truck



Crew trenching & placing underground line



Crew replacing poles for Glentana Tornado



Melissa & Jayson in bucket truck



Mitch Griebel retirement 2022

2022 HIGH SCHOOL SCHOLARSHIPS



Megan Fast

Lustre High School Parents: Jared & Susan Fast Bismarck State University



Montaya Idler

Hinsdale High School Parents: Ky & Sherri Idler Dickinson State University



Trey Johnson

Hinsdale High School Parents: Mark & Heidi Johnson Carroll College Dickinson State University



Iris McKean

Glasgow High School Parents: Andrew McKean & Leh-An Yang University of Montana



Bergen Miller

Glasgow High School Parents: Matt & Lynn Miller Montana State University



Deja Morgan

Nashua High School Parents: Rex & Kristina Morgan Montana State University



Emmalynn Page

Glasgow High School Parents: Matthew & Angela Page South Dakota State University



Kate Parks

Glasgow High School Parents: Patrick & Kellie Parks Utah State University



Victoria Pehlke

Glasgow High School Parents: Michael & Jessica Pehlke University of Montana- Western



Dalton Sand

Glasgow High School Parents: Josh & Ronica Sand United States Naval Academy



Cole Taylor

Opheim High School Parents: Jay & Nikki Taylor Montana State University Basin & MECA Scholarship Recipient



Blaire Westby

Glasgow High School Parents: Todd &Lori Westby Montana State University



PROXY VOTING AUTHORIZATION

If you are unable to attend the Annual Meeting, you may designate an adult relative to represent you so long as the representative uses power under the same account number or membership with you. No person may hold more than one Proxy at any meeting. In the case of a Corporation or Partnership, an Officer, Partner, or other named designee may vote the proxy. However, the following must be signed and presented at the registration table the day of the meeting:

I the undersigned, being a member of NorVal Elect	tric Cooperative, Inc., hereby constitute and
appoint:	as agent for me, and in my name, place and
stead, to vote as my proxy at the 14th Membership	Meeting of NorVal Electric Cooperative, Inc.,
October 27, 2022 and to cast my vote as if I were proxy is given pursuant to the conditions of Article III,	
Dated thisday of, , 2022.	
Printed Name of Member	
Signature of Member	

This proxy form must be presented by the representative during registration at the Annual Meeting on October 27, 2022.

NorVal Electric Cooperative P.O. Box 951 Glasgow, Montana 59230



All members in attendance of the Annual Meeting will receive a \$30 bill credit towards their primary account.*

*Must be on original application or a signed proxy form must be submitted at registration if you are unable to attend.



Giving away 4 Amazon Fire Tablets for Kids for our annual coloring contest!



Please bring in your non-perishable unexpired food to support the Valley County Food Bank!