

Powering
FORWARD



NorVal Electric Cooperative
2019 Annual
Report

OFFICIAL NOTICE OF *Annual Meeting*

The Board of Directors of NorVal Electric Cooperative, Inc., have selected Tuesday, October 22, 2019 as the date for the 11th Annual Meeting of the Members to be held at the Lustre High School Gymnasium in Lustre, Montana.

Registration will begin at 4:30 p.m. with a roast beef and turkey dinner to follow at 5:30 p.m. and the Business Meeting to commence at 6:30 p.m.

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

Left: on September 11, 2019 (Patriots Day) the crew installed a new flag pole outside of the Glasgow Office. Please drop by and look at the amazing job the crew did and God Bless the USA!

ANNUAL MEETING AGENDA

4:30 p.m. Registration of Members

5:30 p.m. Invocation and Dinner

6:30 p.m. Call to Order

Pledge of Allegiance

Determination of Quorum

Notice of Meeting

Minutes of 2018 Annual Meeting

Financial Report for 2019

President's Report

Election of Directors

2019 Youth Tour Representative

Manager's Report

Old Business

New Business

Young Member Grand Prize Drawing

Grand Prize Drawing

Ronald Reddig, President

Gary Sethre, Former Director

Kurt Breigenzer, Secretary

Kurt Breigenzer, Secretary

Kurt Breigenzer, Secretary

Cory Wheeler of Smith, Lange & Halley

Ronald Reddig, President

Christoffersen and Knierim, P.C.

Halle Beil

Craig Herbert, General Manager

\$200 Cash

\$300 Cash



Left: the Annual Pole Top Rescue Safety Meeting is performed, while crews watch the rescuer. Right: a view from above, during the Pole Top Rescue Safety Meeting in

2018 MINUTES OF THE ANNUAL MEETING OF THE MEMBERS

The 2018 annual meeting of the members of NorVal Electric Cooperative, Inc., was held on October 24, 2018, at 6:30 P.M., at the Civic Center in Glasgow, Montana. Rocky Kittleson gave the invocation prior to dinner being catered and served by the Cottonwood Inn.

Prior to the start of the meeting, President Ron Reddig announced that the 5th Grade students under the direction of Christine Gilchrist will be performing some musical selections during dinner. President Reddig also 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 Cottonwood Inn for the meal.

The colors were presented by the American Legion and Gary Sethre lead the members in reciting the Pledge of Allegiance. The Glasgow High School Swing Choir under the direction of Luree Chappell sang the National Anthem. Karen Engstrom was appointed as 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 2017 annual meeting minutes be approved as printed.

President Reddig introduced the former employees, former directors, guests, and current directors that were present at the meeting.

Manager Herbert introduced the current employees of the cooperative.

President Reddig indicated that his report was printed in the meeting booklet so he did not read it to the members.

Cory Wheeler, Certified Public Accountant, with

the firm of Smith, Lange & 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.

Sarah Boucher, the 2018 Youth to Washington, D.C. Essay Contest Winner, was introduced. Ms. Boucher shared some of the highlights of her trip to Washington and thanked the board and members for the opportunity to go to Washington, D.C.

President Reddig introduced Chris Christensen, current director of the cooperative, and the Montana Representative on the National Rural Electric Cooperative Association Board. Mr. Christensen is currently serving as the Secretary/Treasurer on the NRECA board.

Ryan Hall, editor of Rural Montana Magazine, was introduced and spoke to the members about some important issues which may affect the cooperative.

Manager Herbert gave his report and then presented the following service awards:

Eric Feit - 5 years

Jayson Nelson - 15 years

Rick Molvig - 30 years


Attorney Matt Knierim was called on to run the election portion of the meeting. Attorney Knierim announced that there was only one candidate for each position for Districts #5, #6, and #7, being Kurt Breigenzer, Ron Reddig, and Gary Meyer, respectively. Mr. Knierim asked for other nominations from the floor and there being none, a motion was made, seconded and unanimously carried to close the nominations for Districts #5, #6 and #7. A motion to dispense with the ballots and instead use a voice vote was made, seconded, and unanimously carried. The following directors were unanimously elected:

District #5: Kurt Breigenzer

District #6: Ron Reddig

District #7: Gary Meyer

The President 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

Welcome to the 11th Annual Meeting of the Members! I am pleased to report that the state of your cooperative is strong.

Your Board of Directors is committed to ensuring that rates remain affordable and electricity to your farm, ranch, home or business is reliable.

I encourage you to join us for the Annual Meeting. This is a wonderful opportunity for you to hear about the vitality of your co-op, how the finances are doing, and is a chance to put democracy into action by electing the representatives at the local level to ensure your best interests are taken into account at

every Board Meeting. Ours is such a wonderful business model with the decisions made by people who are members of the cooperative, just like you. Your Board works tirelessly to ensure that the cooperative business model is adhered to, and that through the decisions we make at the Board level, you are represented well.

We thank you for the opportunity to serve you in this capacity, and are pleased to hear from you about any co-op matter.

I am looking forward to seeing you in Lustre on October 22nd! 🇺🇸



Ron Reddig

LETTER FROM THE GENERAL MANAGER



Craig Herbert

Ten years ago, a day or two before the Annual Meeting, I joined the NorVal family as the General Manager. What an exciting decade it's been!

We've implemented many changes including updating the billing software from an older platform to the newer design which is much more user friendly. In addition, we now have the SmartHub system where you can see your usage from anywhere, on a computer, tablet or smartphone, and have the ability to pay using those devices at any time.

On the power line side, we have changed out meters throughout the system, including updating the self-read meters to automatic meter reading ones that relay the information about usage to the office daily. We

continue to make upgrades to the system, including many miles of conversion from overhead to underground lines that have increased capacity and reliability to the system. These changes have been time consuming, but were important for the long-term viability of the co-op.

I look forward to the future and am amazed at the progress we've made in my tenure. I am grateful for the hard-working staff whose single-minded mission is serving the cooperative and its membership to the best of their ability.

Please join us for the meeting on October 22, 2019 in Lustre. In addition to a wonderful meeting, we have our tradition of homemade pie from the Lustre Ladies! See you on the 22nd! 🇺🇸

BALANCE SHEET

As of April 30, 2019

ASSETS - WHAT WE OWN	2019	2018
Electric Plant In Service	\$ 38,968,534	\$ 37,947,245
Construction Work In Progress	521,660	526,382
Less Depreciation	17,523,944	16,909,034
NET VALUE OF OUR PLANT	21,966,250	21,564,593
Working Funds - Cash	2,441,978	1,192,598
Investments in Associated Utilities	1,924,979	1,719,232
Energy Bills Due From Members	589,535	666,425
Due From Material Sales	57,319	22,212
Material Inventory	843,583	935,134
Prepaid Insurance & Other Debits	433,447	538,957
Preliminary Const. Plans/TransCanada	116,391	116,391
Other Investments	116,170	114,048
TOTAL ASSETS	\$ 28,489,652	\$ 26,869,590
LIABILITY - WHAT WE OWE		
Owed to RUS/Loan	\$ 5,132,589	\$ 5,274,833
Owed to Federal Finance Bank/Loan	2,037,284	2,122,436
Owed to CoBank/Loan	4,105,862	4,506,325
Owed to NRUCFC/Loan	2,011,804	1,288,949
Prepaid to RUS (5% Interest Earned)	(677,745)	(644,922)
Equipment Leases	403,787	528,386
Accounts Payable	390,605	287,180
Accrued Taxes	310,283	296,547
Consumer Prepayments & Other Credits	1,261,803	570,734
Consumer Deposits	316,978	324,587
TOTAL LIABILITIES	\$ 15,293,250	\$ 14,555,055
EQUITY - OUR WORTH		
Patronage Capital Assigned	\$ 12,772,352	\$ 11,580,203
Patronage Capital Assignable	393,956	700,982
Other Equities & Margins	30,094	33,350
TOTAL NET WORTH	13,196,402	12,314,535
TOTAL LIABILITIES & NET WORTH	\$ 28,489,652	\$ 26,869,590

BOARD OF DIRECTORS

6



Lee Risa
District 1



Sam Gundermann
District 2



Rick Molvig
District 3



Chris Christensen
District 4

STATEMENT OF OPERATIONS

Period Ending April 30

WHERE OUR DOLLAR CAME FROM

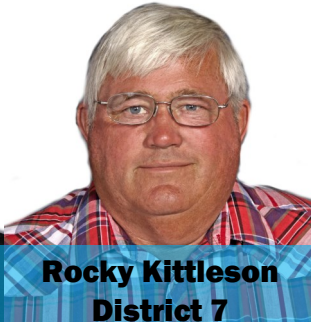
	2019	2018
Residential Sales	\$ 3,699,021	\$ 3,801,531
Non Residential Sales	1,293,446	1,294,315
Irrigation Sales	276,225	359,554
Three Phase/Oil Production	965,696	1,021,803
Three Phase/General	428,924	411,208
Large Power	530,425	567,720
Public Street Lighting	97,538	97,804
Other Electric Revenue	101,523	103,410
TOTAL REVENUE	\$ 7,392,798	\$ 7,657,345

WHERE OUR DOLLAR WAS SPENT

Purchased Power	\$ 2,213,093	\$ 2,400,016
Operations & Maintenance	2,080,365	2,295,485
Billing & Consumer Accounts Expense	294,814	368,754
Administration & General Expense	781,215	779,300
Depreciation Expense	1,263,488	1,220,678
Interest Expense/RUS & CoBank	566,588	598,838
TOTAL EXPENSES	\$ 7,199,563	\$ 7,663,071

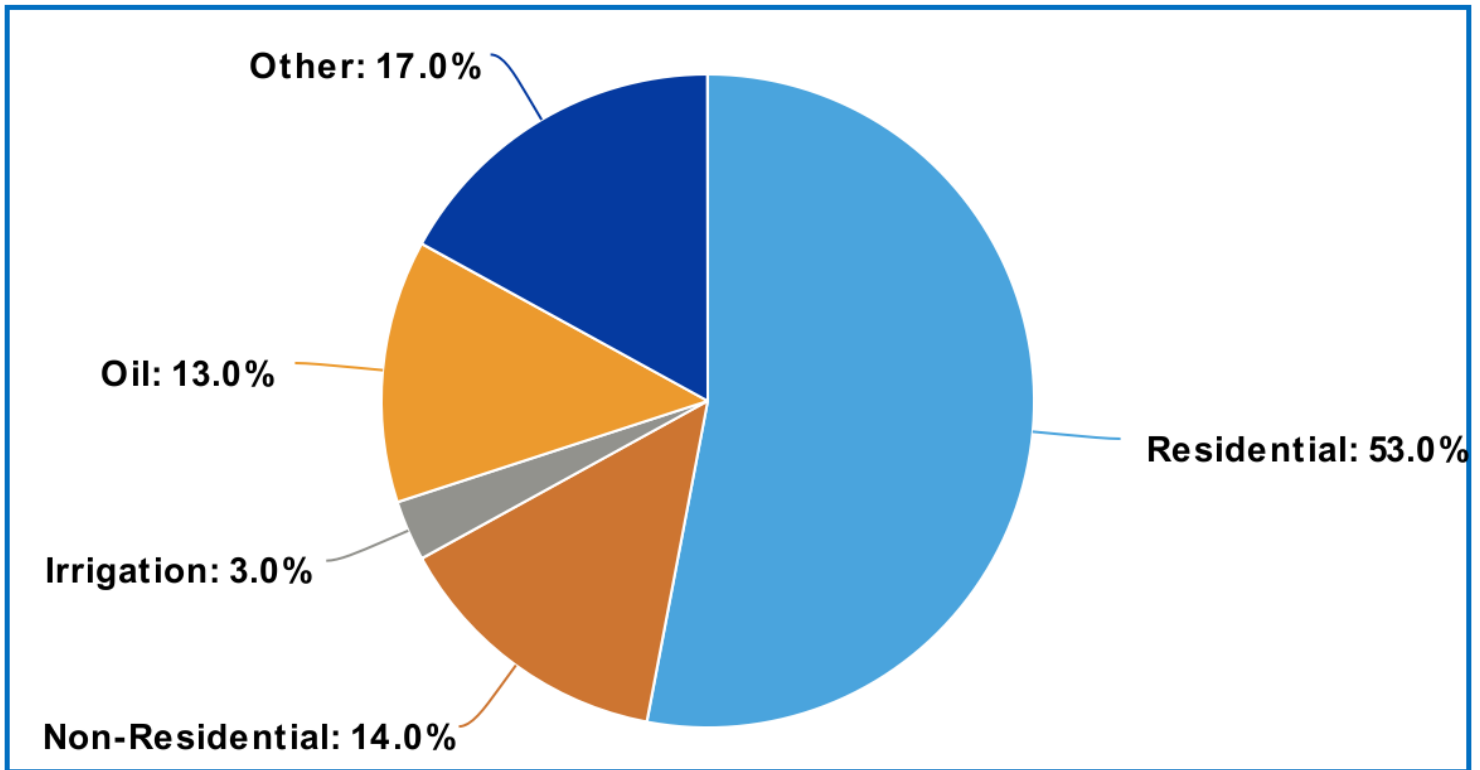
MARGINS TO BE ALLOCATED

	\$ 193,235	\$ (5,726)
Percentage of Revenue	2.61%	-0.07%
Capital Credits/Associated Organizations	\$ 485,620	\$ 245,507
Interest Earned	46,826	45,465
Other Non-operating Income	254,473	197,015
NET MARGINS FOR PERIOD	\$980,154	\$482,261



**BOARD
OF
DIRECTORS**

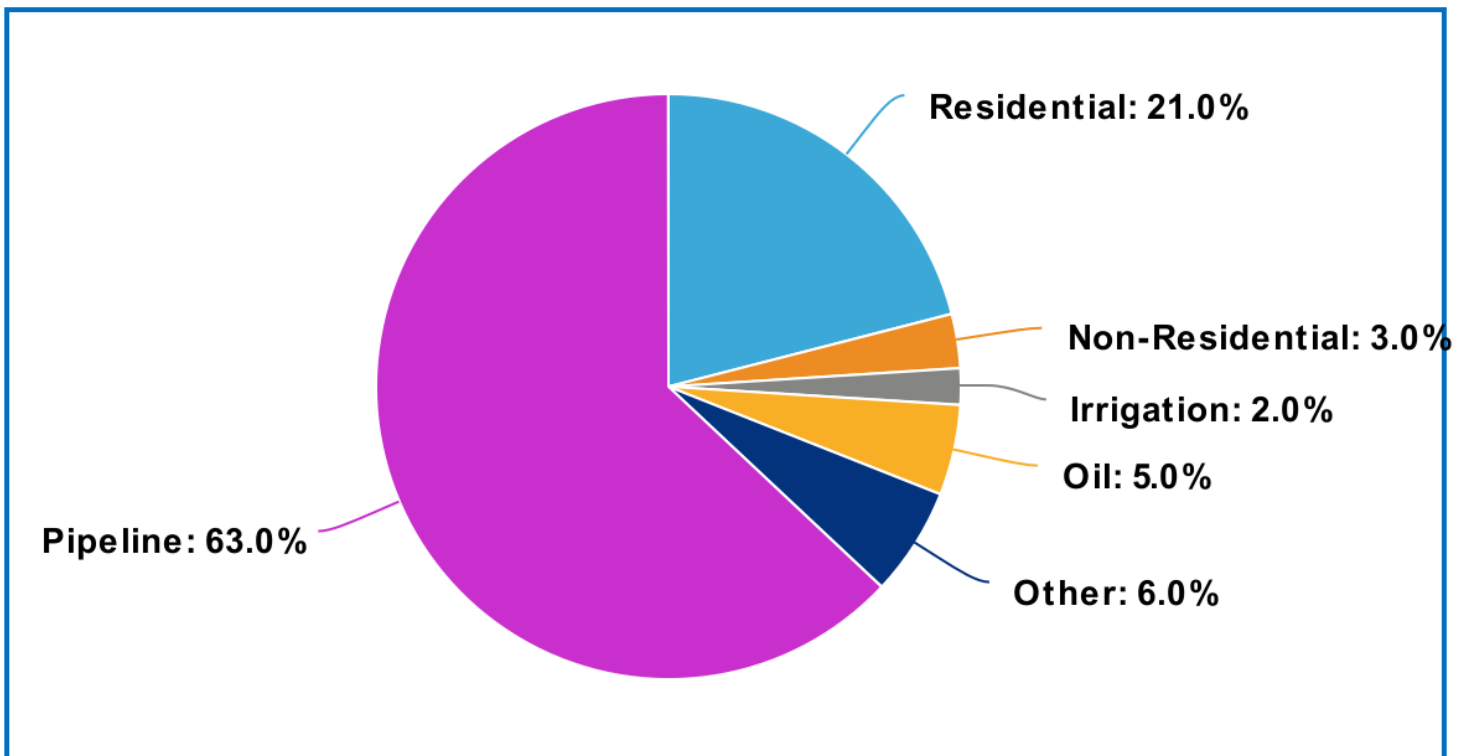
Five Year Average Annual usage



Residential Non-Residential Irrigation Oil Other

meta-chart.com

Projected Future Annual Usage



Residential Non-Residential Irrigation Oil Other Pipeline

CANDIDATE FOR THE BOARD OF DIRECTORS



Rick Molvig is the incumbent candidate for District #3 and has served on the NorVal Electric Board for 31 years.

He is a lifelong resident of the Tampico Community, where he and his wife, Alison,

operate a farm and ranch. Their 3 children attended the Glasgow Schools.

Rick has been actively involved with the statewide Rural Electric organizations and enjoys the challenges that the NorVal Board face each month. He works hard to ensure that NorVal keeps up-to-date with the ever-changing electric industry, while continuing to provide the most economical and reliable power to members. 🇺🇸

NORVAL SERVICE AWARDS

Ron Reddig—25 Years
Board of Directors



Sam Gundermann—20 Years
Board of Directors



Rocky Kittleson—20 Years
Board of Directors



Congratulations to the NorVal Co-op Directors and Staff for reaching these milestones!
We thank you for your continued dedication to the Co-op!



Nick Dulaney—15 Years
Line Superintendent



Craig Herbert—10 Years
General Manager



Jace Young—5 Years
Journeyman Lineman



Tracy Henry—5 Years
Journeyman Lineman

NORVAL CONSTRUCTION UPDATE

The NorVal Line Crew have been very busy this year! Here's an update of the projects that have been completed from January through September, 2019.

- Rebuild and re-conductor power line South Nashua to West Frazer 3 phase line
- Rebuild and re-conductor power line Berger Point, North Nashua single phase line (see pictures below)
- Replace high side equipment Kronebush Substation
- Replace high side equipment Peerless Substation
- Replace transformer and regulators Benrud Substation
- Replace Overhead power line with Underground power line on Lindell Road
- Replace Overhead power line with Underground power line on Nyquist Road
- Replace and upgrade Underground power line Tarum and Alden Brothers irrigation
- Re-conductor Dead Lamb Road power line
- Re-conductor Geer Road power line
- Re-conductor Cherney Road power line
- New Underground power line French Lane, Chabot Road



Shown above and right: crews rebuild and re-conductor the power line to Berger Point and North Nashua.

NOMINATING COMMITTEE REPORT

The Nominating Committee representing District 3 submitted the following nominations to the office of NorVal Electric Cooperative, Inc. during the week of September 9, 2019.

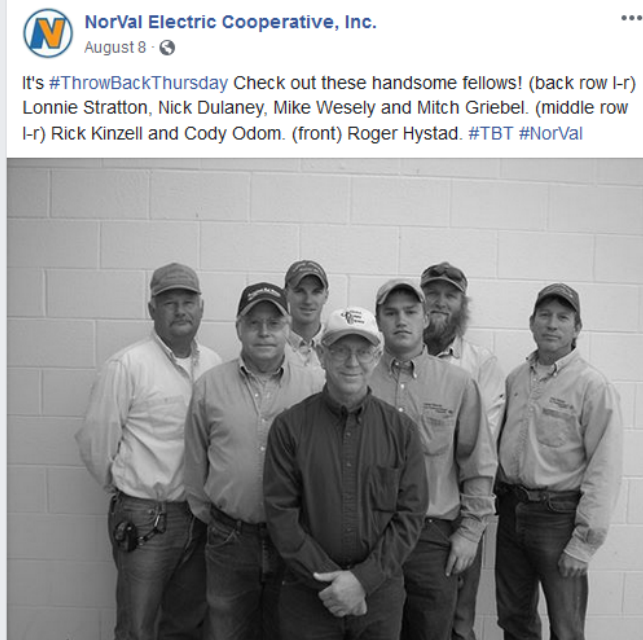
District 3 Members: Don Jones and Don Nelson nominated the incumbent, Rick Molvig. 🇺🇸

BE SOCIAL WITH US!

NorVal uses Facebook to communicate regarding larger unplanned and planned service interruptions, but we also communicate what's going on in your cooperative day-to-day. If you haven't followed us, be sure to Like our page. On there, you'll find some fun interactive posts! Every Thursday we have a Throw Back Thursday, featuring fun pictures from years' past. On Friday, we have a game called Find It Friday, where there are pictures that are taken throughout our service territory, and we challenge our followers to identify where the picture is taken! Saturday is for safety, and Sunday is for relaxing and winding down! Check out some recent posts from our page. 🌐



THROW BACK THURSDAY



FIND IT FRIDAY



2019 YEAR IN REVIEW

"I think that the forward march of the electric cooperatives represents what is perhaps the most democratic form of business enterprise, one in which the individual finds his greatest gain through cooperation with his neighbor."
--- President Franklin Delano Roosevelt

2019 YEAR IN REVIEW

JANUARY

NorVal Crews work on right-of-way clearing and proactive vegetation management for the growing season.

FEBRUARY

6 NorVal Employees (office & crew) attend the Work Order Training in Huntley.

MARCH

NorVal Crews patrol every mile of line, taking inventory of equipment and repair needed.

APRIL

Flooding throughout the service territory keeps the crews busy repairing and replacing poles and restringing wires.

MAY

A late spring snowstorm blankets the north part of the territory. Long hours and many miles kept the crew busy!

JUNE

NorVal awards 21 Scholarships to local area students totaling \$8,100!

JULY

The front of the Glasgow Office is re-landscaped with new plants and flowers!

AUGUST

NorVal serves ice cream sundaes to over 150 people at the Daniels County Fair!

SEPTEMBER

Electro-test inspects substation transformers and oil circuit reclosers. Crews and office staff complete fire safety training.



Members, livestock and the line crew contend with Spring flooding.



Left: Joe Odom (left) has a discussion with Nick Dulaney (right) at the Pole top Rescue Safety meeting. Right: An insulator had burnt off of this pole, causing a fault and large outage. A fly-over from our linemen in the daytime made this broken insulator visible.



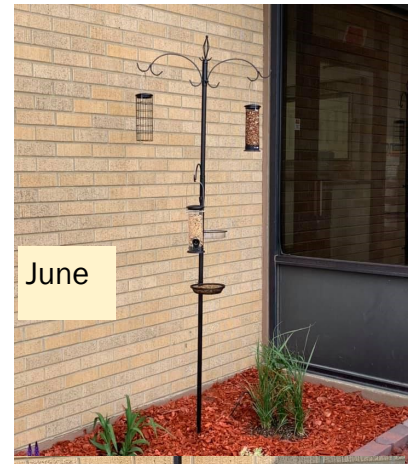
Bottom pictures: the late April storm caused difficult travel conditions, the crews battled icy roads and even took to the sky!



2019 YEAR IN REVIEW



The NorVal front yard was landscaped during the summer. Gone are the overgrown shrubs, and in their place, new flowers, native grasses (and we even grew a corn stalk by accident) and a new planter for our winged friends!



SUBSTATION UPGRADES



Above: Kirk Capdeville (left) with Brock See in the bucket.



Above: Hill County Electric Crews work with NorVal Crews to stabilize the mobile substation.

2019 NORVAL SCHOLARSHIPS AWARDED



Barnett



Billingsley



Booth



Boucher



Brown



Christensen

Glasgow High School

Bridger Barnett. Parents Russ and Carin. Bismarck State College.

Rachel Billingsley. Parents Scott and Suzanne. Miles Community College.

Kaden Fossum. Parents Steve and Janel. Bismarck State College.

Garrett Lloyd. Parents Duane and Ellen. MSU-Bozeman.

Ellis McKean. Parents Andrew McKean and Lih-An Yang. University of Montana.

Merlin McKean. Parents Andrew McKean and Lih-An Yang. University of Michigan.

Benjamin Miller. Parents Matthew & Lynn. MSU-Bozeman.

Cordelia Nickels. Parents Brady Dale and Jennifer Nickels. MSU-Billings

Alexandra Pehlke. Parents Michael & Jessica. U of M-Western.

Natosha Sand. Parents Josh & Ronica. Dickinson State University.

Micah Tweten. Parents Paul and Tana. MSU-Northern.

Brook Westby. Parents Todd and Lori. Carroll College.

Hinsdale High School

Sarah Boucher. Parents Gregg and Renae. Flathead Valley Community College.

Chaykota Christensen. Parents Chris and Carol. MSU-Bozeman.

Lustre Christian High School

Zach Brown. Parents Darin and Sarah. MSU-Northern.

Emily Eggar. Parents Shawn & Christine. York College.

Kassandra Kirkaldie. Parents Dave and Taja. Williston State College.

Nashua High School

Daniel Parpart. Parents Ned and Linda. Northwest College.

Opheim High School

Joni Pankratz. Parents Kenneth and Lori. Miles Community College.

Savage High School

Tyler Lien. Parents Ross and Brandi. MSU-Billings.

Scobey High School

Cooper Booth. Parents Robert and Cheryl. Bismarck State College.

Wolf Point High School

Paisley Ferdina. Parents Jay and Shelly Ferdina. MSU-Bozeman.



Eggar



Lloyd



Ferdina



Ellis McKean



Fossum



Merlin McKean



Kirkaldie



Miller



Lien



Nickels



Westby



Pankratz



Parpart



Pehlke



Sand



Tweten



Proxy Voting Authorization

VERY IMPORTANT! 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 Electric Cooperative, Inc., hereby constitute and appoint: _____ as agent for me, and in my name, place and stead, to vote as my proxy at the 11th Membership Meeting of NorVal Electric Cooperative, Inc., October 22, 2019 and to cast my vote as if I were personally present. It is understood that this proxy is given pursuant to the conditions of Article III, Section 3.7 of the Bylaws of the Cooperative.

Dated this _____ day of _____ 2019.

_____ Signature of Member

This proxy form must be presented by the representative during registration at the

11th Annual Meeting on October 22, 2019.

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

ELECTRONIC SERVICE REQUESTED

Kid's Coloring Contest
Two winners will be chosen!



Coloring pages will be available at registration.
Turn them in to the registration table when completed!

**Don't forget your non-perishable
food item for the
9th Annual NorVal Food Drive!**



Bring a can and receive a gift!

New this year: the Valley County Health Nurse will be in Lustre for Flu Shots and there will be blood pressure screenings as well! Join us for a mini health fair!