



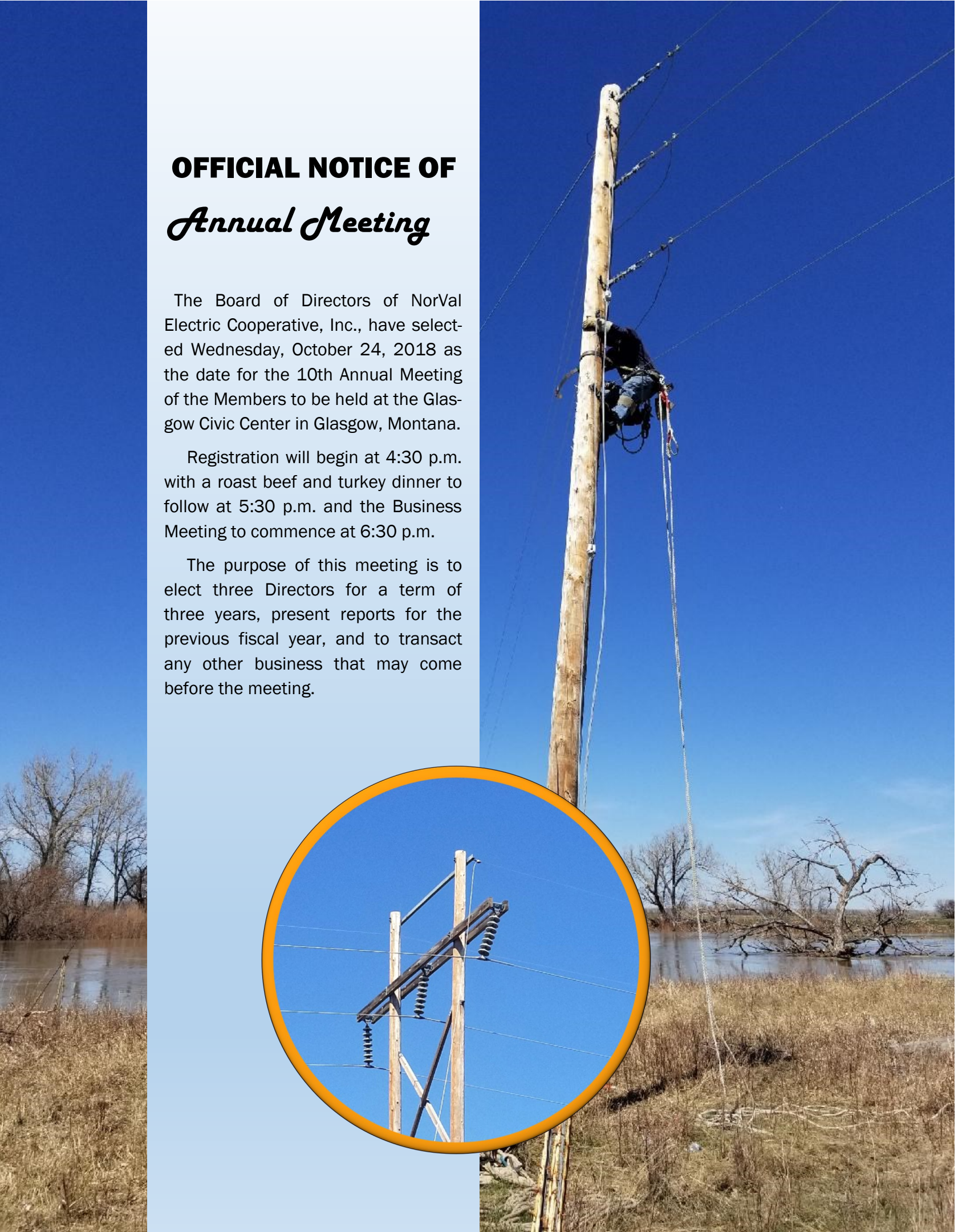
NorVal Electric Cooperative
2018 Annual
Report

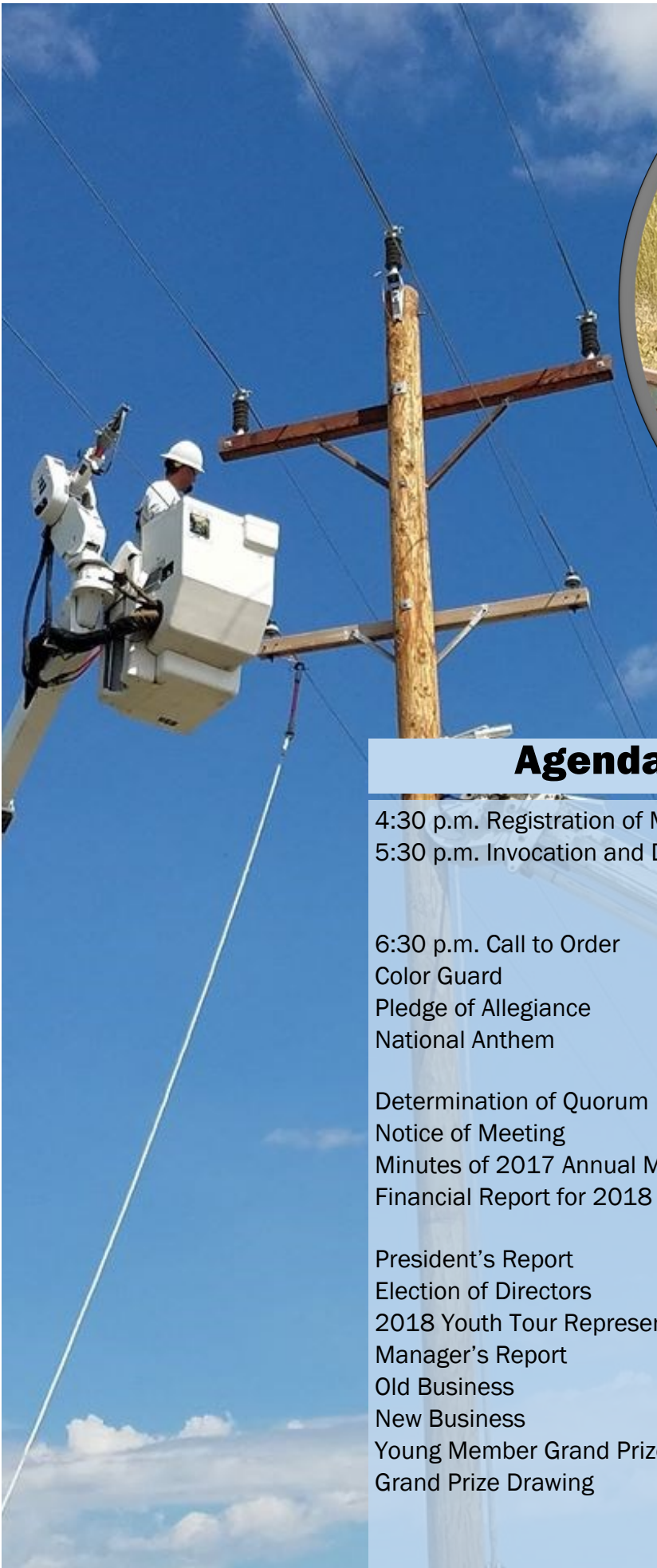
OFFICIAL NOTICE OF *Annual Meeting*

The Board of Directors of NorVal Electric Cooperative, Inc., have selected Wednesday, October 24, 2018 as the date for the 10th Annual Meeting of the Members to be held at the Glasgow Civic Center in Glasgow, 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 three Directors 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.





Pictured at left: Gavin Krauth, above: Kyle Shipp.

Agenda of Annual Meeting

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 Quorum

Notice of Meeting

Minutes of 2017 Annual Meeting

Financial Report for 2018

President's Report

Election of Directors

2018 Youth Tour Representative

Manager's Report

Old Business

New Business

Young Member Grand Prize Drawing

Grand Prize Drawing

Music by Irle Elementary 5th
Graders, Directed by Christine
Gilchrist

Ronald Reddig, President

American Legion Post 41

Gary Sethre, Former Director

GHS Students, Directed by

Luree Green-Chappell

Kurt Breigenzer, Secretary

Kurt Breigenzer, Secretary

Kurt Breigenzer, Secretary

Cory Wheeler of Smith, Lange &
Halley

Ronald Reddig, President

Christoffersen and Knierim, P.C.

Sarah Boucher

Craig Herbert, General Manager

\$200 Cash

\$300 Cash

2017 Minutes of the Annual Meeting of the Members

The 2017 Annual Meeting of the Members of NorVal Electric Cooperative, Inc., was held on October 18, 2017 at 6:30 p.m., at the Opheim High School in Opheim, Montana. Rocky Kittleson gave the invocation prior to dinner being catered and served by the Northern Lites 4-H Club.

Prior to the start of the meeting, President Richard Molvig announced that all kids in attendance could pick out a prize from the prize table. In addition, two drawings were held for bikes.

President Richard Molvig called the meeting to order at 6:30 p.m. and thanked the 4-H club for the excellent meal.

The colors were presented by Jerry Davenport and Virgil Nelson from the American Legion and Haylee Fauth sang the National Anthem. The members then recited the Pledge of Allegiance. Karen Engstrom was appointed as the Recording Secretary.

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 reading of last years' 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 2016 Annual Meeting Minutes be approved as printed.

President Molvig introduced the former employees, former directors, guests and current directors to the members.

Manager Craig Herbert introduced the current employees of the cooperative.

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

Casity Boucher, the 2017 Youth to Washington, D.C. Essay Contest Winner, was introduced. She thanked the Board and members for the opportunity to go to Washington, D.C.

President Molvig introduced Chris Christensen, current Director of the cooperative, and the Mon-

tana Representative on the National Rural Electric Cooperative Association Board. Chris is currently serving as the Secretary/Treasurer on the NRECA Board and shared some of the highlights with the members.

Ryan Hall, Editor of the Rural Montana Magazine, was introduced and spoke to the members about some important issues coming in 2018.

Manager Herbert gave a history of Valley Electric and Northern Electric over the past 70 years. He then presented the following service awards:

Cody Odom 10 years, Karla Johnson 10 years, Walter Nelson 30 years, Kurt Breigenzer 20 years.

Attorney Matt Knierim was called on to run the election portion of the meeting. He announced that through inadvertence and error, Ky Idler's name had not gotten on the Ballot for District #4. It was the intention to have him nominated from the floor but prior to the Meeting, Mr. Idler called and withdrew his name from the nominations.

Attorney Knierim announced that there was only one candidate for each position for Districts #1, #2, #4 and #7, being Lee Risa, Sam Gundermann, Chris Christensen and Rocky Kittleson, 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 1, 2, 4 and 7. A motion to dispense with the ballots and instead use a voice vote was made, seconded and unanimously carried to dispense with the ballots and instead use a voice vote. The following Directors were unanimously elected.

District #1 Lee Risa, District #2 Sam Gundermann, District #4 Chris Christensen, District #7 Rocky Kittleson.

The President asked for any old or new business to be brought before the meeting. The following Grand Prize winners were announced: wire reel clock, Glenn Rorvig, electric s'more maker, Bruce & Sammy Floyd, Ninja Blender, Tony Myhre, Roku Player, Jody Mason, Roku Player, Nick Knaff, cutting board, Roberta Boucher, cutting board, Richard Fulton, \$200 Young Members Prize Bryce Risa, \$300 Grand Prize Glenice Honrud.

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



Virgil Nelson presents the Montana Flag at the 2017 Annual Meeting.

LETTER FROM THE PRESIDENT OF THE BOARD

Delivering electricity has never been an easy undertaking, from the hand-dug poles that originally made up our growing electrical system, to the many surprises Mother Nature delivers, there are challenges that we face as a cooperative.

As your co-op we strive to ensure that your power is reliable and affordable. The management and staff works tirelessly to improve our electrical system to provide peak performance to your home, shop, garage, bin or business.

Additionally, your Board of Directors is committed to ensuring that the cooperative serves its members to the best of our capability. Through continuing educational programs, we aim to keep abreast of the ever-changing electric industry. Congress and our state legislature constantly change the rules and regulations that affect our way of life.

We have an amazing team at the statewide level who know the ins and outs of the legislation being discussed and will let us know of anything we can do to help. We need your help! If you're interested in joining the Grassroots Action Team, please sign up at the registration table.

Finally, I'd like to reiterate our commitment to following the seven cooperative principles. These principles not only govern the way we do business, but also encourage us to remain vigilant in our responsibilities. Your Board does not take lightly the duties that you've elected us to do. We will continue to ensure that the communities we serve, the miles of line we maintain and the manner in which we do business remains a constant in an ever-changing world. 🇺🇸



Ron Reddig

PRESIDENT, BOARD OF DIRECTORS



Craig Herbert

GENERAL MANAGER

It is my distinct pleasure to welcome everyone to *your* Annual Meeting. I hope your harvest was successful and for our ranchers, that you've got enough hay stocked for the Winter! As we celebrate 10 meetings, we look back on the rich history that brought this cooperative into existence. Though we have had some growing pains since merging, the decision to combine Northern and Valley Electric into one co-op was a smart move. We have decreased costs, improved the reliability of the system, and have worked around the clock to provide low cost, reliable energy to your home, farm or ranch, or business. We pride ourselves on serving Northeast Montana for over 70 years

and are excited to serve you for the next 70!

Since our last meeting, we experienced a long, cold winter followed by an unusual summer. In some areas there was much rainfall, but a few miles away, a drought. By the numbers, though, we are very close to our five year average usage.

It is my hope that you'll attend this years' meeting! We will have many exciting things planned including a mouthwatering meal, wonderful door prizes and some great information about *your* cooperative. We encourage you to join us at the Glasgow Civic Center on October 24th! 🇺🇸

BALANCE SHEET

As of April 30, 2018

ASSETS - WHAT WE OWN		2018	2017
Electric Plant In Service	\$	37,947,245	\$ 36,273,878
Construction Work In Progress		526,382	1,982,985
Less Depreciation		16,909,034	16,345,591
NET VALUE OF OUR PLANT		21,564,593	21,911,272
Working Funds - Cash		1,192,598	1,161,667
Investments in Associated Utilities		1,719,232	1,615,176
Energy Bills Due From Members		666,425	660,215
Due From Material Sales		22,212	68,865
Material Inventory		935,134	1,002,483
Prepaid Insurance & Other Debits		538,957	591,184
Preliminary Const. Plans/TransCanada		116,391	116,391
Other Investments		114,048	113,023
TOTAL ASSETS	\$	26,869,590	\$ 27,240,276
LIABILITY - WHAT WE OWE			
Owed to RUS/Loan	\$	5,274,833	\$ 5,409,624
Owed to Federal Finance Bank/Loan		2,122,436	2,202,805
Owed to CoBank/Loan		4,506,325	4,938,206
Owed to NRUCFC/Loan		1,288,949	1,326,749
Prepaid to RUS (5% Interest Earned)		(644,922)	(641,298)
Equipment Leases		528,386	669,818
Accounts Payable		287,180	350,951
Accrued Taxes		296,547	293,624
Consumer Prepayments & Other Credits		570,734	454,673
Consumer Deposits		324,587	318,866
TOTAL LIABILITIES	\$	14,555,055	\$ 15,324,018
EQUITY - OUR WORTH			
Patronage Capital Assigned	\$	11,580,203	\$ 11,695,256
Patronage Capital Assignable		700,982	184,063
Other Equities & Margins		33,350	36,939
TOTAL NET WORTH		12,314,535	11,916,258
TOTAL LIABILITIES & NET WORTH	\$	26,869,590	\$ 27,240,276

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

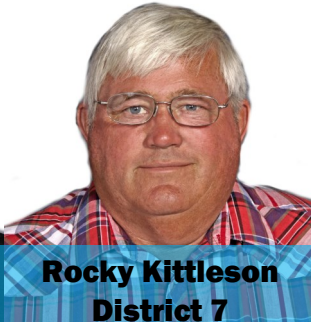
	2018	2017
Residential Sales	\$ 3,801,531	\$ 3,564,428
Non Residential Sales	1,294,315	1,205,246
Irrigation Sales	359,554	147,797
Three Phase/Oil Production	1,021,803	918,910
Three Phase/General	411,208	451,688
Large Power	567,720	648,410
Public Street Lighting	97,804	99,028
Other Electric Revenue	103,410	91,092
TOTAL REVENUE	\$ 7,657,345	\$ 7,126,599

WHERE OUR DOLLAR WAS SPENT

Purchased Power	\$ 2,400,016	\$ 2,226,738
Operations & Maintenance	2,295,485	1,893,866
Billing & Consumer Accounts Expense	368,754	346,392
Administration & General Expense	779,300	702,598
Depreciation Expense	1,220,678	1,207,315
Interest Expense/RUS & CoBank	598,838	618,732
TOTAL EXPENSES	\$ 7,663,071	\$ 6,995,641

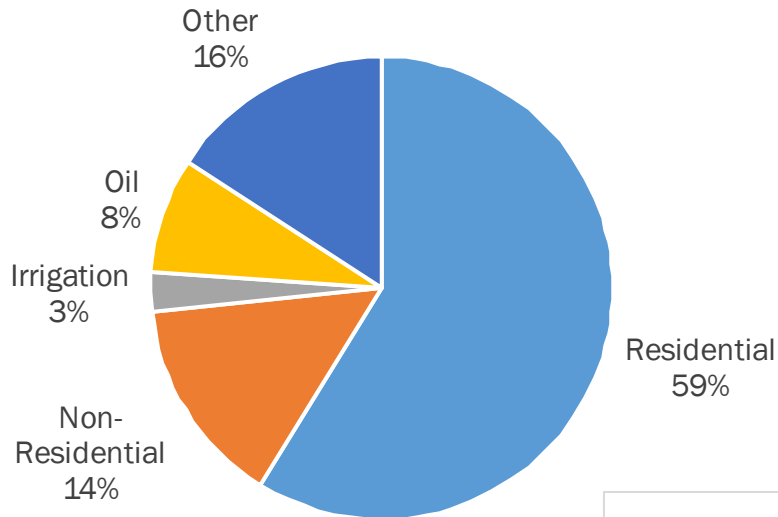
MARGINS TO BE ALLOCATED

	\$ (5,726)	\$ 130,958
Percentage of Revenue	-0.07%	1.84%
Capital Credits/Associated Organizations	\$ 245,507	\$ 201,173
Interest Earned	45,465	55,953
Other Non-operating Income	197,015	105,833
NET MARGINS FOR PERIOD	\$482,261	\$493,917

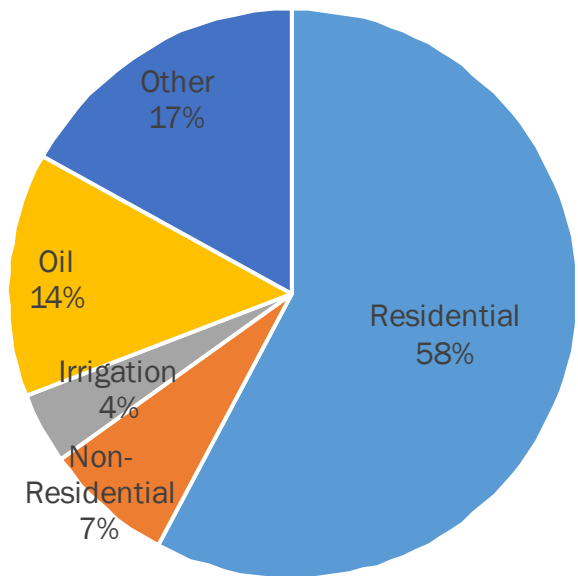


**BOARD
OF
DIRECTORS**

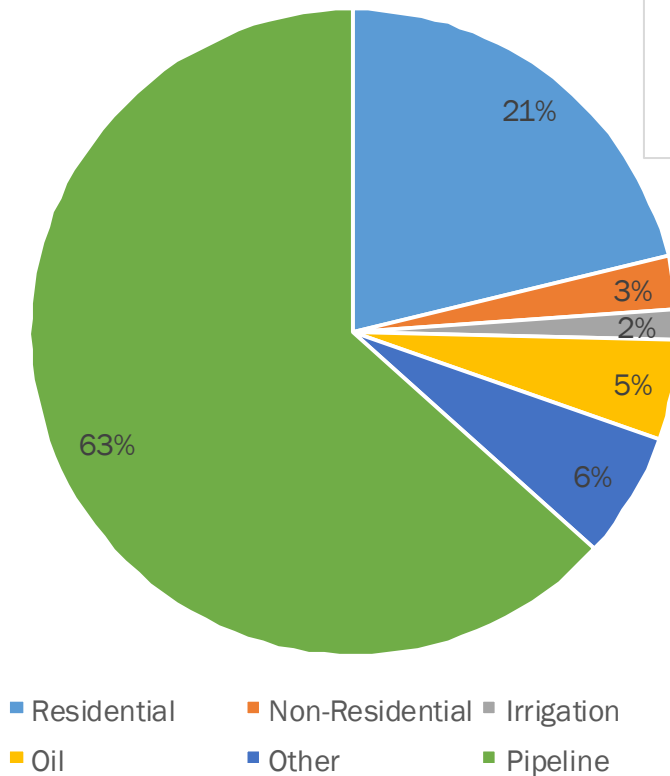
Five Year average ANNUAL USAGE



AUGUST 2017 THROUGH JULY 2018 kWH USAGE



PROJECTED FUTURE ANNUAL USAGE



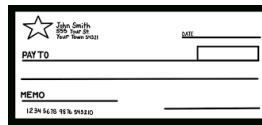
BILL PAY OPTIONS AND CONNECT WITH US!

NorVal understands that you've got a busy lifestyle! That's why we've implemented so many different options to pay your electric bill!



Pay by computer!

Go to <https://norval.smarthub.coop>



We accept checks and money orders.



Download the SmartHub app in Google Play or iTunes!

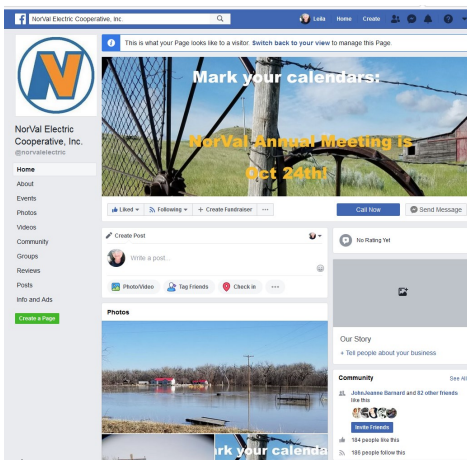


Pay by credit or debit card. We accept Visa and MasterCard.



Or pay with cash!

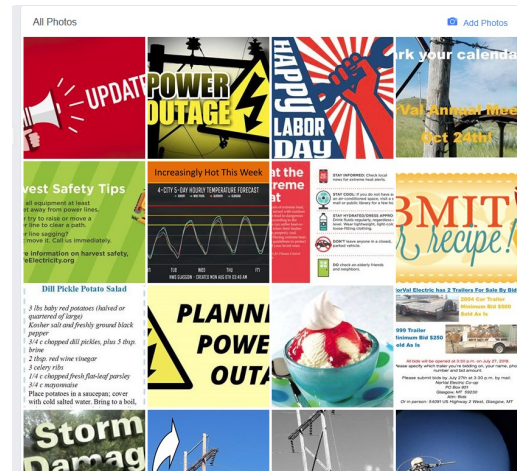
Have you found us on social media? We are at www.facebook.com/norvalelectric. We post unplanned service interruption (outage) updates on there, you can also find the latest co-op news and see pictures of our crew in action! Here are a few of the posts from the page:



↑ The home page for Facebook



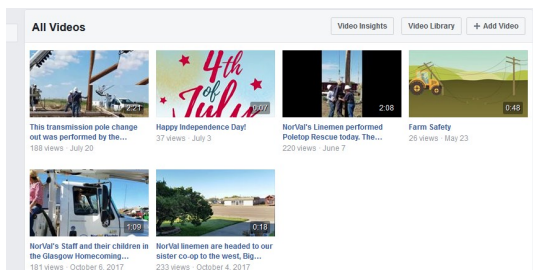
↑ Find out about power interruptions in your area.



↑ Check out the video and photo sections!



← Get safety and energy efficiency tips as well!



MEET THE CANDIDATES FOR



KURT BREIGENZER, incumbent candidate for District #5, is the son of Everett and Liz Breigenzer and was born and raised in the Glasgow area. He received his primary and secondary education in the Glasgow schools system and is a 1986 graduate of GHS. Kurt

went on to further his education at MSU-Bozeman, graduating in 1990 with a degree in mechanical en-

gineering. After college, he lived in Findlay, Ohio and Helena.

In 1995, Kurt moved back to Glasgow to farm with his wife, Audra. Together they have a daughter, Amy, and son, Luke. Kurt has served on the NorVal Board of Directors for 21 years and also serves as the President of the Board for Central Montana Electric Power Cooperative and was elected to serve our district on the Midwest Electric Consumers Association Board of Directors. He has earned his Credentialed Cooperative Director Certification. 🇺🇸



RON REDDIG, incumbent candidate for District #6, was born in Wolf Point, and was raised on a family farm/ranch operation in Lustre. He attended schools in Lustre and graduated from Lustre Bible Academy in 1974. He furthered his education at

DCC in Glendive, taking Agriculture and Physical Education classes. Ron returned to the family farm and married Jeri Schmidt, his high school sweetheart. Together, they have three adult children, son Randy and daughters, Nikki and Roni.

Ron continues to farm and just started his 35th year for the Valley County Road Department. Ron continues to operate R&R Glass and Auto Body.

Ron's passion is his family, especially his grand-

children. In his spare time, he enjoys woodworking and golf.

Ron is completing his eighth term. He is currently NorVal's President and is Vice Chairman of the Resolutions Committee at MECA, Montana's Statewide Association for electric co-ops, headquartered in Great Falls. In his continued dedication as a Director, Ron earned his Certificate of Completion as a Credentialed Cooperative Director. He believes that the current Board, along with management and staff, have been proactive in a rapidly changing electrical environment. New loads seem to take years to come to fruition, but we continue to strive for reliable and low cost power. We face many challenging days ahead with stricter EPA rules and guidelines and we need all of our members to continue to support MECA's Grassroots campaign. Ron would appreciate your support and is proud to have had the opportunity to serve all the members of NorVal. 🇺🇸

THE BOARD OF DIRECTORS



GARY MEYER is the incumbent candidate for District #7 and is completing his fourth term as director of NorVal Electric Cooperative.

Gary was raised and educated in Circle and graduated in 1964. He then attended Dakota Business College in Fargo, North Dakota. His wife, Bonnie (Rees), was raised in Northern McCone County and is also a graduate of Circle High School. They were married in June of 1969 and together have 3 children and 5 grandchildren. Gary enjoys music, playing for dances and other events around Eastern Montana and Western North Dakota with “Dudley and the Deadbeats”. He

also enjoys working on and driving his 1964 Chevy Impala SS and 1966 Mercury Monterey Convertible.

Gary & Bonnie have been active with the Fort Peck Senior Citizens and with grandkids activities. Bonnie has served on the Fort Peck Federal Credit Union Board and Supervisory Committee since retiring as an employee in 2011. She has stayed active with the Gumbo Gals Garden Club, also helping with making World Relief quilts at the Lutheran Church in Fort Peck, and various fundraisers in the community.

Gary has earned his Credentialed Cooperative Director Certification, enjoys working with the Board, and has appreciated the opportunity to serve as a Director. He’s also looking forward to the completion of the Keystone XL Pipeline. 🇺🇸

Nominating Committee Report

The Nominating Committees representing Districts 5, 6, 7 submitted the following nominations to the office of NorVal Electric Cooperative, Inc. during the week of August 20, 2018:

District 5 Members: Rick Kinzell, Rick Stahl and Melvin Vegge nominated the incumbent, Kurt Breigenszer.

District 6 Members: Gary Sethre, Keith Unger and Lyle Wall nominated the incumbent, Ron Reddig.

District 7 Members: Doug Baker, Jean Carlson and Sherry Richardson nominated the incumbent, Gary Meyer. 🇺🇸

SERVICE AWARDS

Rick Molvig - 30 Years
Board of Directors



Jayson Nelson - 15 Years
Journeyman Lineman



Eric Feit - 5 Years
Warehouseman



"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

2018 YEAR IN REVIEW

JANUARY

NorVal Crews finished annual meter reading, year-end inventory and GPS'd the Idle Services.

FEBRUARY

Director Kurt Breigenzer was elected to the Mid-West Electric Consumers Association Board.

MARCH

NorVal Crews reorganized material warehouse for streamlined efficiency.

APRIL

Sarah Boucher of Hinsdale is awarded an expense-paid trip to Washington, D.C. for her winning essay for the Youth To D.C. Tour.

MAY

NorVal sponsors Benjamin Miller to Montana American Legion Boy's State.

JUNE

NorVal Awards 16 Scholarships to local area students totaling \$6,800!

JULY

NorVal Crews complete annual pole top rescue training.

AUGUST

NorVal serves ice cream sundaes to over 400 people at the Daniels and Northeast Montana Fairs.

SEPTEMBER

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



Crews repair a broken cross arm.



Walt Nelson retires after 31 years of service.



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



NorVal sponsored American Legion Boys State participant Benjamin Miller (center). He's pictured with NorVal Director Rocky Kittleson (at left) with American Legion District Commander Joe Yeoman (right).

IN REVIEW



Marie Donaldson joined the NorVal family in March as the Payroll and Benefits Administrator.



Above the clouds, Line man Gavin Krauth completes pole top rescue certification.



While changing out meters in the Cotton and Hinsdale Substations, it's easy to see why linemen choose this job! From intense stormy skies, to beautiful blue ones in the top picture, to the random peacock sightings this job is like none other! Shown top left: Tracy Henry changing out farm meters. Top: Cody Odom inspects the best route through the alkali laden creek crossing.



During the Electro-Test transformer testing they discover a transformer that needs to be replaced in the Benrud Sub. The crews install a temporary transformer until a permanent one arrives.

Crews participate in a safety meeting, while changing out a transmission pole on a de-energized line North of Nashua.



2018 NORVAL SCHOLARSHIP RECIPIENTS

\$500 Recipients

Madison Knodel. Parents: Sam and Beth Knodel. Glasgow Graduate. Attending: Montana Tech.

Brooklyn Ferestad. Parents: Mike and Deanna Ferestad. Scobey Graduate. Attending: Montana State University Bozeman.

Haylee Fauth. Parents: Mike and Debbie Fauth. Opheim Graduate. Attending: Miles Community College.

Mickayla Johnson. Parents: Mark and Heidi Johnson. Hinsdale Graduate. Attending: Montana State University.

Bailey Funk. Parents: Owen and Tanya Funk. Saco Graduate. Attending: Montana State University Bozeman.

Trevor Davis. Parents: Ken and Lora Davis. Wolf Point Graduate. Attending: Montana State University Northern.

Thomas Brown. Parents: Robert and Yvonne Brown. Lustre Christian Graduate. Attending: Montana State University Bozeman.

Taylor Laumeyer. Parents: Joseph and Crystal Laumeyer. Nashua Graduate. Attending: Minot State University.

\$300 Recipients

Alex Fransen. Parents: Mike and Tanja Fransen. Glasgow Graduate. Attending: Dickinson State University.

Tia Hallock. Parents: Tigh and Danielle Hallock. Scobey Graduate. Attending: Dickinson State University.

Cade Anderson. Parents: Russ and Twyla Anderson. Opheim Graduate. Attending: Academy of Interactive Entertainment.

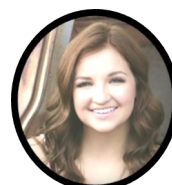
Casity Boucher. Parents: Gregg and Renae Boucher. Hinsdale Graduate. Attending: Miles Community College.

\$200 Recipients

Ziggy Chamberlain. Parents: Jerry and Melody Chamberlain. Glasgow Graduate. Attending: Montana State University Billings.

Carl (CJ) Nelson. Parents: Kevin and Tami Nelson. Scobey Graduate. Attending: Williston State.

Shelby Fuhrmann. Parents: Justin and Geraldine Fuhrman. Opheim Graduate. Attending: Miles Community College.



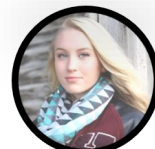
Madison Knodel



Brooklyn Ferestad



Haylee Fauth



Mickayla Johnson



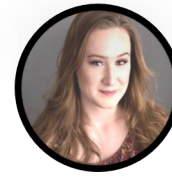
Bailey Funk



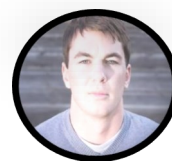
Trevor Davis



Thomas Brown



Taylor Laumeyer



Alex Fransen



Tia Hallock



Cade Anderson



Casity Boucher



Ziggy Chamberlain



CJ Nelson



Shelby Fuhrmann



Spring flooding along the Milk River.



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 10th Membership Meeting of NorVal Electric Cooperative, Inc., October 24, 2018 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 _____ 2018.

_____ Signature of Member

*This proxy form must be presented by the representative during registration at the
10th Annual Meeting on October 24, 2018.*

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
8th Annual NorVal Food Drive!**



Bring a can and receive a gift!