



## 2019 Annual Report

# NOTICE

THE CASS COUNTY  
ELECTRIC COOPERATIVE  
ANNUAL MEETING HAS  
BEEN POSTPONED.



**Steve Peterson**  
Linework Foreman

# NOTICE OF ANNUAL MEETING

The annual meeting of the members of Cass County Electric Cooperative Inc., will be held at the Delta by Marriott, located at 1635 42<sup>nd</sup> Street South, Fargo, North Dakota on April 21, 2020, to act upon the following matters:

1. The reports of officers and directors
2. The election of three directors
3. All other business which may come before the meeting, or any adjournments thereof

Pursuant to the bylaws, the following members have filed petitions for directorship of the Cooperative:

District At Large	Marcy Svenningsen (I)	Valley City
District 4	Jeff Triebold (I)	Fargo
District 5	Terry Kraft	West Fargo
District 5	Bradley Maasjo	Fargo
District 5	Tom Seymour (I)	West Fargo

## CONTENTS

- 3 Board of Directors
- 4 Letter to Members
- 6 Safety
- 8 Integrity
- 10 Accountability
- 12 Innovation
- 14 Community
- 16 Financial Reports

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### Program:

5:00 p.m.	Registration* begins and doors open
6:00 p.m.	Call to order, welcome and meal
	Establish quorum
	Approve Minutes of previous meeting
	Election of directors
	Board Chairman's and President's report
	Financial report
	Old and new business
	Open discussion
	Adjournment

\* Only registered members will be allowed to vote.

**Any person representing a corporation which is a member of the Cooperative shall present evidence of his or her authority to cast one vote on behalf of the corporate member.**

**Dated this 25<sup>th</sup> day of February 2020.**



**Glenn D. Mitzel, Secretary**

**POSTPONED**

## Board of Directors

Members of the Cass County Electric Cooperative board of directors are elected to three-year terms during the annual meeting. Directors must be members of the cooperative and be a bona fide resident of the director district in which they are seeking directorship. That means you, as a member, can have a say in cooperative operations by voting for your directors. Democratic member control is one of the principles that sets cooperatives apart from other types of businesses and utilities.



**Marcy Svenningsen**  
District-AL, Valley City  
Board Chair



**Jeff Triebold**  
District-4, Fargo  
Vice Chair



**Genn D. Mitzel**  
District-5(3), West Fargo  
Secretary



**Sid Berg**  
District-3, Colfax  
Treasurer



**Douglas Anderson**  
District-2, Arthur



**John Froelich**  
District-1, Valley City



**Kalvin Hoff**  
District-6, Horace



**Wendy Loucks**  
District-5(1), Fargo



**Tom Seymour**  
District-5(2), West Fargo

## Director Expenses

2019 director expenses totaled \$181,616.38, \$3.54 per member. Directors' expenses include fees paid for attendance at regular monthly board meetings and monthly retainer (\$113,378.54), other industry-related conferences and meetings, including training and reimbursable travel expenses (\$59,636.85).

# Community-Focused. Member-Driven.

Built by the communities we serve, connecting with our consumer-members placing their needs first, investing in relationships to understand the business needs for their success and the success of our communities.

**Marshal Albright**  
President/CEO

**Marcy Svenningsen**  
District-AL, Valley City  
Board Chair

We are pleased to report that 2019 was an excellent year for Cass County Electric Cooperative. Rates were stable, operating expenses were below budget, growth was moderate, and sales were outstanding, resulting in record margins.

We continue to focus our daily operations around our mission to provide reliable and affordable electricity to more than 52,000 consumer-members in a ten-county area.

Safety is our number one goal, along with providing a reliable power supply to our consumer-members. In 2019, our reliability was at 99.98%, this is the amount of time your power was on over the year. A few factors can impact power reliability, with weather and equipment failure being the primary reasons. Last year we had intense summer storms with lightning and strong winds that caused several outages. During the winter, we had significant frost build-up on our power lines and wet snow that caused several outages too. In the metro, we had a couple of critical switch failures that caused most of the outage time. When there is an outage, our operations and engineering team respond as safely and quickly as they can to restore power.

With a focus on affordability, we make prudent, fair, and responsible decisions to manage the cooperative and supply electricity at a reasonable price. We determine our operational efficiency by the amount of our distribution adder or the all-in cost for Cass County Electric to deliver power from the substation to homes, farms, and businesses. In 2019, the distribution adder was \$.022/kWh. Cooperatives of similar size averaged \$.033/kWh. By operating the cooperative more efficiently than other electric cooperatives of the same size, we are saving you, the consumer-members of Cass County Electric Cooperative, more than \$14 million annually.

As a cooperative, we strive to engage with our consumer-members by sharing information about our financial performance, board governance, our commitment to community, and industry news. In 2019, the cooperative paid out over \$1.78 million in capital credits and \$2 million in 2020. We added absentee voting for director elections, and board meeting

highlights to our Highline Notes newsletter. We re-branded our website from kwh.com to CassCountyElectric.com to improve site security and performance by focusing on delivering a better mobile-first experience. We also updated our online account access app from SmartHub to the Cass County Electric mobile app. We have been using social media more, and it now plays a significant role in consumer-member interaction and communication, from outage updates to current energy issues.

As we plan for the future, Cass County Electric Cooperative will continue to invest in technology and talent to enhance the level of service our consumer-members expect. The future of power supply is uncertain. However, we do have adequate power resources to meet our anticipated power needs for the next 20 years. Future federal or state policies could impact the use of our current resources, especially in a carbon-constrained future. Our power supplier, Minnkota Power Cooperative, is actively evaluating numerous scenarios to inform the member cooperatives of alternative sources of energy to address future environmental constraints on carbon-based fuels. The challenge is to provide a reliable power supply with minimal carbon intensity. Several options are being considered, including adding carbon capture and sequestration onto our existing coal generation facility, intermittent coal plant operation or retirements, or market purchases with natural gas generation and more renewable energy.

The carbon capture and sequestration system, called Project Tundra, would remove more than 95% of the Carbon Dioxide (CO<sub>2</sub>) from the flue gas at the Young station in Center ND, resulting in a reliable, baseload supply with the lowest CO<sub>2</sub> output. For more information on the CCS system, visit [projecttundrand.com](http://projecttundrand.com).

In 2020, Cass County Electric Cooperative will continue to focus on our core mission of serving our consumer-members' energy needs with reliable and affordable electricity.

Marcy Svenningsen & Marshal Albright  
Board Chair                      President/CEO

## Safety [safe-ty]:

The condition of being safe from undergoing or causing hurt, injury, or loss.

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In 2019, Cass County Electric employees spent more than 4,700 hours on safety training, proving our commitment to safety. Including regular safety training, reminders, and reports, we make every effort to ensure our employees get home safe at the end of each day.

Workplace safety holds significant meaning to us. We have one dedicated fulltime employee who leads a safety committee comprised of employees who represent different departments. This committee meets every other month to explore ways we can create a safe work environment for everyone.

We belong to the communities we serve, so our consumer-members and their safety are just as important to us. In 2019, Cass County Electric employees conducted numerous community safety training events. These included events like Careers on Wheels and talking with fourth-grade classrooms how to stay safe around electricity. We also educated first responders on the do's and don'ts when they encounter a downed powerline.

We have a continuous process to improve our employee's safety regarding cybersecurity. We strive to stay up-to-date with our procedures and systems to maintain industry best practices. Our internal controls are reviewed annually by an outside auditing firm.

Also, we perform vulnerability research on our network and mitigate any high-risk issues. Quarterly training is scheduled for all employees to recognize and defend against cyberattacks, and we test employees monthly to ensure understanding.

**Nick Runck** (Journeyman Lineworker), **Line Crew Foreman**, **Justin Gronbeck** (Journeyman Lineworker), **McCarty** (Seasonal Lineworker), **Kory Jalbert** (Journeyman Lineworker)





**Tyler Lynnes**  
Seasonal Journeyman  
Lineworker

**Mike Mead**  
Manager of Safety

# Integrity [in-teg-ri-ty]:

The practice of being honest and doing the right thing for our consumer-members even if no one is watching.

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The commitment to our consumer-members goes beyond our mission to provide affordable, reliable, and quality service. We are constantly looking for ways to bring value and save you money, whether it is through our social media platforms, print magazines, digital e-newsletter, website, or our Co-op Connections® program.

The Co-op Connections® program is a benefit program for Cass County Electric Cooperative consumer-members, designed to deliver added value. The program offers a variety of discounts at participating local and national businesses while providing our consumer-members a real money-saving tool—that's value! In 2019, more than 500,000 special offers were added to the program nationwide, including entertainment and travel perks exclusives.

As your trusted energy advisor, we want to assist you in overcoming energy obstacles in your homes and businesses. We do this by consistently providing tips on how to save money by using energy wisely and how to use electricity responsibly and safely. You can count on our monthly magazine, Highline Notes, to introduce topics such as conservation, safety, and technology. On our social media platforms, you will find DIY energy-saving tips and learn how to stay safe during storms. In addition, we provide transparency with an inside look at our different departments and our board of directors.

We are a cooperative built by the communities we serve. Our board of directors gathers monthly to make decisions that are best for our consumer-members. We are neighbors serving neighbors—that's the cooperative difference.

# Accountability [ac-count-abil-i-ty]:

The quality or state of being accountable, especially an obligation or willingness to accept responsibility or to account for one's actions.

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Consumer-members have come to know and expect the reliability that Cass County Electric Cooperative provides. It takes many moving pieces to deliver electricity to heat your home, charge your phone, and enjoy the technology that makes your daily life a little easier.

Stretched out, our 5,685 miles of line could reach from Fargo to Japan. Powering nearly 60,000 meters are 40 substations and 14,413 transformers. This complex system is bound to experience issues, which is why we place a significant focus on maintaining our equipment. Outages come in all shapes and sizes. In 2019, the leading causes of outages were equipment failures, the public, and planned.

System Average Interruption Duration Index (SAIDI) is a score that paints the picture of reliability and accountability. Last year, Cass County Electric's SAIDI value was 57.66 minutes, meaning consumer-members were without power for an average of 57.66 minutes throughout the year.

2019 was our fourth best year on record, keeping power on for our consumer-members across the system for 99.989% percent of the year.

Left to right: **Sarah Smith** (Plant Accountant), **Amy Mahlum** (Lead Cable Locator), **Jodi Bullinger** (Vice President of Engineering & Operations), **Dianna DeGeest** (Engineering Technician), **Paula Fode** (Manager of System Records), **Wanda Throlson** (Administrative Assistant of Engineering & Operations)





**CJ Erickson**  
Construction & Maintenance  
Supervisor

**Cass County Electric Members**

# Innovation [in-no-va-tion]:

A state of mind—an attitude embraced by our employees and executive staff; a way of solving problems using new technology to benefit our consumer-members while bringing social and economic value.

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Last year was a big year for introducing new technology to our consumer-members. We partnered with Minnkota Power Cooperative, Secure Energy Future, and the West Fargo Public Schools to bring the first all-electric school bus to the state of North Dakota. Homegrown North Dakota energy powers the all-electric school bus. Since the bus started its route, the average price-per-mile has cost the school district 14 cents per mile. Meanwhile, a new diesel bus running on a similar route costs the school district 38 cents per mile.

We launched our Cass County Electric mobile app (formally known as SmartHub), which allows our consumer-members to interact with us, right in the palm of their hand. Download the Cass County Electric mobile app to pay your bill, view and compare energy use, and report outages. Your energy. Your time. Your way. [CassCountyElectric.com/mobile-app](http://CassCountyElectric.com/mobile-app).

Along with launching our mobile app, we completely updated our website. We designed our website with our consumer-members in mind, mobile-first. The updated site is user-friendly, visually appealing, and highly interactive. Consumer-members can easily sign up for service, discover information on our program and services, and experience our newly updated outage viewer. You also can learn about ways to stay safe around electricity while reviewing information about new electronics and technology on the market. Plus we have lots of tips for you on how to save energy.

## Community [com-mu-ni-ty]:

A social unit with common norms such as religion, values, customs, needs, and a sense of place within a geographical area affecting the identity of participants and their degree of cohesiveness.

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Our community is more than the streets we walk, the houses we call home, and the stores we love to shop. Community reflects the people who live here. And it's those people, our consumer-members, who drive us to find new ways to serve the communities that built us.

In 2019, Cass County Electric employees volunteered more than 70 hours at the Emergency Food Pantry. We packed 855 pounds of cereal for Great Plains Food Bank and spread holiday cheer by wrapping more than 300 gifts for local seniors through Home Instead's Be A Santa To A Senior program.

Habitat for Humanity did something it has never done in our area before; volunteers built three homes in 10 days. We donated \$5,000 to cover the cost and installation of water heaters in each of the three houses.

We are a member of the Rural Development Finance Corporation and awarded two grants in 2019. Cass County 4-H received funds to help purchase new archery and air rifle equipment and to cover repairs on current supplies; Harwood Fire and Rescue received funds to purchase new turnout gear.

Since the inception of Operation Round Up in 1993 through the Cass County Electric Cooperative Foundation, our members have raised nearly \$3.25 million, making a direct impact in our communities. In 2019, the volunteer board of directors approved \$226,440 worth of grants to 55 organizations, eight individuals, and nine emergency applicants.



**Todd Bollinger**  
Manager of Member Accounts

**Ben Anderson**  
Benjamin Custom Homes

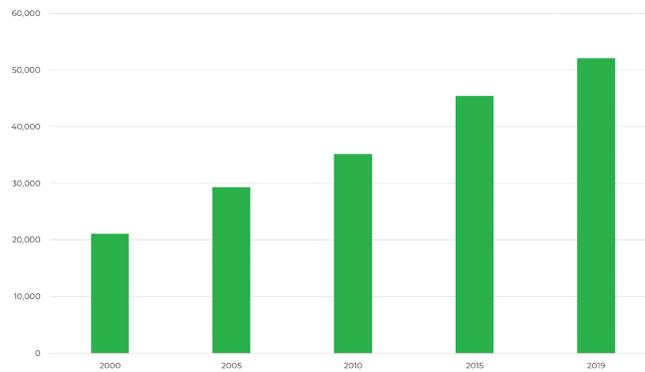
**Tyler Schock**  
Linecrew Foreman



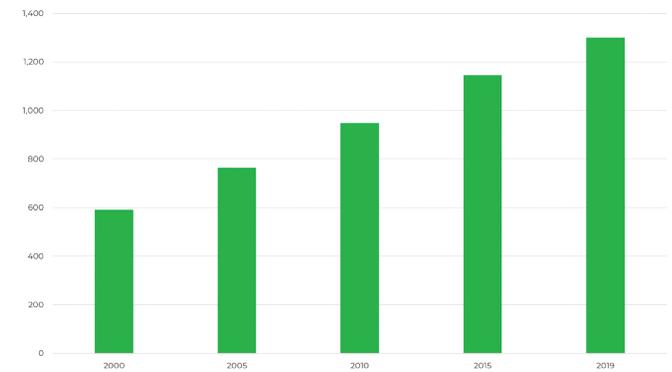
# Comparative Statistics

	2019	2018	% Change
Member accounts served	52,086	50,633	2.9%
Total energy (kwh) sold	1,290,084,673	1,280,187,091	0.8%
Revenues	\$140,029,984	\$136,761,156	2.4%
*Avg. selling prices per kWh sold	\$0.1085	\$0.1068	1.6%
**Power cost per kWh purchased	\$0.0781	\$0.0777	0.5%
***Operating cost per kWh sold	\$0.0223	\$0.0217	2.7%
Employees (full-time)	94	93	1.1%

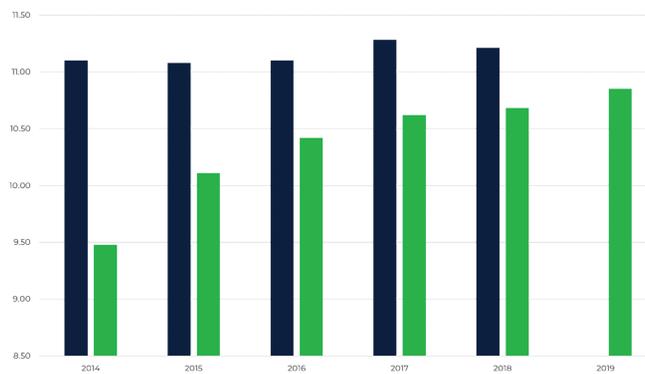
\*2018 U.S. median 11.21¢, \*\*2018 U.S. median 6.82¢, \*\*\*2018 U.S. median 3.91¢



Member Accounts Served (rounded)

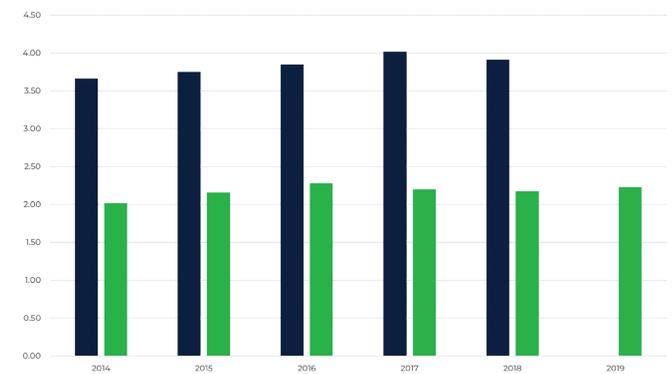


kWh Sales Growth (millions)



Average Selling Price/kWh

■ U.S. Cooperatives ■ Cass County Electric

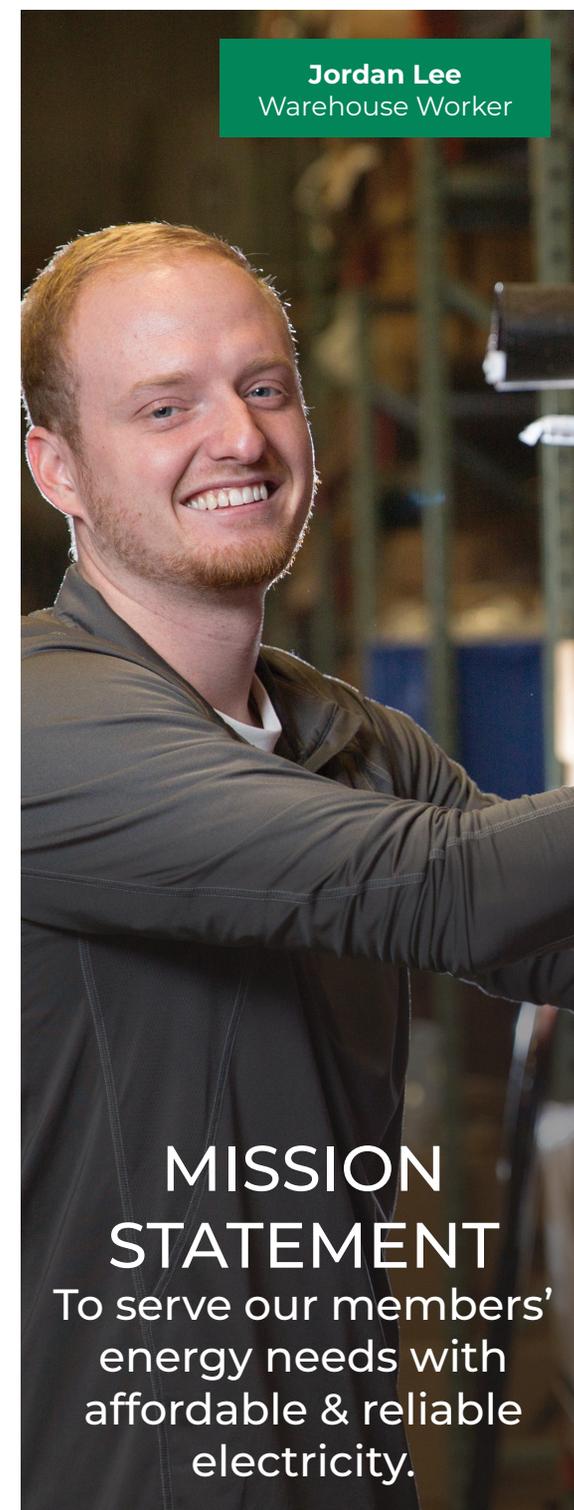


Operating Costs/kWh (excluding power costs)

■ U.S. Cooperatives ■ Cass County Electric

# Statements of Operations

<b>Operating Revenues</b>	<b>2019</b>	<b>2018</b>
Electric	\$139,127,200	\$136,284,831
Electric - deferred revenue	400,000	-
Other electric	502,784	476,325
<b>Total operating revenue</b>	<b>140,029,984</b>	<b>136,761,156</b>
<b>OPERATING EXPENSES</b>		
Cost of power	103,759,675	102,207,838
Operations and maintenance	8,335,087	7,857,877
Member accounting	1,852,364	1,796,890
Member service, informational and sales	1,179,327	1,162,740
Administrative and general	3,950,671	3,896,756
Depreciation	7,658,540	7,390,619
Taxes	1,074,197	1,065,426
Interest on long-term debt	4,631,331	4,540,825
Other electric	46,127	51,539
<b>Total operating expenses</b>	<b>132,487,319</b>	<b>129,970,510</b>
Operating margins before Capital Credits	7,542,665	6,790,646
Other Cooperative capital credits	278,283	309,427
<b>Net operating margin</b>	<b>7,820,948</b>	<b>7,100,073</b>
<b>NON-OPERATING MARGIN</b>		
Other	18,000	19,500
Lease income, net	220,844	228,321
Interest income	1,201,887	972,678
Net gain on sale of investments and property	118,309	113,914
<b>Total non-operating margins</b>	<b>1,559,040</b>	<b>1,334,413</b>
<b>NET MARGIN</b>	<b>\$9,379,988</b>	<b>\$8,434,486</b>



**Jordan Lee**  
Warehouse Worker

**MISSION  
STATEMENT**  
To serve our members'  
energy needs with  
affordable & reliable  
electricity.



**Greg Depee**  
IT Security Administrator



**Mike Mahlke**  
Journeyman Lineworker



**Andrew Thronson & Mike Hartsoch**  
Journeyman Lineworkers

# Balance Sheets

The financial statements for Cass County Electric Cooperative Inc. as of and for the years ended December 31, 2019 and 2018, have been audited by an independent accounting firm, Eide Bailly. An unmodified opinion was issued for each year. Copies of the complete audited financial statements are on file at the cooperative's office.

<b>ASSETS</b>	<b>2019</b>	<b>2018</b>
Electric plant		
In service	\$277,424,686	\$269,461,741
Electric plant under construction	11,435,728	8,301,848
Total electric plant	288,860,414	277,763,589
Less accumulated depreciation	75,788,440	70,762,639
Net electric plant	213,071,974	207,000,950
Other property and investments		
Investments in available-for-sale securities	3,927,469	3,858,003
Investments in held-to-maturity securities	13,000,000	-
Investments in associated companies	7,625,037	7,749,054
Other investments	283,384	273,886
Line extension loans	11,264	-
Special funds	4,900,000	5,300,000
Total other property and investments	29,747,154	17,180,943
Current assets		
Cash and cash equivalents	22,852,810	15,657,239
Current maturities of avail-for-sale securities	300,000	150,000
Accounts receivable, net	15,014,735	15,024,585
Material and supplies	3,158,110	4,061,333
Prepayments	128,508	164,624
Interest receivable	184,059	73,221
Total current assets	41,638,222	35,131,002
Deferred debits		
Retirement security prepayment	1,053,025	1,404,049
<b>TOTAL ASSETS</b>	<b>\$285,510,375</b>	<b>\$260,716,944</b>

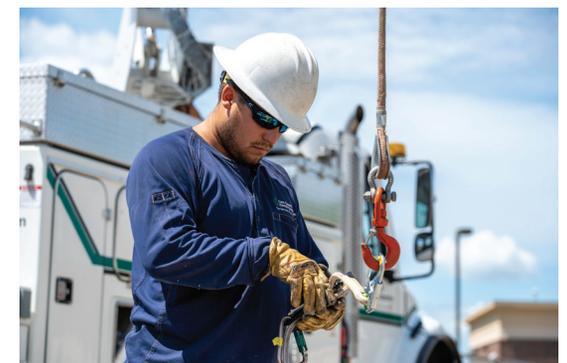
<b>EQUITIES AND LIABILITIES</b>	<b>2019</b>	<b>2018</b>
Equities		
Patronage capital	\$96,590,566	\$90,796,104
Other equities	21,311,871	19,469,175
Accumulated other comprehensive gain (loss)	67,982	(141,090)
Total equities	117,970,419	110,124,189
Long-term debt, less current maturities and cushion of credit	137,481,107	119,517,457
Other noncurrent liabilities		
Deferred revenue	4,900,000	5,300,000
Accumulated provision for pensions and benefits	2,135,497	2,097,264
Total noncurrent liabilities	7,035,497	7,397,264
Current liabilities		
Current maturities of long-term debt	6,144,000	6,127,000
Current maturities of post-retirement benefits	150,000	150,000
Accounts payable - general	722,381	1,806,388
Accounts payable to associated co. - power costs	9,609,783	9,381,741
Customer deposits	2,551,282	2,418,239
Accrued taxes	2,258,355	2,089,300
Accrued interest	13,006	10,396
Other current and accrued liabilities	784,992	781,036
Total current liabilities	22,233,799	22,764,100
Deferred credits		
Member energy prepayments	405,781	321,483
Demand waiver project costs	50,671	252,102
Estimated installation costs - special equipment	179,886	190,995
Consumers' prepayments on community solar garden	153,215	149,354
Total deferred credits	789,553	913,934
<b>TOTAL EQUITIES AND LIABILITIES</b>	<b>\$285,510,375</b>	<b>\$260,716,944</b>



**Stacey Schmid-Nelson**  
Member Accounts Specialist



**Andrew Thronson & Luke Nefzger**  
Journeyman Lineworkers



**Joey Strauss**  
Journeyman Lineworker



Cass County Electric Cooperative  
800-248-3292 | [CassCountyElectric.com](http://CassCountyElectric.com)  
4100 32<sup>nd</sup> Ave S, Fargo, ND 58104

— ANNUAL MEETING —

# NOTICE

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ANNUAL MEETING HAS BEEN POSTPONED.

Please check our website, Highline Notes, and bill inserts  
to stay up-to-date with cooperative news and events.