



Commitment to Excellence

We Are Our Members

**Annual Report
2020**



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2021 Scholarship Winners



\$1000 BEPC Scholarship Winner

Erik Bristow
Williston High School

Upon graduation Erik plans to attend either UND or Georgetown University where he will major in Political Science and minor in Pre-Law.

He is the son of Calop and Kelly Bristow.



\$500 MVEC Scholarship Winner

Kaden Hansen
Bainville High School

Upon graduation Kaden plans to attend Montana State University - Bozeman where he will major in Construction Technology Engineering and minor in Construction Management.

He is the son of Chris and Brandy Hansen.



\$500 MVEC Scholarship Winner

Karter Longie
Tioga High School

Upon graduation Karter plans to attend University of Nebraska - Lincoln where he will major in Sports Media and Communications Broadcasting.

He is the son of Cary and Becky Longie.

On the cover:

Top - Joy Chapin, owner of JC Java Coffeehouse in New Town
Center - Adam Natwick, co-owner Explosive Enterprises in Williston
Bottom - Summer Meyer, owner of Shear Design Studio in Stanley

Greetings from Chairperson Sorenson and Manager Haugen



Dale Haugen
General Manager

Roger Sorenson
Board Chairperson

It is our pleasure to share with you the 2020 Mountrail Williams Electric Cooperative Annual Report. We begin by thanking our members for their loyalty, their business, and how you allowed your cooperative to provide your electrical energy requirements.

Although this year taught us that no business is completely immune, the COVID crisis reminded us of the criticality of the electric industry. Serving this vital and essential industry requires resiliency and the capability to transform in the face of sweeping changes.

One such transformation was the digital revolution that transpired in mere weeks. Business operations changed to virtual meetings as opposed to in-person meetings. The installment of webcams along with software deployment for collaboration such as Microsoft Teams and WebEx became standard operating procedure in order to conduct business. Implementing laptops to equip employees to work remotely became a necessity. We closed lobbies as departments within the cooperative practiced social distancing. Electronic document signatures for our members greatly facilitated our member enrollment process. Personal protection equipment in the form of gloves, masks and hand sanitizer were routine. We responded by coming together in new ways to deliver electricity and our services for what we will call the ‘new normal.’ The cooperative reimagined how we interact with our members, our staff and our board of directors.

Another transformation with the potential to impact Mountrail-Williams is regulation at the federal level. The Federal Energy Regulatory Commission (“FERC”)

is currently reviewing Basin Electric Cooperative and Upper Missouri Power Cooperative’s member rates and wholesale power contracts. Mountrail-Williams was allowed to intervene in the pending Basin and Upper Missouri FERC actions. Mountrail-Williams has also moved to intervene in a pending state level lawsuit brought by McKenzie Electric Cooperative against Basin Electric and Upper Missouri.

We are committed to monitoring and participating in these processes so that members of Mountrail-Williams Electric Cooperative continue to be provided reliable energy at competitive and stable rates.

Our annual meeting theme this year seems to take on a true meaning as your MWEC employees are for **“Commitment To Excellence, We are our Members”** too!

This cooperative came together in many new ways to deliver, help and support our members our communities and to help address a global health challenge. We need to thank them for their extraordinary efforts over the past 12 months and for everything they do to support Mountrail-Williams Electric Cooperative and each other every day.

We would also like to thank our Board of Directors for their leadership and guidance throughout 2020. In particular, we would like to extend our gratitude to our outgoing Board Member, Cheryl Hartsoch, for all she has done for your cooperative. Cheryl was elected to the board in 1997. Thank you so much for helping guide your cooperative and stay focused on responsible growth as you were a source of stability for our members during these challenging times. Thank you again.

Our focus on responsible growth positioned us well as we faced the unforeseen challenges of 2020 and positions us nicely as we look to the future for years to come.

Hope you are attending your cooperative’s 2021 Annual Meeting!

On behalf of the Board of Directors, our management team and all the employees, we say thank you for your support of MWEC.

- » Member Quorum Report
- » Notice of Annual Meeting and Mailing
- » Annual Meeting Minutes
- » Management Reports
- » Election of Directors
- » Unfinished Business
- » New Business
- » Adjournment

1. **CALL TO ORDER:** The Chairman shall take the chair at the time set forth for the opening of the annual meeting or the time to which the annual meeting has been adjourned and shall call the convention to order.
2. **POINT OF ORDER:** The Chairman shall preserve order and decide all questions of order subject to the appeal to the convention.
3. **RECOGNITION BY THE CHAIR:** Every member previous to his speaking shall rise from his seat and address the Chair and remain standing before proceeding to speak until he is recognized by the Chair.
4. **WHO RECOGNIZED:** When two or more members rise at the same time to speak, the Chairman must designate the member who is to speak but in all cases, the member who shall rise first and address the Chairman may speak first.
5. **RULES AS TO SPEAKING, NUMBER OF TIMES, AND DURATION:** No member shall speak more than twice on the same subject without permission of the convention nor more than once until every member choosing to speak on the subject pending shall have spoken. Nor shall any member occupy more than five minutes at the first time nor more than three minutes the second time without the consent by a majority of the members present. After all members have spoken any director, manager, employee or attorney may speak.
6. **MOTION TO BE SECONDED AND STATED BEFORE DEBATE:** No motion shall be debated unless put forth and the same be seconded. It must then be stated by the Chairman before the debate and any such motion must be reduced to writing if the Chairman desires it.
7. **MOTION MAY BE WITHDRAWN:** If the motion has been stated by the Chairman, it shall be deemed to be in possession of the convention, but may be withdrawn at any time before amendment upon decision of the delegate offering it with consent of the seconder.
8. **MOTION ON DEBATE AND PROCEDURE:** When a question is under debate, no motion shall be received but to table, to postpone, to amend, or substitute.
9. **MOTION TO ADJOURN IN ORDER, WHEN:** A motion to adjourn shall always be in order, except when a member is addressing the Chairman or a vote is being taken.
10. **CONDUCT BEYOND THESE RULES:** On any point not covered in the above rules "Robert's Rules of Order" shall govern.
11. **VOTING:** All questions shall be decided by a vote of a majority of the members voting thereon in person, except as otherwise provided bylaw, the Articles of Incorporation, or these bylaws.
12. **VOTING ELIGIBILITY:** Each member shall be entitled to only one vote. Joint membership shall constitute a one joint vote.

Board of Directors



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



GARRETT LALIM
VICE CHAIRPERSON
TIOGA, DISTRICT 2A
WILLIAMS COUNTY
Elected 2014



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



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



ROBERT GRANT
DIRECTOR
BERTHOLD, DISTRICT 3B
MOUNTRAIL COUNTY
Elected 1981



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



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



KYLE DETIENNE
DIRECTOR
NEW TOWN, DISTRICT 3C
MOUNTRAIL COUNTY
Elected 2019



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

2020 Annual Meeting Minutes

2020 ANNUAL MEETING MINUTES

September 30, 2020

The Annual Meeting of the members of Mountrail-Williams Electric Cooperative met at the Cooperative Headquarters in Williston, North Dakota on Wednesday, September 30, 2020.

Chairman Sorenson gave special thanks to cooperative staff and employees for their work getting the annual meeting ready. Ryan Block, Safety Coordinator for the Cooperative, outlined the safety procedures which were in place for this meeting.

Chairman Sorenson called the meeting to order at approximately 2:00 p.m.

QUORUM

Chairman Sorenson reported there were 35 registered members in attendance and a quorum was not present in person. Chairman Sorenson provided the authority to use the number of mail-in ballots to count toward quorum for those questions voted upon on the written ballot and recessed the meeting to determine if a quorum had been established to consider the approval of the 2019 Annual Meeting Minutes; the proposed bylaw amendments; and the director elections in the West District #1, Central District #2, and East District #3.

COUNT OF BALLOTS

Attorney Brittany Foust of Neff Eiken & Neff oversaw the counting of ballots. The following members volunteered to be on the election committee to assist with sorting and counting ballots:

Larry Johnson
Rod Fretland
Nyla Fretland
Micky Bures

An employee of Neff Eiken & Neff was also present to assist with sorting and counting ballots.

QUORUM CONTINUED

Chairperson Sorenson reported there were 513 valid votes cast establishing a quorum to consider the approval of the 2019 Annual Meeting Minutes; the proposed bylaw amendments; and the director elections.

APPROVAL OF 2019 ANNUAL MEETING MINUTES

Each member was mailed a copy of the minutes from the 2019 Annual Meeting located on page 7 of the 2020 Annual Meeting packet. Upon counting of the valid ballots received, the membership approved the 2019 Annual Meeting Minutes as printed and presented in the 2020 Annual Meeting packet.

MANAGEMENT REPORTS

Chairperson Sorenson stated written management reports were provided in the 2020 Annual Meeting packet and that no verbal management reports would be given due to the lack of an in-person quorum needed to conduct business other than the approval of the 2019 Annual Meeting; the bylaw amendments; and the director elections.

BYLAW AMENDMENTS AND ELECTION OF DIRECTORS

Attorney Brittany Foust reviewed the procedure allowing the Cooperative to count members present by signed vote in computing a quorum only on those questions as to which the signed vote was taken and noted the authority to do so provided in North Dakota Century Code Section 10-15-18 and Article III, Section 5 of the Cooperative bylaws. She further stated the Cooperative mailed an Annual Meeting packet to each member, which included a ballot and voting instructions, and reviewed those voting instructions with the members present. It was noted the Board authorized and approved the procedure to send mail-in ballots to all members without written request, clarified that a member present at the meeting may not vote by mail-in ballot, and approved the questions asked of the members to vote upon at a regularly scheduled meeting of the directors on June 24, 2020.

Attorney Brittany Foust gave a brief explanation of the proposed bylaw amendments and the intent of the Board for proposing the bylaw amendments. The majority of votes cast approved the proposed bylaw amendments as presented, allowing the Cooperative to conduct its member meetings remotely and for remote participation to count toward quorum.

Attorney Brittany Foust identified the following candidates who submitted nominating petitions:

West District #1:	Brion Norby and Dick Ludwig
Central District #2:	Garrett Lalim
East District #3:	Charlene Aubol

The candidate biographies were included in the 2020 MWEC Director Nomination Booklet included in the Annual Meeting packet.

The results of the election of the nominated members elected to serve as directors for a three-year term were as follows:

West District #1:	Dick Ludwig
Central District #2:	Garrett Lalim
East District #3:	Charlene Aubol

ADJOURNMENT

There being no further business, the meeting was adjourned, and a notice of the adjourned meeting will be provided to the membership as provided for in the Cooperative bylaws.

Financial Operations Report



Jay Lux

Chief Financial Officer

What a rollercoaster ride at MWEC for the year 2020, a ride that I hope is over for everyone. The first quarter showed MWEC record kwh sales that continued into April. Then, between Covid-19 and the games the Russians and OPEC were playing in the oil market driving the cost of a barrel of oil

into negative territory, our kWh sales dropped to levels we hadn't seen since 2018 for the 2nd quarter. The 3rd and 4th quarters saw sales rebound but still not to the level they were at the beginning of 2020. All of this put us right back to where we started with a kwh sales figure almost identical to where we finished 2019.

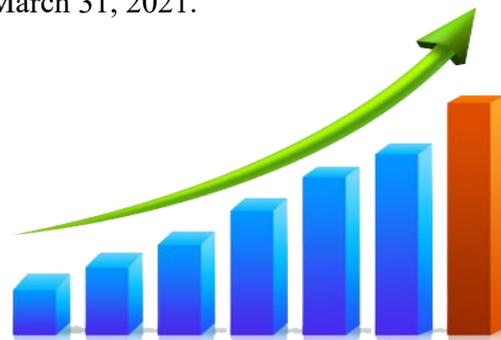
Through it all Mountrail-Williams stayed financially strong. This is because our cost of power makes up almost 75% of our operating expenses. Therefore, when we aren't selling electricity we aren't having to purchase it from our power supplier either. This financial stability allowed the board of directors to continue on their normal retirement of capital credits in June which amounted to \$12.3 million in checks mailed out to our members. Then, over the course of the 4th quarter, the board voted to give a rate holiday reducing members bills by \$16.5 million all while allowing us to meet the financial ratios required to keep our bankers happy.

In 2020, MWEC had operating margins mainly from the sale of electricity of \$20,565,768, this was down almost \$7.7 million from 2019. The primary reason for the decrease in margins is due to the fact that although kWh sales were virtually the same as 2019, the amount of the rate holiday in 2020 was \$16.5 million compared to \$8.7 million in 2019.

Our non-operating margins, which includes interest income plus patronage dividends we receive from other cooperatives, were up \$1.8 million from 2019 for a total of \$12,705,859. Even though our investment interest income was down due to lower interest rates, the increased patronage dividend received from our power supplier (Upper Missouri Power Cooperative and Basin Electric) made up for it. This brought our total margins for the year to \$33,271,626.

For the balance sheet side of things, our total assets are now at \$717 million, an increase of almost \$18 million over last year. Our largest asset is our electric plant which makes up 72% of the total assets. Liabilities came in at \$430 million which was a \$4 million decrease from last year. Our largest liability is our long term debt at \$350.5 million (81.5%) The final part of the balance sheet has to do with equity which is your ownership in Mountrail-Williams Cooperative. Patronage capital, which gets returned to members as the board retires it, increased by \$20 million to \$273 million, other equities increased \$2.85 million to \$14 million bringing total equities to \$287.1 million or 40%.

Eide Bailly, a certified public accounting firm, audits Mountrail-Williams annually. Eide Bailly completed the audit of Mountrail-Williams' books in February 2021 and issued a clean audit opinion on the financial statements and on compliance with rules and regulations. In other words, Eide Bailly found the financial records of your cooperative to be in good order. The audit was presented and accepted by the board of directors on March 31, 2021.



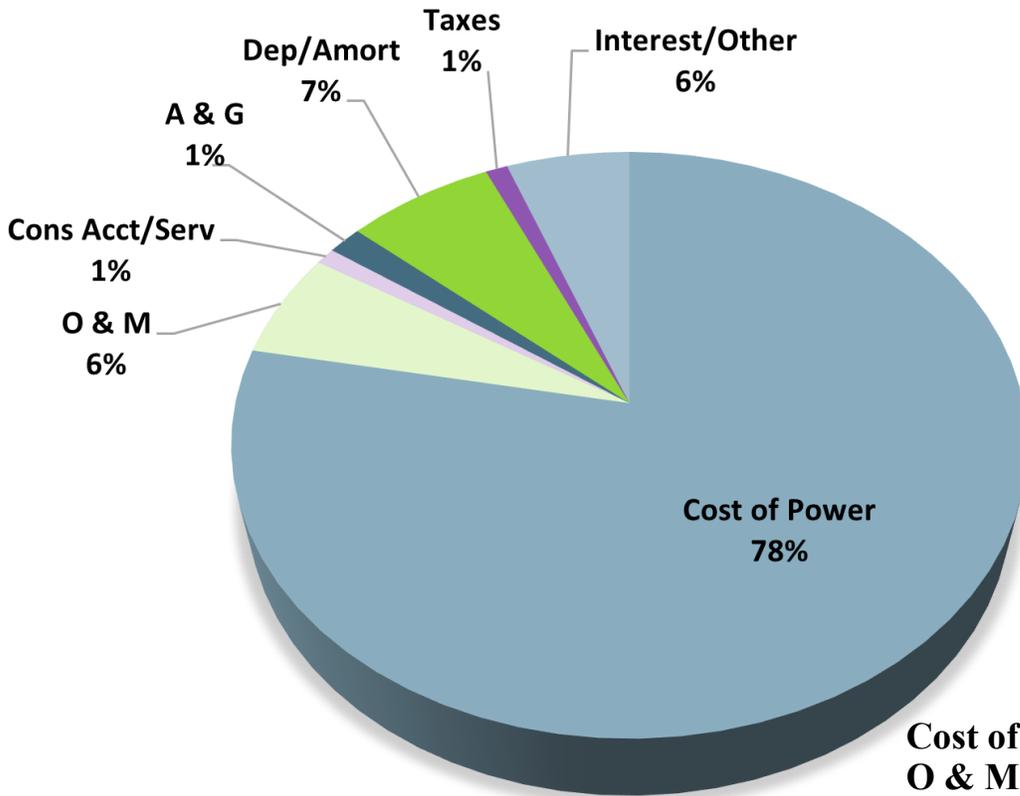
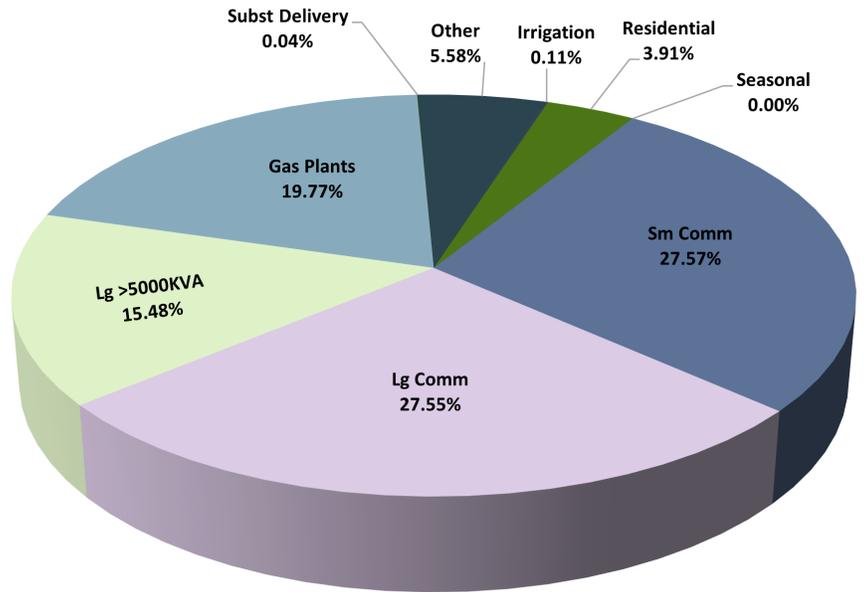
STATEMENT OF OPERATIONS AND PATRONAGE CAPITAL

WHERE IT CAME FROM

	2020	2019
OPERATING REVENUE:		
Electric	\$288,514,853	\$297,159,096
Lease	\$16,235,733	\$14,459,457
Other	\$781,906	\$91,835
Total Operating Revenue	\$305,532,492	\$311,710,388
WHERE IT WENT		
OPERATING EXPENSES:		
Cost of Power	\$222,309,128	\$224,500,384
Transmission Expense-Operations	\$1,044,419	\$696,783
Transmission Expense-Maintenance	\$1,389,590	\$714,838
Distribution Expense-Operation	\$10,231,848	\$9,779,482
Distribution Expense-Maintenance	\$3,936,914	\$3,358,967
Operations Costs	\$16,602,771	\$14,550,070
Customer Accounts Expenses	\$2,262,117	\$2,122,444
Customer Service & Info. Expense	\$398,236	\$426,757
Sales Expense	\$3,000	\$11,000
Administrative & General Expense	\$4,538,324	\$4,703,831
Administration Costs	\$7,201,677	\$7,264,032
Depreciation Expense	\$17,058,519	\$16,029,891
Accretion of Plant Reserve	\$2,365,564	\$2,350,790
Taxes	\$2,915,616	\$2,537,626
Interest on Long-Term Debt	\$16,041,617	\$15,900,536
Amortization of Loss on Reacquired Debt	\$181,401	\$181,401
Other	\$290,429	\$141,800
Total Operating Expenses	\$284,966,722	\$283,456,530
OPERATING MARGINS BEFORE CAPITAL CREDITS:	\$20,565,770	\$28,253,858
GENERATION AND TRANSMISSION AND OTHER COOPERATIVE CAPITAL CREDITS:	\$12,156,877	\$10,085,992
NET OPERATING MARGINS:	\$32,722,647	\$38,339,850
NON-OPERATING MARGINS:		
Merchandising, Less Costs & Expenses (2016 - \$252,170; 2015 - \$363,888)	(\$540)	\$38,001
Other Non-Operating Margins	-	\$51,130
Interest Income	\$549,522	\$736,631
Total Non-Operating Margins	\$548,982	\$825,762
NET MARGINS	\$33,271,629	\$39,165,612

2020 Operating Revenue

Residential	\$11,944,256
Seasonal	\$11,235
Sm Comm	\$84,240,814
Lg Comm	\$84,159,044
Lg >5000KVA	\$47,290,650
Gas Plants	\$60,407,220
Subst Delivery	\$115,001
Other	\$17,036,495
Irrigation	\$327,776
Total	\$305,532,490



2020 Cost of Electric Service

Cost of Power	\$222,309,128
O & M	\$16,602,771
Cons Acct/Serv	\$2,663,353
A & G	\$4,538,324
Dep/Amort	\$19,605,484
Taxes	\$2,915,616
Interest/Other	\$16,332,046
Total	\$284,966,722

Financials

ASSETS:

ELECTRIC PLANT:

	2020	2019
In Service	\$598,942,062	\$560,506,797
Under Construction	\$46,854,669	\$71,310,579
Total Investment in Electric Plant	\$645,796,731	\$631,817,376
Less Accumulated Provisions for Depreciation	\$130,083,307	\$116,379,274
Electric Plant - Net	\$515,713,424	\$515,438,102

OTHER PROPERTY AND INVESTMENTS:

Investments in Associated Companies	\$105,832,787	\$95,369,175
Other Investments	\$259,665	\$253,059
Revolving Loan Fund	\$249,092	\$247,014
Special Funds	\$570,476	\$457,860
Total Other Property and Investments	\$106,912,020	\$96,327,108

CURRENT ASSETS:

Cash and Cash Equivalents	\$837,535	\$1,196,853
Temporary Cash Investments	\$34,842,250	\$16,433,399
Current Portion of Notes Receivable	-	-
Accounts Receivable, Less Allowance for Uncollectible Accounts (2020 - \$4,609,453; 2019 - \$4,089,978)	\$16,193,395	\$20,654,123
Unbilled Revenue	\$21,651,936	\$24,889,646
Materials and Supplies	\$11,043,763	\$13,375,869
Prepayments	\$953,298	\$271,985
Interest Receivable	\$29,257	\$50,513
Total Current Assets	\$85,551,434	\$76,872,388

DEFERRED CHARGES:

	\$9,227,921	\$9,918,154
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TOTAL ASSETS:

	\$717,404,799	\$698,555,752
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EQUITIES & LIABILITIES:

EQUITIES:

Patronage Capital	\$273,058,697	\$253,073,098
Other Equities	\$14,049,522	\$11,185,270
Total Equities	\$287,108,219	\$264,258,368

LONG-TERM DEBT, LESS CURRENT MATURITIES:

	\$350,588,926	\$345,973,027
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OTHER NON-CURRENT LIABILITY:

Deferred Revenue	\$12,000,000	\$12,000,000
Leased Plant Maintenance Reserve	\$711,923	\$863,030
Plant Retirement Reserve	\$17,439,098	\$15,073,534
Postretirement Benefit Obligation	\$115,234	\$130,481
Total Other Non-current Liabilities	\$30,266,255	\$28,067,045

CURRENT LIABILITIES:

Current Maturities of Long-Term Debt	\$10,044,579	\$9,728,497
Accounts Payable	\$22,290,627	\$23,769,529
Customers Deposits	\$3,476,773	\$4,276,362
Taxes Accrued	\$5,980,131	\$5,449,932
Miscellaneous Accrued Current Liabilities	\$47,430	\$55,295
Accrued Compensated Absences	\$914,149	\$741,776
Postretirement Benefit Obligation-Current	\$18,130	\$19,600
Total Current Liabilities	\$42,771,819	\$44,040,991

DEFERRED CREDITS:

	\$6,669,580	\$16,216,321
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TOTAL EQUITIES & LIABILITIES:

	\$717,404,799	\$698,555,752
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Alex Vournas
Chief Operating Officer

Billing Department

MWEC's Billing department had a busy year ensuring timely and accurate billing for our members while dealing with the changes thrown their way with COVID-19. To reduce the risk of employee exposure to COVID-19 within our offices, our billing

department worked from home for part of 2020. Our Information Technology (IT) department implemented a new phone system to allow our employees to answer phone calls as if they were in the office. The new phone system and new video conferencing software, Microsoft Teams, allowed the billing department to work effectively with our members and other employees working in the office. In October 2020, Brenda Jarmin, a dedicated cooperative employee in our billing department, retired after 31 years of service. Brenda was our Senior Billing Clerk and was involved in all aspects of billing and capital credits. MWEC will miss Brenda!

Metering Department

The MWEC Metering department ensures the accurate measurement of power consumption by each member. They do this by fixing non-reading meters and periodically testing and inspecting all meters. In 2020, the metering department tested/inspected 1,582 meters and replaced 3,627 meters. A special project involved upgrading all meters to support 15-minute readings.

The upgrade has enabled all of our members to use SmartHub to analyze their electric usage using periods as granular as 15 minutes.

This data will help our members understand their usage patterns and enable MWEC to offer innovative rates in the future.

Customer Service Department

Our Customer Service department continued to serve our members by answering member phone calls, processing payments, assisting with new member signup, and helping members with new service requests. For a short period, we closed our lobbies due to COVID-19. During the closure, we did most paperwork and payments over the phone, through email, or by mail. Through necessity, we adopted new technology to allow members to sign documents electronically; this turned out to be a change that both our members and employees appreciate. I hope we never have to close our lobbies again, but we now know we can still effectively serve our members if the need arises. We strongly encourage our members to call our offices to discuss any inquires you may have, at 1-800-279-2667.

While I hope we don't have to face challenges like we saw in 2020 again, MWEC had some positive outcomes from this experience. With our new phone systems, electronic signature software, and video conferencing technology, we have become more efficient and now have more options to serve our members. To adhere to our commitment to excellence, we had to become a more resilient organization to keep the lights on and continue serving our members while facing these new challenges.





Jerry Rehak

IT, Compliance and
Special Projects Manager

Information Technology (IT)

MWEC's IT department has several primary functions. First, is day-to-day support. The IT department supports several hardware, software, and security platforms. Our second primary function is the continuous monitoring of all technical aspects of the electronic tools needed to efficiently serve our members. We are constantly evaluating all aspects of hardware and

software, to ensure that they are: 1) cost effective, 2) kept up to date, 3) performing correctly, and 4) meet both our current and future needs. Finally, our third primary function is to preserve and protect all member information and data from outside agents. MWEC is PCI (Payment Card Industry) compliant when it comes to your financial information, meaning that we follow a set of requirements which ensures that we maintain a secure environment, for all your information.

Major IT Projects:

This year MWEC successfully migrated to a new phone system. The IT department spent substantial time and effort evaluating, installing, and troubleshooting this new system. This new Mitel system continues to help MWEC improve your overall customer service experience.

MWEC and its IT department have committed substantial resources to "hardening" our network system. Like most corporations MWEC is constantly bombarded with attempts, by outside forces, to gain access to our network system. These "threat actors" may be individuals, corporations or even countries, and their ultimate goal is to compromise our network for financial or political gain. Through the efforts of our IT department there were no compromises to any of our networks.

We are currently in the process of evaluating our existing Supervisory Control and Data Acquisition (SCADA) system. MWEC's SCADA system allows us to monitor and control field devices remotely (from our office).

We are happy with our current SCADA system which we have utilized for several decades but are doing our due diligence in evaluating other systems that may offer improvements, enhancements, or more economical pricing. This will be a several month process and will involve many MWEC departments.

Mapping and Staking

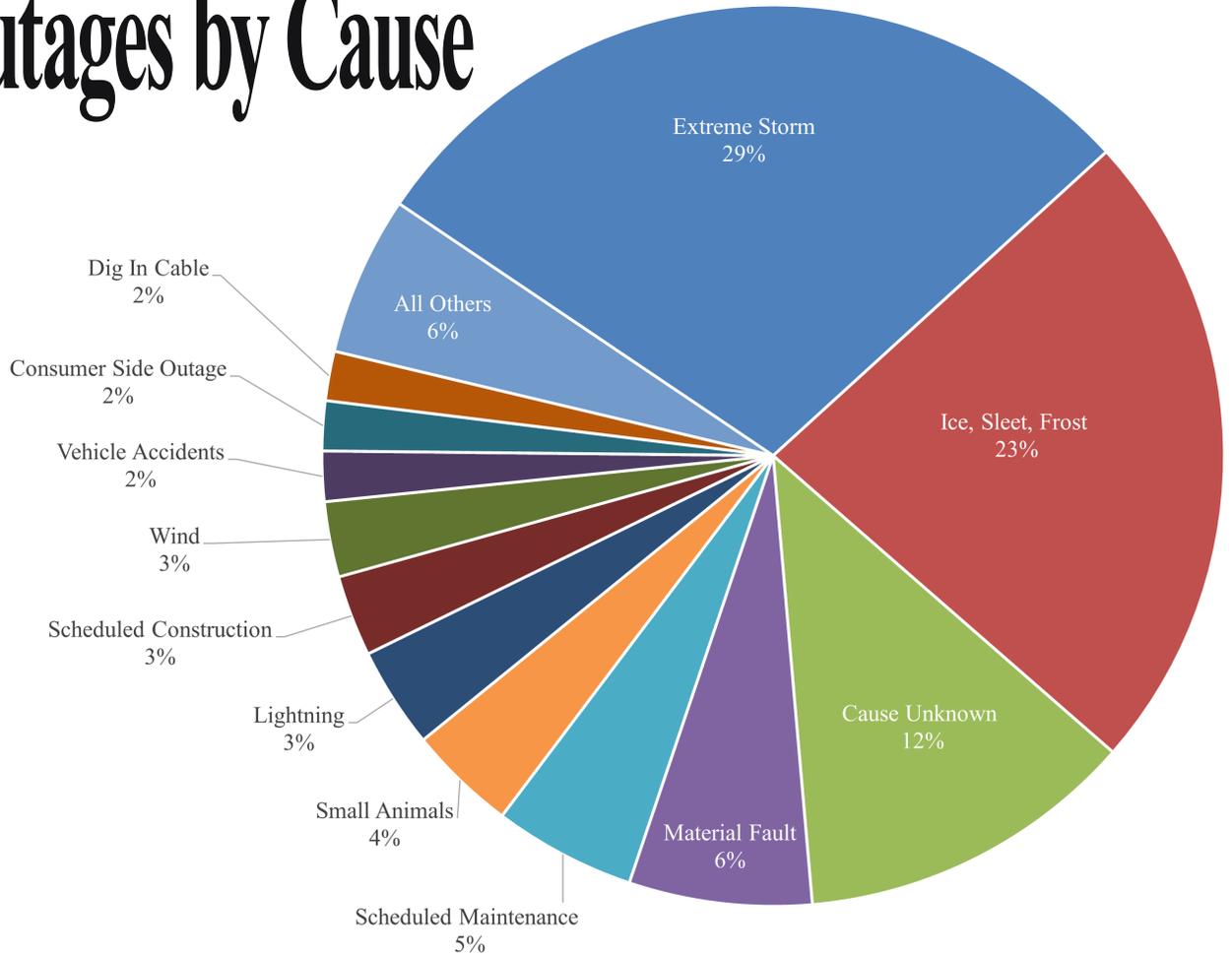
MWEC's Mapping department's function is to connect people, locations, and data using interactive maps. This department is responsible for documenting new, and ever-changing equipment with-in our MWEC footprint. As most of you can relate, those changes have been significant over the past 10 years. We are very proud to offer electronic maps to MWEC employees, and to those of you who utilize the Outage Map feature in SmartHub. Our efforts avail MWEC with several maps that support a wide range of departments. Our maps are used throughout the entire life cycle process of providing you with power. The Mapping department strives for accuracy, promptness, and professionalism in its efforts.

Compliance

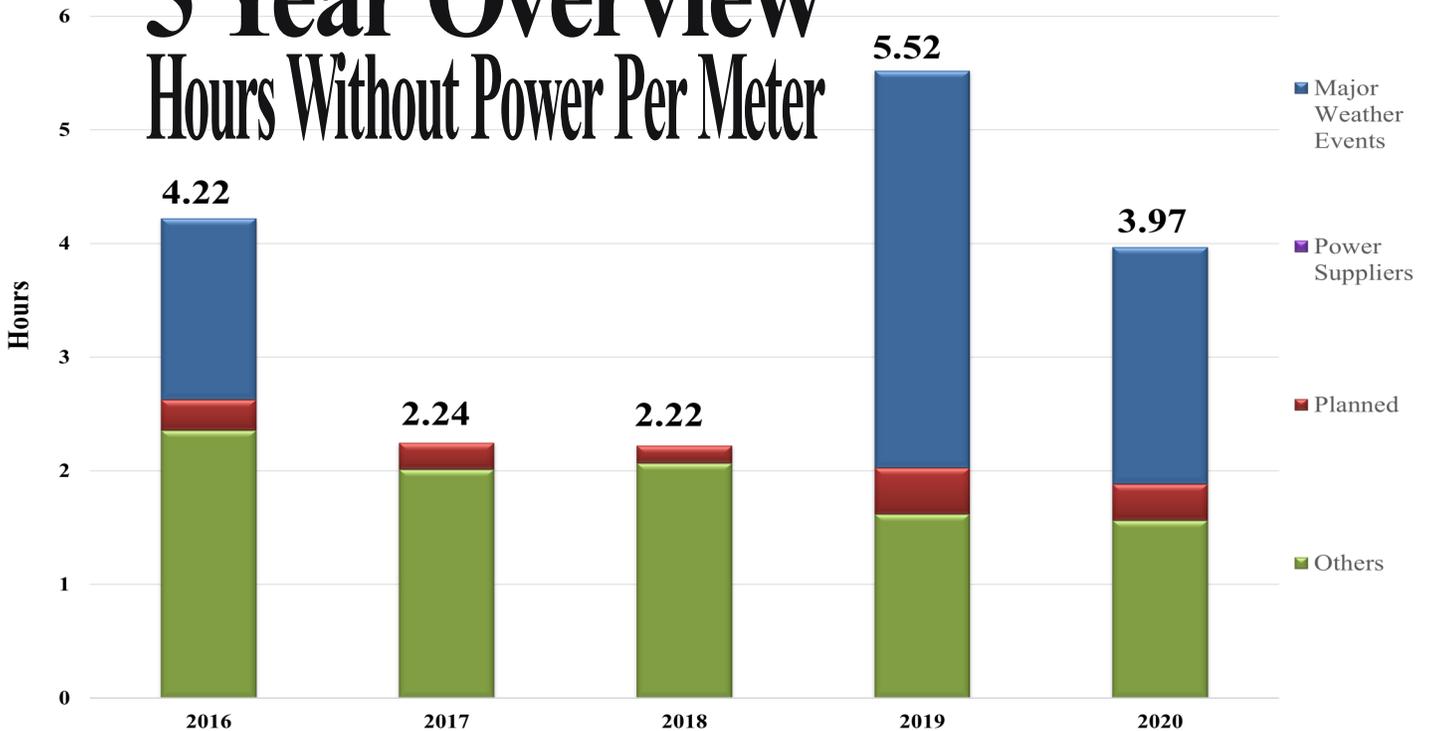
MWEC's Compliance Program was created in 2016, under a mandate by the North American Electric Reliability Corporation (NERC). NERC and the Midwest Regional Organization (MRO) are responsible for creating and enforcing reliability standards which are designed to ensure the reliable delivery of power throughout the Bulk Electric System (BES). This bulk transmission grid stretches from our Canadian border in the north, down to the northwest corner of Louisiana in the south.

MWEC owns 443 miles of transmission lines, of which 77% are classified as BES. As a Transmission Owner MWEC is responsible to implement the 47 reliability standards that are directly applicable to how we design, build, and maintain our transmission lines. MWEC continues to: implement new reliability standards; annually assess seasonal and long-term reliability; monitor the bulk power system through system awareness; and provide education and training to our employees and MWEC's Board of Directors. This valued program is spear-headed by our Compliance Committee who meet monthly to ensure that all aspects of the program are planned, executed, and documented properly.

2020 Outages by Cause



5 Year Overview Hours Without Power Per Meter





Chris Brostuen
Public Relations/
Communications
Manager

2020...the year that wasn't. As the coronavirus gripped the world in 2020, we all began to experience the disappointment associated with the cancellation of events that we were anxiously looking forward to, including many events that are ingrained in our way of life. As an electric cooperative, MWEC values the opportunities that allow its directors and employees to engage with members and community.

Unfortunately, the coronavirus curtailed many of these opportunities as well. The cooperative's Annual Meeting, which traditionally included a dinner, gifts and prizes, entertainment, business meeting, and election of directors, was drastically downsized to a brief business meeting with the election of directors and bylaw change voting facilitated through USPS mail and drop boxes located in the Cooperative's offices. Fortunately, despite the challenges that the coronavirus threw at us, the business of MWEC continued, albeit in a different way.

Community engagement activities with members and community were limited in 2020. However, a focus on outdoor activities, social distancing, masks and other coronavirus preventative measures allowed us to be involved in a number of projects including: Williston State College Teton Basketball Night (pre-COVID); CHI St. Alexius Leonard P. Cancer Center Project; Relay For Life; Chokecherry Festival Pancake Breakfast; Stanley Merchants Golf Tournament; Band Day/Art Fest; Williston Easter Egg Drive Through; New Town Halloween Parade; New Town and Williston Holiday Lights Tours; Stanley Christmas Parade; Salvation Army Bell Ringing; Spring Lake Holiday Lights Drive; Pawty 4 Paws MonDak Animal Rescue Fundraiser; Kids Coloring Contest for National Coloring Book Day; and A World Of Hearts window decorating event at all three MWEC offices. Many events were cancelled through the year, but those that were held gave members and their communities a limited sense of normalcy.

Member service activities once again focused on water heaters, heat meters, and communication with members regarding energy usage and technology. In 2020, MWEC ended its free water heater program and instituted a \$500 rebate for qualifying water heaters. The rebate proved to be a success as 111 water heaters were added to the MWEC system through the year. Each water heater was fitted with a load controller which allows MWEC to control the units during times of peak demand. The Cooperative continued its promotion of electric heat in 2020, adding 329 heat meters. Communications with members addressing energy usage and technology kept staff busy through the year. Many members were surprised that their energy usage was higher in 2020 than in previous years. The difference in many cases was uniquely related to family members being at home throughout the day due to coronavirus requiring families to homeschool and work from home.

Communication with members continued to be an essential and important function of the department in 2020, and perhaps more critical than ever due to coronavirus and how it changed information access. Staff continued to expand its digital engagement with members through the use of its webpage (www.mwec.com) and social media applications including Facebook (@MWElectric). MWEC members are increasingly using digital access for account information, electric energy information, and cooperative news. Over 80% of the membership has a digital presence with the Cooperative. Department staff work daily to stay ahead of the digital demand curve and meet the needs of members. From the non-digital side of communications, members are reading the ND Living magazine. The magazine is published monthly, with a center pages section dedicated to MWEC news and interest. Throughout 2020, department staff strived to provide informative cooperative news and articles that touched on life and events in the service area.

The department's Right-of-Way (ROW) staff continued their unique work in 2020 to acquire the easements, permits, and property needed to keep the Cooperative growing to meet the energy needs of its members. ROW staff secured 89 miles of distribution easements, 32 miles of transmission line easements, and acquired three property parcels for substation and switching facilities.

The department thanks the members of MWEC for their continued support and all that they do to keep their cooperative strong and growing. We will continue to do our part to ensure that MWEC continues to provide safe and reliable energy to its members, and to make their communities great places to live and work.

Operation Round Up



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

2020 Disbursements

Mountrail Cooperative Trust: \$10,263.00
Williams Cooperative Trust: \$13,600.00
Total: \$23,863.00



Since its inception in 1997, the Operation Round Up Program has awarded over \$350,000!

Groups awarded funds in 2020

Dakota Prairie Quilter Guild
Farm Rescue
Fort Union Association
James Memorial Preservation Society
Korner Lions
McVay Elementary School
Opdahl Cemetery Association
Upper Missouri Ministries
Williston Council for the Aging
Williston Salvation Army
Williston Sea Lions
Williston Thursday Musical

Parshall Promoters
First Link
Veterans Foundation
New Town Library
S.A.C.K.
Stanley Blue Jay Boosters
Parshall HI League
Stanley Commercial Club
Berthold Ambulance
Northern Plains Special Education Unit
New Town Marina Club
Edgewater CC

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

Community Engagement



Community



High Voltage Transmission Report



Matthew Stoltz
Senior Electrical Engineer
Transmission System

In this report MWEC wants to provide some background and describe the events of the February 2021 power shortage that resulted in curtailment of some service in our area. Mountrail-Williams Electric Cooperative (MWEC) is a member of the Basin Electric Power Generation and Transmission Cooperative (BEPC). BEPC makes arrangements for power generation on behalf of MWEC. BEPC is headquartered in Bismarck, ND. Also,

Western Area Power Administration (WAPA) operates the network transmission system in our area. WAPA's operations office is in Watertown, SD. Both entities, BEPC and WAPA, play essential roles providing MWEC with a reliable power supply.

The other critical component in the power supply picture is the Southwest Power Pool (SPP). They are located in Little Rock, AR. SPP's footprint is large, covering 14 states in the central US from the Dakota's to Texas. SPP has two important roles, they run the power market and they are the reliability coordinator.

The way BEPC procures power for MWEC is via the SPP power market. Each day BEPC provides SPP a load forecast and pricing for each of the generators in the BEPC fleet. All of the other participants in the SPP market do the same. SPP consolidates this information and calculates the least expensive combination of generation required to run to meet the total load of the SPP market participants. This is done on a "day ahead" and a real time basis. That way all of the participants in the SPP market are accessing the lowest price generation.

Also SPP is the "Reliability Coordinator." While WAPA is our area transmission operator, there are many other transmission operators in the SPP footprint. SPP's role is to have a bird's-eye view of the transmission system and direct the local transmission operators to take actions if problems occur. WAPA can also take this action as well on their own. Both entities have sophisticated computers that model system behavior on a real time basis.

The North American Electric Reliability Corporation (NERC) is the entity that establishes the technical rules of the road for how the transmission system is operated. After the Northeast blackout in 2003, NERC was directed by the Federal government to enforce reliability standards. Violation of these standards has severe economic consequences. Therefore, electric generation and transmission owners strive to uphold these standards.

Normally this system functions without any issues. There is always plenty of generation bid into the market to cover the load forecasts. And the transmission system is operated in a secure manner thanks to guidance from WAPA and SPP.

However, that changed with the unusual cold weather in the southern US on February 15th. The energy infrastructure in the southern US is not hardened to withstand the cold temperatures. Pipes froze, valves stuck, etc. those sorts of things occurred all over. This resulted in generation units themselves being unable to operate or fuel supplies being cut off. For example, a gas pipeline compressor fails and results in pipeline pressure dropping. The gas fired generator supplied by that pipeline can no longer operate. That was a common scenario.

Meanwhile at SPP, the market sees their list of available generators drop off. They raised prices to provide an incentive for additional generation to run. However, in spite of the increasing prices, there was not enough generation in the SPP market to cover their load.

This is a critical issue. The fundamental principal of operating an electric transmission system is that generation must always equal load plus losses. There is no margin for error. Violating this principal will jeopardize the system and trigger sanctions from NERC. SPP was in a bind.

The last resort is to shed load. SPP calculated how much load they needed to curtail. They allocated the cuts across all their transmission operators. Each transmission operator, including WAPA, got a share of the cuts. WAPA in turn, allocated cuts across their system as well. WAPA called MWEC and asked for cuts. MWEC checked with several members and on February 15th, cuts to these members were sufficient. However, on February 16th the process repeated. WAPA had less time to react and some MWEC members were cut without notice.

By February 17th the crisis started to pass and later that week the system was returned to normal.

So why were cuts made in North Dakota when all the problems were down south? It is because of BEPC's participation in the SPP market. The market generation is blended by SPP to create the lowest cost dispatch which saves money for everyone. However, the downside is the risks of shortages are shared by all as well. The market arrangement has benefitted MWEC, for example in February 2019, North Dakota had a terrible cold snap and we leaned on the market for electric supply.

SPP is taking a hard look to make sure this never happens again. NERC will likely impose cold weather hardening standards on the gas and electric systems. Hopefully market rules will be tweaked to provide incentives for market participants to harden their systems.

Together, we have risen to the challenges that we've been faced and successfully executed our strategy at MWEC and are determined to continue to deliver a strong Transmission performance to provide safe and reliable service to our members.



Scott Iverson

Senior Electrical Engineer
Distribution and Load
Forecasting

2020 was an interesting year for everyone. Electrical load was growing very fast on the MWEC system in 2018, 2019 and the beginning of 2020 up to the point where Covid-19 took hold. In February 2020, the electrical load demand was peaking around 530 MW consistently with a peak of around 545MW for the 2019-2020 winter. This is the highest peak demand to

have ever occurred on the MWEC system.

Then Covid hit and the Bakken experienced a record drop in oil prices. Our electrical load followed suit until the 3rd quarter when it started to rebound. By the 2020-2021 winter the system peaked at 519MW which was nearly the same as the 2019-2020 winter peak. This load resilience and predictability is a positive indicator for the co-op.

The downturn in growth during 2020 did offer an opportunity to catch up on system improvements. 2018 and 2019 were busy years, and the growth did not allow for us to get everything done that we wanted. 2020 allowed us to concentrate on projects that had been put off, including a large amount of protective equipment that needed to be installed. Protective equipment is put on the system to decrease outages, lessen the number of members who are without power during an outage, and shorten the time of the outage for those who are affected. The system improvement projects (\$8,000,000) included the replacement of line due to age, size, or poor condition. These investment in protective equipment and system improvements increase service reliability to our members.

2020 is now the second year in a row that our outage numbers have decreased when major weather events are removed from the numbers. In 2016 the average outage time per meter was 157 minutes.

In 2020 that number was down to 112 minutes which is a decrease of 28%. The average outage time (System Average Interruption Duration Index, or SAIDI) is calculated by taking the total outage time for all metering points on our system and then dividing that by the total number of meters. MWEC's investments are not fully realized by these outage numbers since a large portion of the projects were finished mid to late 2020. MWEC was able to get a head start on the 2021 construction season by planning work and obtaining easements in 2020. This head start has allowed us to start our 2021 construction season in March allowing us to implement additional system improvements in 2021. The goal is to improve our outage numbers for a third straight year.

Engineering and Operations Distribution System Automation plan or the distribution systems first self-healing automation project was installed at the end of 2019 and was fully operational for 2020. The equipment used in this project is controlled by logic in the microprocessors. The importance of microprocessors is that the equipment evaluates data to determine if and where a line failed on our system. The equipment then decides and operates, without human intervention, to restore power to our members outside the area of the failed line. Within minutes the failed line is isolated, and power is restored to all other members. In the traditional system the members downstream of the substation would be without power and with this technology there may be only a small fraction of members experiencing an outage. It will also provide information to our line crews so the failed line can be repaired in a timely manner. This reduces the overall outage time for those few members in the isolated area. We are planning on installing equipment across the system so this advanced technology can be implemented to increase service reliability to a higher standard for all of our members.

I am excited to see what these improvements do to the 2021 outage numbers.

Take care and have a wonderful year ahead!



James Neether
Operations Supervisor

Mountrail-Williams Electric Cooperative (MWEC) has improved over time to meet the response to requests and needs of our electric system. These services stem from the deeply rooted cooperative commitment to make our communities better places. Whether leveraging technology to improve training programs, stepping up

during adverse weather situations to restore power, or being recognized as best-in-class for engaging our workforce in our community, we are passionate about executing our mission of serving members well and becoming more efficient in everything we do.

SAFETY AND TRAINING

At Mountrail-Williams Electric Cooperative, safety never ends. Overall, safety performance continued to improve, in 2020 MWEC received the Safety Performance Award from NDAREC. This award is for working for a period of 1 year without an OSHA-recordable incident. This is a team effort by all employees and shows a positive cultural shift in safety awareness and action. MWEC will continue to strive to be the best for the safety of our employees.



Maintaining Reliability

You depend on us to deliver the reliable, affordable service you have come to expect from your cooperative. That is why our staff continually plans ahead to ensure dependable power for families and businesses moving into the area. It can be quite challenging for the MWEC staff to make improvements while keeping the power flowing. MWEC is also installing distribution automation equipment throughout the service area that can be operated by our system operators from the MWEC dispatch center. This will help in isolating problem areas during outages and will also be more efficient during back feeding and switching of lines in adverse conditions to minimize outage times. We will continue to improve our system using the latest in technology to serve our members.

In 2020, MWEC line crews performed routine system maintenance to ensure the continuing reliability service. In 2020 we installed, upgraded, and relocated 1,326 distribution poles, installed 710,500 feet of underground cable, and installed 1,128,094 feet of overhead conductor to improve our electric system. System improvements were successfully completed throughout the cooperative's 4,068 miles of overhead distribution line, 887 miles of underground distribution line and the 427 miles of transmission line. We will continue to make improvements to our service territory to serve our member's needs.

In closing, our team will continue to hold safety as our number one goal in 2021. We will also continue to improve our system using storm resiliency and adding distribution automation equipment to improve the speed, cost, and accuracy of several key distribution system processes, including fault detection, feeder switching, and outage management; voltage monitoring and control; preventative equipment maintenance for critical substation and feeder line equipment; and grid integration of distributed energy resources.

Hope everyone stays healthy and has a great year!

Substation/Dispatch/Security Report



Matt Glueckert
Division Manager:
Substations/Dispatch/
Security

Substations:

The MWEC Substation Department is responsible for all power substations and switch/switchyards site maintenance, including preventative maintenance and any repairs for all the associated equipment. Utility crews maintain 90+ sites on a monthly or quarterly basis. Technician crews maintain equipment

and perform scheduled maintenance for compliance (North American Electric Reliability Corporation establishes the rules), along with scheduling repair/replacement of any damaged equipment.

Upcoming 2021-2022 Projects and Upgrades

New Substations/Switchyards

East Nesson II Compressor Site (Mountrail Co.)

Goliath Compressor Site (Williams Co.)

Sanderson Substation (Williams Co.)

Satterthwaite Substation (Mountrail Co.)

Substation Upgrades

New Town Substation (Mountrail Co.)

Robinson Lake Substation (Mountrail Co.)

Northeast Williston Substation (Williams Co.)

Strandahl Substation (Williams Co.)

Dispatchers:

MWEC Dispatch Department is responsible for the safe operation and monitoring of all MWEC facilities and assets 24 hours a day. First and foremost, is our crew safety, radio communication and emergency awareness. While on shift, our dispatchers monitor the Supervisory Control and Data Monitoring system for our 90 plus substations and related distribution equipment, this includes the actual opening and closing of electrical devices in the field while constantly watching MWECs' electrical sales.

Dispatchers also monitor the Outage Management System for all incoming outages and information to safely troubleshoot and resolve any major disruptions of service. MWEC is continually expanding its distribution automation devices for better member reliability, all requiring dispatch services as well. Security is also a priority for MWEC property, including access control to all facilities, as well as security cameras in most of the power stations. Heating systems along with the generator backups for the Williston and New Town campuses are operated and monitored as another one of their duties. The dispatch department has many tools to help member reliability and communication!

Upcoming 2021-2022 Projects and Plans

Switching Program Improvements

Distribution Automation Operation Improvements

Micro-grid/Distributed Energy Training

Crew Tracking Improvements

Security:

MWEC Security Department is responsible for any emergency or operational security risks. Daily responsibilities include reviewing any camera alarms, electronic card access verification/revocation processes, maintaining compliance paperwork, also working with facility maintenance/safety staff to ensure all facility alarms are maintained and operational.

Upcoming 2021-2022 Projects and Plans

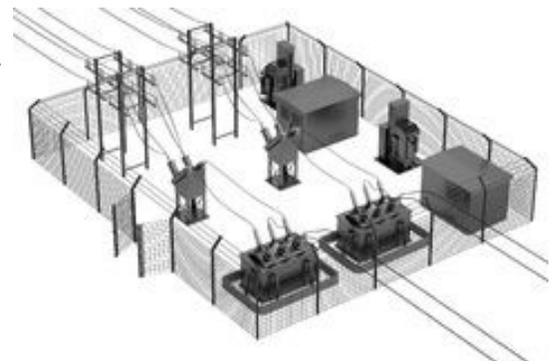
Real-time Security Exercises

Dispatcher Response Guide Improvements

Camera Monitoring 4-8 Additional Sites

Camera Monitoring New Town Office

Each of these departments take pride in having the opportunity to provide safe and secure services to the MWEC members.

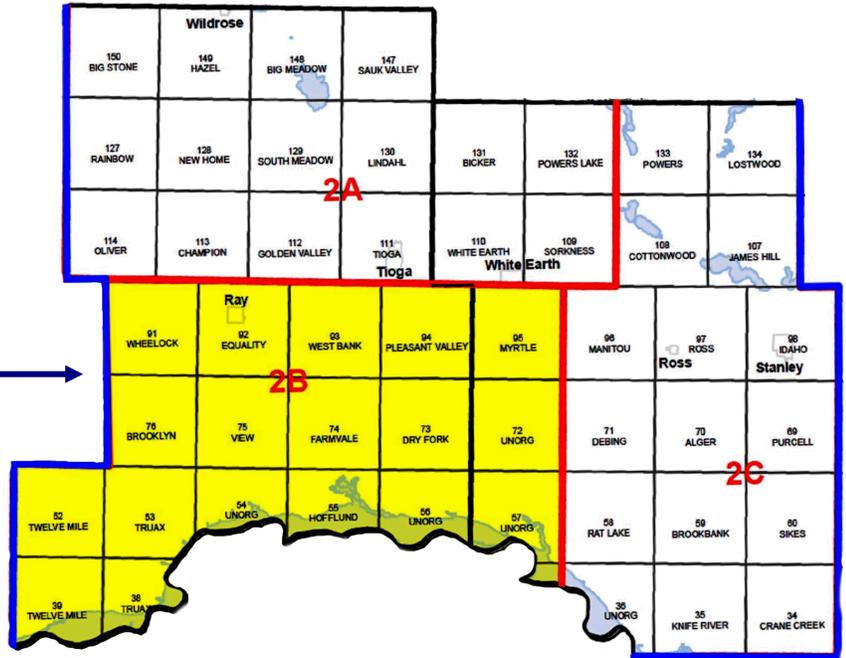


Board Seats Up For Election

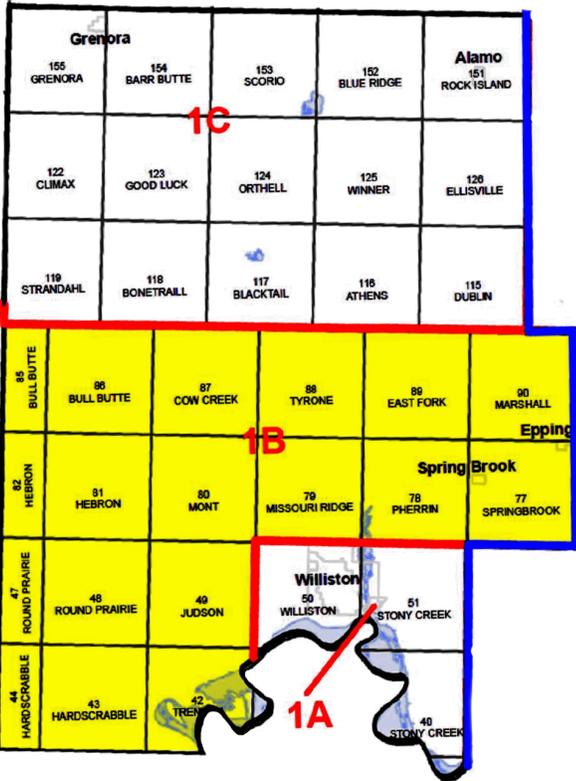
Central District 2B

(Townships: Wheelock, Equality, West Bank, Pleasant Valley, Myrtle, Brooklyn, View, Farmvale, Dry Fork, Unorganized T155N-R94W, Twelve Mile, Truax, Nesson Valley, Hofflund, Unorganized 154-95 and T154N-R94W)

CENTRAL (02)



WEST (01)



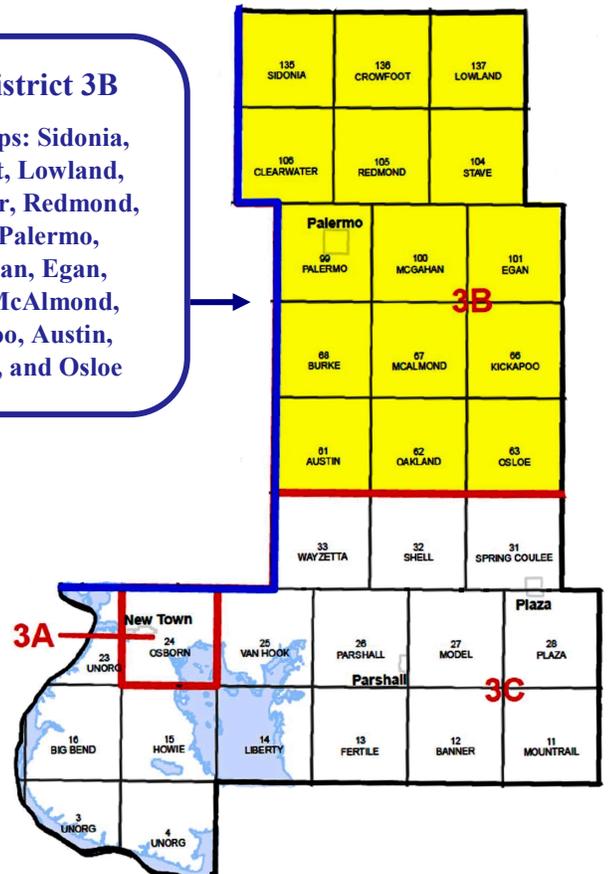
West District 1B

(Townships: Bull Butte, Cow Creek, Tyrone, East Fork, Marshall, Hebron, Mont, Missouri Ridge, Pherrin, Springbrook, Round Prairie, Judson, Hardscrabble, Trenton and Buford)

EAST (03)

East District 3B

(Townships: Sidonia, Crowfoot, Lowland, Clearwater, Redmond, Stave, Palermo, McGahan, Egan, Burke, McAlmond, Kickapoo, Austin, Oakland, and Osloe)



Service Awards



Brandon Blomberg
Darrin Sand



Chad Christensen
Leah Johnson Ellis
Patrick Trotter
Kyle Renner
Kelly Lesmeister



Todd Melland



Dale Haugen

Pole Top Rescue Training



Terms to Know

Load

The amount of electric power delivered or required at any specific point or points on a system. The requirement originates at the consumers' energy-consuming equipment.

Energy

An amount of electricity that is produced, purchased or consumed, sold over a period of time.

Watt

The standard unit of electric power (Volts times Amps)

Kilowatt

One thousand watts, Electric power "demand"

Megawatt (MW)

A measurement unit of the demand, one million watts (1,000 kilowatts)

Kilowatt-hour (kWh)

The basic measure for the use of electric energy One thousand watt-hours (One kilowatt-hour is the amount of electric energy required to operate a 100-watt bulb for 10 hours.)

Megawatt-hour (MWh)

A measurement unit of the energy, one million watt-hours (1,000 kilowatt hours)

Rate Schedule

The category of electric rates used to charge members for electric service.

Transformer

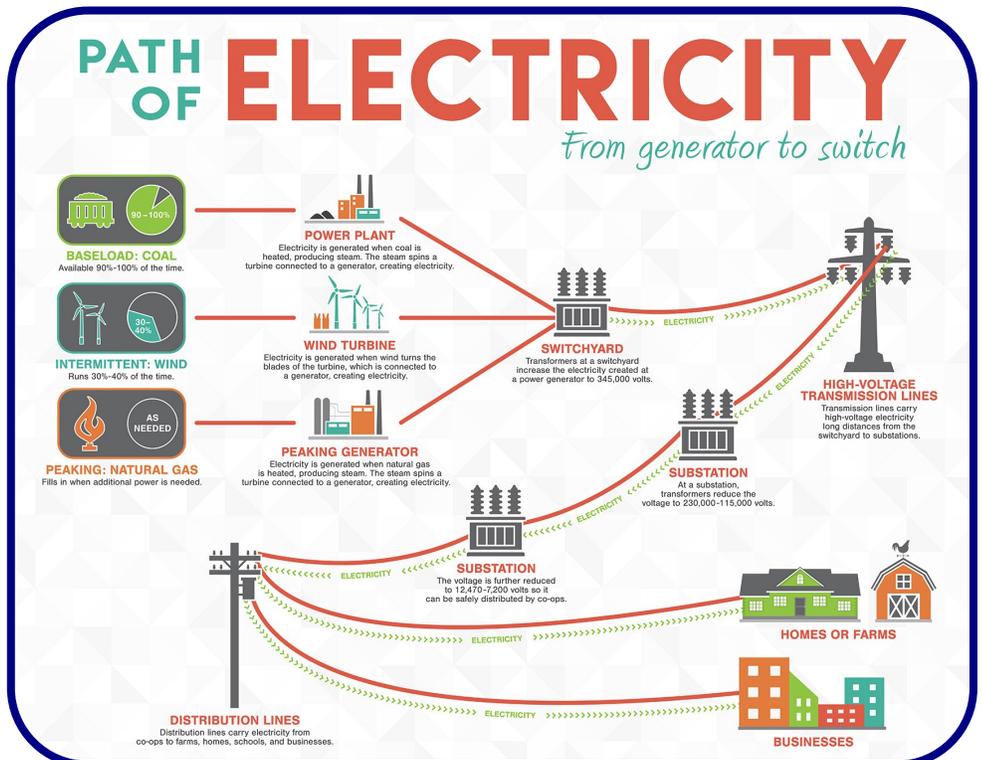
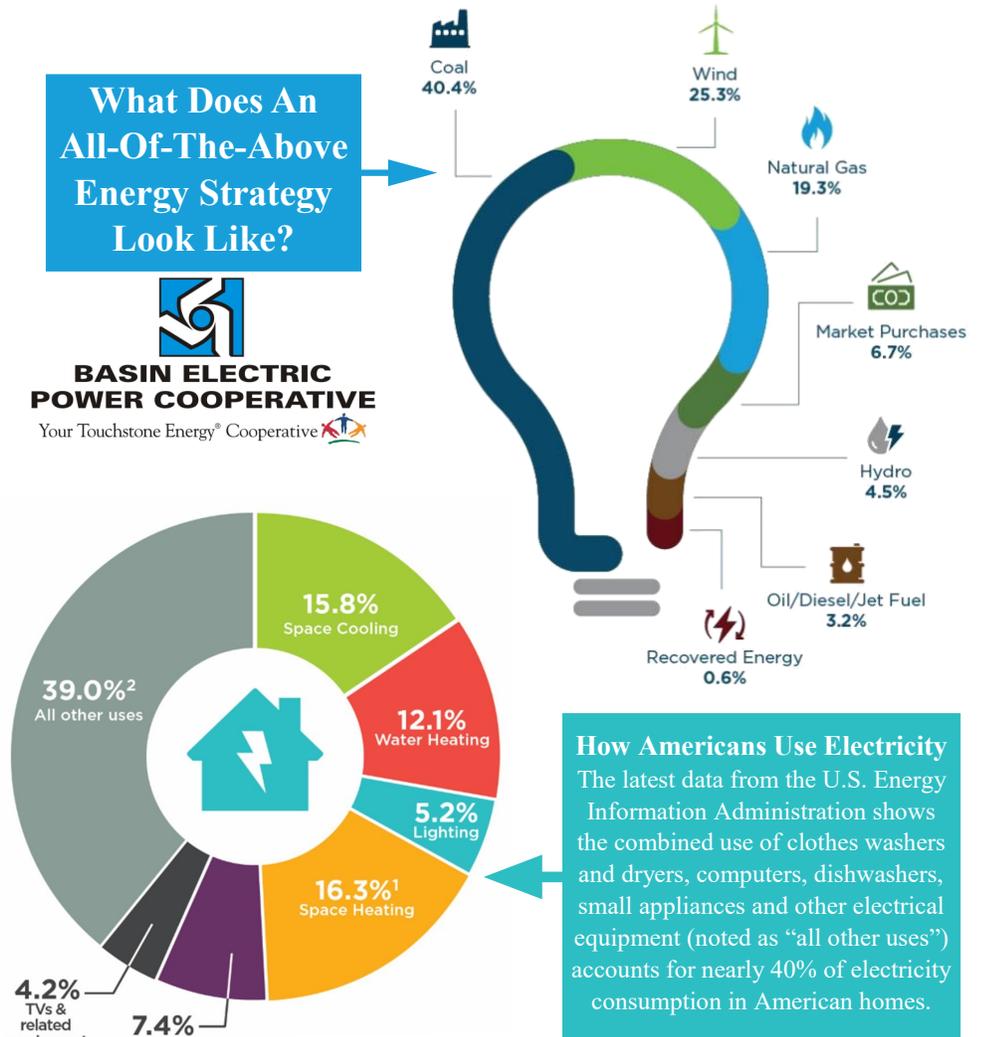
A device designed to decrease or increase voltage as needed.

Voltage

The basic unit of measurement of the electric force for any circuit.

Current

A movement of electricity and the rate of such movement, Refers to intensity or strength, a flow of electrons.



MWEC
Mountrail-Williams
Electric Cooperative

Your Touchstone Energy® Cooperative 

Williston

Stanley

New Town

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