



Cass County  
Electric Cooperative

# 2021 ANNUAL REPORT

People behind the power

**Highline Notes**

# OUR MISSION, OUR VISION AND OUR VALUES

It's tough to get by alone in this day and age. Each day at Cass County Electric Cooperative requires a team effort among co-workers, directors and members. With safety, integrity, innovation, accountability and commitment to community as our guiding values, we work together to meet the challenges and find solutions. In this ever-changing world, there is no room to take steps back, so we adapt and move forward. This year, we thank the **people behind the power**.

## Highline Notes Volume 80, Number 4

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Cass County Electric Cooperative is an equal opportunity provider and employer.

Information about the cooperative, articles of incorporation, bylaws and more can be found at [CassCountyElectric.com](http://CassCountyElectric.com).

CASS COUNTY ELECTRIC

# ABOUT US

1937



### POWER MIX CAPACITY

**COAL 55% - WIND 34% - HYDRO 8% - OTHER 3%**

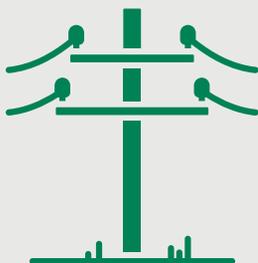
The majority of the electricity used by CCEC members is generated by our power supplier, Minnkota Power Cooperative, right here in North Dakota. In fact, except for a small percentage that comes from a broader energy market, the electricity you rely on all comes from North Dakota wind turbines, coal power plants and a hydroelectric dam.



CCEC's operating costs were down in 2021, and while lower system maintenance costs and customer accounting expenses contributed to this, the driving factor was an overall leaner and more productive organization. The co-op operates with fewer employees than it did a decade ago despite serving significantly more accounts, thanks to strategic investments in technology and tools and employees encouraged to seek process improvements.

**2011: 36,278 ACTIVE ACCOUNTS, 94 FULL-TIME EMPLOYEES**

**2021: 55,199 ACTIVE ACCOUNTS, 92 FULL-TIME EMPLOYEES**



### 5,794 MILES OF LINE

Stretched out, our lines could reach from Fargo to Tokyo, Japan.  
Overhead: 2,845  
Underground: 2,949

**55,199**

### MEMBERSHIP TOTALS

Residential Urban: 24,824  
Apartments: 17,697  
Residential Farm: 5,945  
Lighting: 503  
Irrigation: 204  
Commercial: 6,026



# WORD FROM LEADERSHIP

2021 was an exceptional year for Cass County Electric Cooperative. The success of the cooperative is directly tied to the “people behind the power.” Cass County Electric has 92 full-time, one part-time and six seasonal employees and an active board of directors committed to supporting our mission to serve our members’ energy needs with affordable and reliable electricity.

This past year, we completed a strategic planning process to ensure the board and management are in sync. During the session, we reviewed and validated our strategy execution road map and business plan for 2022.

Growth is essential for the cooperative to increase revenue and keep rates stable. We are fortunate to serve in communities with a growth mindset and embraces economic development. We have exceptional employees committed to establishing new services and maintaining reliable service to our existing members. In 2021, the membership grew by 1,778 new accounts, including 1,217 new homes, for a year-end total of 55,199 accounts.

Kilowatt-hour (kWh) sales started the year slow because of a mild winter. The summer months were warm, resulting in record kWh sales. Fall and winter sales were slightly below average, especially grain drying because of the dry conditions. Overall, the cooperative ended up selling 1.308 billion kWh, slightly under the budgeted amount of 1.315 billion.

Revenue at year-end was \$142.7 million, about 4.1% over the previous year. The average selling price was 10.91 cents per kWh.

With strong sales and lower-than-anticipated operating expenses, margins were \$8.3 million. The margins will be allocated to the membership as patronage capital and eventually returned to the members as capital credits. Last year, the cooperative paid out 1.75 million in capital credits to the membership. This March, the cooperative paid out \$3 million in capital credits for 1999, 2000, part of 2001, estates and early retirements.

Controlling expenses is a primary focus of the cooperative. In 2021, the cost to operate the cooperative was 2.234 cents per kWh, about 39% below electric cooperatives of similar size. Operating expenses for 2021 were at \$15.1 million, slightly lower than in 2020. The employees are responsible for managing the operations and expense control for the cooperative. Thanks to them, we held down our cost to run the cooperative.

Our equity currently sits at 44.5%, about the median for an electric cooperative of our size and growth.

In 2021, we once again achieved “four nines” of reliability, with the power being on 99.991% of the time. Reliability does not happen by chance; it is intentional and is executed by our

**MISSION: TO SERVE OUR MEMBERS’ ENERGY NEEDS**



## Cooperative Leadership

Marshal Albright, President/CEO  
Marcy Svenningsen, Board Chair

dedicated employees. To maintain high reliability, we invest in employee training, utilize specialized trucks and equipment, operate a 24/7 power control center, automated substation controls, automated switches in the metro, automated metering infrastructure, and an active outage management system.

With cyberattacks on the rise, Cass County Electric is committed to investing in employee training, critical security controls, and other systems to fortify our defenses against cybercriminals. Protecting data is a strategic focus for the board and management, and something we take seriously.

Another focus area for the cooperative's employees is to provide exceptional service for our members. In 2021, we surveyed our members and scored an 86 in the American Customer Satisfaction Index. The average electric cooperative scores a 72. We are very proud of the people behind the power; they know their purpose and perform exceptionally well!

As we look forward to 2022, there are opportunities and challenges ahead.

- We anticipate strong growth in new services, and kWh sales

are up from near-record cold in January and February.

- With the passage of the federal infrastructure investment and jobs Act, there may be opportunities for electric cooperatives to capitalize on some of the funds. The state will decide how to distribute the funds for electric vehicle charging infrastructure, grid automation, and other electricity-related areas.
- One area of concern is the supply chain for materials used to build new power distribution infrastructure. Lead times for equipment like transformers are out more than one year. Our procurement team has done an excellent job ensuring we have the product on hand to meet the demand for new services and maintenance on existing equipment.
- Minnkota is evaluating various power supply options for our future and will likely decide this fall.

It is an exciting time to be in the electric industry. Cass County Electric is positioned well with an active board and a dedicated team of employees, "the people behind the power," to ensure your electricity is affordable and reliable.

# DIRECTORS

Co-op leaders are members of our local community. Our board members live right here in our local area and are elected by co-op members. Board members serve three-year terms, and elections are held at our annual meeting.



**MARCY SVENNINGSEN**  
District 1, Valley City  
Board Chair



**JEFF TRIEBOLD**  
District 4, Fargo  
Vice Chair



**GLENN MITZEL**  
District 6, West Fargo  
Secretary



**KALVIN HOFF**  
District 8, West Fargo  
Treasurer



**DOUGLAS ANDERSON**  
District 2, Arthur



**SID BERG**  
District 3, Colfax



**TERRY KRAFT**  
District At-large



**WENDY LOUCKS**  
District 7, Fargo



**TOM SEYMOUR**  
District 5, West Fargo

# 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, at 6:00 p.m. on Tuesday, April 5, 2022, 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 1	Marcy Svenningsen (I)
District 6	Glenn Mitzel (I)
District 8	Kalvin Hoff (I)

**Program:**

5:00 p.m.	Registration* begins and doors open
5:30 p.m.	Meal
6:00 p.m.	Call to order and welcome
	Board chair's report
	Establish quorum
	Approve minutes of previous meeting
	Election of directors
	President's report
	Financial report
	Guest Speaker: Mac McLennan, President/CEO Minnkota Power Cooperative
	Old and new business
	Open discussion
	Adjournment

\*Only registered members are allowed to vote. Any person representing a corporation that is a member of the cooperative shall present evidence of their authority to cast one vote on behalf of the corporate member.

Dated this 22<sup>nd</sup> day of February 2022.



Glenn D. Mitzel, Secretary

# STATS

## WHY PAPERLESS?

In 2021, CCEC added 2,469 accounts to the paperless billing program, reaching a year-end total of more than 21,668 members who have chosen the inbox over the mailbox. This saves CCEC and its members roughly \$182,000 in printing and postage costs each year!

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## CAPITAL CREDITS

Capital credits are your return on investment in the co-op. Allocations are primarily invested in construction projects until financial conditions allow them to be retired or returned in the form of a check or bill credit. 2021's capital credit general retirement totaled \$1.75 million, including credits for electricity used in 1998 and 1999, estate payments, and other miscellaneous retirements.

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## OPERATION ROUND UP

The Cass County Electric Cooperative Foundation celebrated another strong year of the Operation Round Up program. More than \$212,000 was granted to 50 nonprofit organizations throughout the CCEC service area to make our communities better places to live.

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## OFF-PEAK PROGRAM

Our off-peak members save in the ballpark of \$10 million annually by participating in the off-peak program. In addition, the off-peak program helps to shield the cooperative and its entire membership from purchasing power on the wholesale market, which can see extreme price swings during periods of high demand.

## MEMBER ACCOUNTS

Our member accounts team handled 44,902 incoming calls and 11,504 unique incoming account emails in 2021. In addition to helping callers with questions and concerns, the member accounts teams managed more than 16,660 service transfers and helped to establish service for 6,788 new members in 2021.

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## UNDERGROUND LOCATES

CCEC received 23,699 requests for underground locates in 2021, representing 14% of all locate requests received by North Dakota One Call for the entire state. CCEC partners with a locating contractor to handle the majority of the locate requests, and in 2021 Locating Services Inc. (LSI) completed more than 72% of the requests in our territory. Our in-house locator or lineworkers fulfilled with the remaining 6,539 locate requests.

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## PRAIRIE SUN SHINES ON

Prairie Sun Community Solar has been in operation since 2017. Since coming online, the array has generated more than 738 megawatt-hours of electricity—enough to power a TV for 213,902 days or nearly 5,681 computers for a year.

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## RELIABILITY

When it comes to reliable electric service, 2021 proved to be one of the most years on record for CCEC members. Power was on for members system-wide for 99.991% of the year. With an aggressive maintenance program and continued investments in new tools and technology, we'll strive to break our own reliability records time and again. The average CCEC member was out of power for 47 minutes in 2021.

# EXECUTIVE STAFF

At CCEC, we're proud of the service we provide, but we're also proud to be able to provide it. We live in a diverse and fascinating region, and the communities we bring electricity to are vibrant—communities filled with people who work hard and accomplish amazing things. To provide a service that helps people create, achieve and inspire is an opportunity for which we are grateful. The CCEC executive team has a combined experience of 167 years at the cooperative. This experience serves our membership each and every day to keep costs low and reliability high.



**MARSHAL ALBRIGHT**  
President/CEO



**KAREN EGEBERG**  
Executive Assistant



**JODI BULLINGER**  
VP of Engineering & Operations



**CHAD SAPA**  
VP of Corporate Services/CFO



**TIM SANDEN**  
VP of Information Technology/CIO



**PAUL MATTHYS**  
VP of Member & Energy Services

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## DIRECTOR EXPENSES

2021 director expenses totaled \$173,044.45, or \$3.13 per member.

Directors' expenses include fees paid for attendance at regular CCEC board meetings and a monthly retainer (\$114,522.40), industry related conferences, meetings, and education (\$43,063.61), and miscellaneous expenses (\$15,458.44).

# ENGINEERING & OPERATIONS

A lot has changed for Cass County Electric Cooperative in the 85 years since we were established. The tools and technology we use today would baffle our co-op forebears. Cities have expanded onto our lines, and this entire region would be largely unrecognizable to the folks who gave us our start. Yes, 85 years can bring a million fascinating changes, but what's perhaps most intriguing is what hasn't changed.

Innovation is one of our core values, and it often calls to mind the array of gadgets and pieces of technology that we have at our disposal today to monitor our lines or pinpoint power outages. While we take pride in our investments in the latest technology, it isn't the only way innovation takes form at CCEC. At CCEC, innovation is a state of mind—an attitude embraced by our employees and executive staff. It is a necessary trait to have in a time when things change at such a rapid pace, and you can bet that we're going to keep up.

Some people might associate electric co-ops with old-fashioned methods and technology. While we were formed in 1937, we're certainly not outdated. In fact, being at the forefront of innovation is in our nature. We strive to provide a safer, more reliable, and affordable service. To do that, we are always on the lookout for the next thing that can make your experience better.

CCEC touts a strong culture of workplace safety. In fact, safety is the top priority at CCEC, and with regular safety training, onsite crew visits, and electronic reporting, we make every effort to ensure our employees get home safe at the end of each day.



## MEMBER & ENERGY SERVICES

CCEC's business accounts team strives to provide high-quality service to our business members of all sizes. We believe connecting with our local business community is crucial to ensuring their energy needs are being met. As a trusted energy advisor, we work with our business members throughout the year on new expansion projects, energy efficiency, demand response, and electric vehicles options. Our 2021 business accounts growth was strong, with 107 new accounts added.

We're looking out for you. CCEC strives to educate members about energy efficiency to enable wise use of electricity and discourage waste. We'll offer advice on heating and cooling systems to help you get the most for your hard-earned cash. We'll even give you some money back when you buy qualifying new equipment and put it on the off-peak program. In fact, we are currently piloting a time-of-day (TOD) rate option that encourages members to shift energy use from peak times. This is an excellent option for members who may have an electric vehicle (EV).

Here's a simple concept: The less paper we use, the less money we spend, and as a not-for-profit cooperative, those savings are passed on to you. With the Cass County Electric web and mobile app, you can manage your account from your computer or phone instead of from an envelope. We like it, you like it, and the trees don't mind, either.



# INFORMATION TECHNOLOGY

With millions of pieces of data flowing to and from CCEC every day and cyber villains becoming more devious than ever, CCEC has gone to great lengths to ensure that cooperative and member data is secure. We regularly update software and equipment and introduce new internal measures like application whitelisting. CCEC strives to be great at all the fundamentals. Most cybersecurity incidents are not the result of elaborate attacks, but rather from missed or delayed basic preventive measures. Keeping systems updated plays a big role in protection, and we're always adding additional layers of security.

CCEC is always looking for ways to improve the member experience and improve processes and efficiencies. Last year, CCEC overhauled the application for service, created digital disconnect forms, and created new construction online forms. All just for you, the member.

The IT department welcomed the transfer of long-term employee Nick Ludowese. Ludowese focuses on maintaining the accuracy of an enormous amount of meter data and works closely with our metering and engineering teams. As a data analyst, he converts large volumes of data into useful information, which is then used to make well-informed business decisions. Ludowese's transfer to IT improves coordination for maintaining those systems.



# CORPORATE SERVICES

From a financial performance perspective, your cooperative had another successful year. We sold a record 1.308 billion kWh due to a scorching summer and solid member account growth. We added 1,778 new accounts – 1,217 from new homes, a CCEC record. While we experienced record sales, our operating expenses were down for the second year in a row, resulting in a record operating margin of \$8.4 million. Record margins allowed us to increase the amount of capital credits that we will pay out in the spring of 2022. At the January board meeting, the board of directors approved the retirement and payout of \$2.6 million of capital credits, which would apply to 1999, 2000 and 2001.

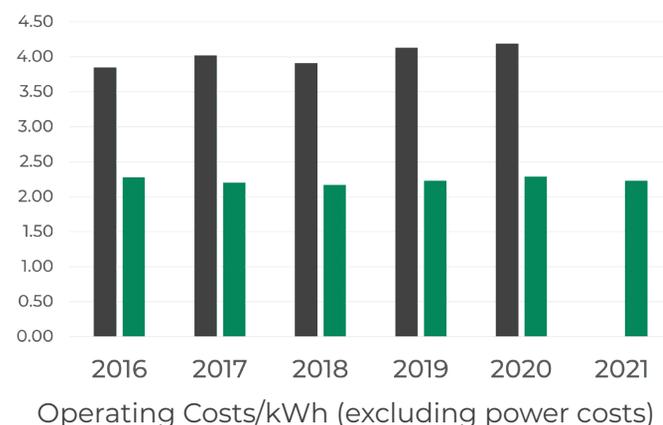
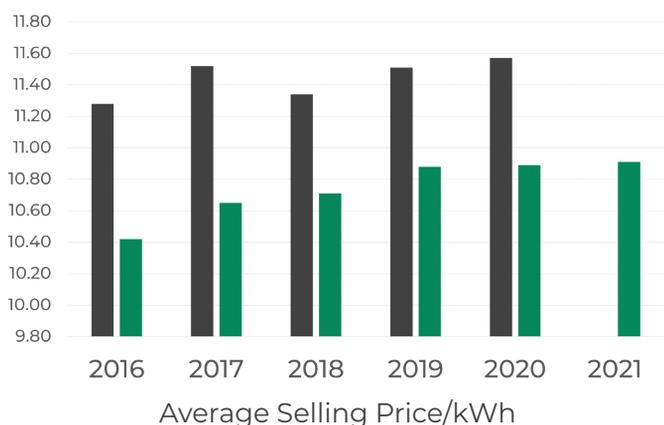
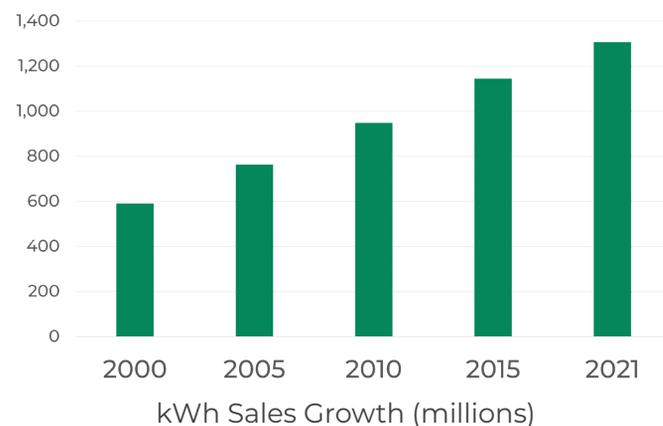
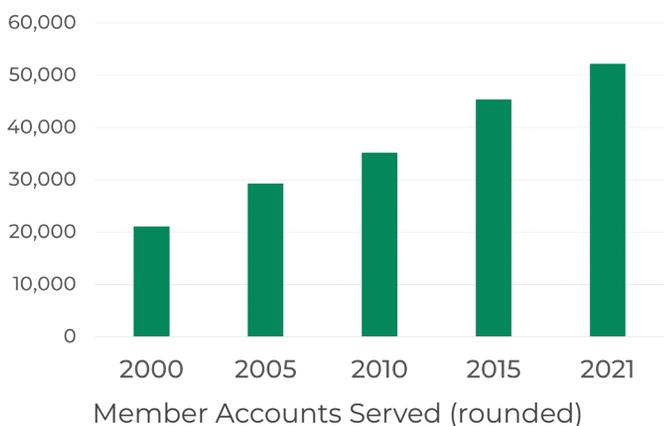
We completed the last major maintenance project for our 25-year-old Fargo Service Center building. This building holds our engineering and member accounts departments along with a warehouse that stores inventory and fleet vehicles. It is a vital building in the operations of the cooperative. Over the past five years, we have replaced all the windows, carpeting, office furniture, heat pumps and roof. Hopefully, those completed maintenance items will cover us for another 25 years on that building.

As everyone experienced in 2021, COVID-19 was a challenge for the cooperative. Human resources stepped up to the challenge, though, in working with employees to make sure everyone was aware of all the current safety measures and protocols to help prevent the spread of the virus. With everyone's hard work and dedication to following those measures, we were able to avoid any significant outbreaks that would disrupt operations at the cooperative.

# COMPARATIVE STATISTICS

	2021	2020	% Change
Member accounts served	55,199	53,421	3.3%
Total energy (kWh) sold	1,308,492,319	1,259,066,507	3.9%
Revenues	\$142,707,573	\$137,051,335	4.1%
*Avg. selling prices per kWh sold	\$0.1091	\$0.1089	0.2%
**Power cost per kWh purchased	\$0.0779	\$0.0783	-0.5%
***Operating cost per kWh sold	\$0.0223	\$0.0230	-2.7%
Employees (full-time)	92	93	0.0%

\*2020 U.S. median 11.27¢, \*\*2020 U.S. median 6.46¢, \*\*\*2020 U.S. median 4.13¢



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■ U.S. Cooperatives ■ Cass County Electric

# STATEMENTS OF OPERATIONS

<b>OPERATING REVENUES</b>	<b>2021</b>	<b>2020</b>
Electric	\$142,182,075	\$136,561,334
Other electric	525,498	490,001
<b>Total operating revenue</b>	<b>142,707,573</b>	<b>137,051,335</b>
<b>OPERATING EXPENSES</b>		
Cost of power	105,078,668	101,711,501
Operations and maintenance	7,891,095	8,346,128
Member accounting	1,846,566	1,781,027
Member service, informational and sales	1,248,890	1,151,079
Administrative and general	4,071,935	3,901,454
Depreciation	8,492,859	8,063,313
Taxes	1,089,105	1,049,342
Interest on long-term debt	4,537,303	4,585,779
Other electric	60,195	47,989
<b>Total operating expenses</b>	<b>134,316,616</b>	<b>130,637,612</b>
Operating margins before Capital Credits	8,390,957	6,413,723
<b>OTHER COOPERATIVE CAPITAL CREDITS</b>		
Minnkota Power Cooperative, Inc	5,277,900	2,048,319
Other associated companies and investments	481,779	279,402
<b>Total other cooperative capital credits</b>	<b>5,759,679</b>	<b>2,327,721</b>
Net operating margin	14,150,636	8,741,444
<b>NON-OPERATING MARGIN</b>		
Other	20,500	18,000
Lease income, net	220,712	220,844
Interest income	392,728	820,556
Net gain on sale of investments and property	55,989	56,080
<b>Total non-operating margins</b>	<b>689,929</b>	<b>1,115,480</b>
<b>NET MARGIN</b>	<b>\$14,840,565</b>	<b>\$9,856,924</b>

# BALANCE SHEETS

The financial statements for Cass County Electric Cooperative Inc., as of and for the years ended December 31, 2021 and 2020, 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>2021</b>	<b>2020</b>
Electric plant		
In service	\$303,186,134	\$287,603,915
Electric plant under construction	9,579,321	9,214,514
Total electric plant	312,765,455	296,818,429
Less accumulated depreciation	78,419,438	74,490,316
Net electric plant	234,346,017	222,328,113
Other property and investments		
Investments in available-for-sale securities	2,952,470	4,291,540
Investments in associated companies	15,811,867	10,259,754
Other investments	318,866	298,757
Line extension loans	6,660	9,002
Special funds	2,500,000	4,900,000
Total other property and investments	21,589,863	19,759,053
Current assets		
Cash and cash equivalents	13,884,188	15,586,505
Temporary investments	18,000,000	13,000,000
Current maturities of avail-for-sale securities	328,067	100,000
Current portion of special funds	2,400,000	0
Accounts receivable, net	14,936,769	13,121,488
Material and supplies	5,921,492	4,225,869
Prepayments	165,995	131,122
Interest receivable	66,066	207,269
Total current assets	55,702,577	46,372,253
Retirement security prepayment	350,977	702,001
<b>TOTAL ASSETS</b>	<b>\$311,989,434</b>	<b>\$289,161,420</b>

<b>EQUITIES AND LIABILITIES</b>	<b>2021</b>	<b>2020</b>
Equities		
Patronage capital	\$113,347,412	\$102,269,610
Other equities	25,517,610	23,569,574
Accumulated other comprehensive gain	107,175	246,481
Total equities	138,972,197	126,085,665
Long-term debt, less current maturities	140,871,387	132,239,289
Other noncurrent liabilities		
Deferred revenue	2,500,000	4,900,000
Accumulated provision for pensions and benefits	2,242,410	2,062,860
Total noncurrent liabilities	4,742,410	6,962,860
Current liabilities		
Current maturities of long-term debt	6,345,000	6,414,000
Current maturities of deferred revenue	2,400,000	0
Current maturities of post-retirement benefits	150,000	150,000
Accounts payable - general	1,171,401	1,009,498
Accounts payable to associated co. - power costs	9,837,696	9,124,572
Customer deposits	3,043,389	2,637,959
Accrued taxes	2,265,398	2,218,464
Accrued interest	18,662	15,773
Other current and accrued liabilities	773,680	843,161
Total current liabilities	26,005,226	22,413,427
Deferred credits		
Member energy prepayments	651,531	682,479
Demand waiver project costs	359,672	223,131
Estimated installation costs - special equipment	251,984	411,252
Consumers' prepayments on community solar garden	135,027	143,317
Total deferred credits	1,398,214	1,460,179
<b>TOTAL EQUITIES AND LIABILITIES</b>	<b>\$311,989,434</b>	<b>\$289,161,420</b>



A Touchstone Energy® Cooperative 

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

# ANNUAL MEETING

Tuesday, April 5, 2022

5:00 p.m. Registration | 5:30 p.m. Meal | 6:00 p.m. Business Meeting

Delta by Marriott, southwest entrance: 1635 42<sup>nd</sup> St. SW, Fargo

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