

Central Power Electric Cooperative, Inc.

THE

PEOPLE

BEHIND THE

POWER

2022  
Annual Report



## ABOUT CENTRAL POWER

Central Power Electric Cooperative is a wholesale power supply and transmission cooperative organized in 1949 to generate power for its member rural electric distribution cooperatives.

Central Power today continues to supply the bulk power needs of its members through a backbone system of transmission and subtransmission facilities. The six member cooperatives that make up Central Power combine to serve over 68,828 farms, homes and businesses located in a service area of 25 counties across the central and southeastern third of North Dakota.

Central Power's facilities required to serve the members include 177 delivery points, 29 wholly owned and 7 jointly owned high-voltage transmission stations, and 1491 miles of transmission line interconnected with the Western Area Power Administration, Basin Electric Power Cooperative, and three investor-owned utilities. In all, Central Power has a \$397.2M million investment in utility plant.



**North Central Electric**  
Bottineau, ND

Jon Beyer – Manager	John Gunning
Jesse Fahnestock – President	Lori Kittleson
Joel Brandvold	R. Jay Paul
Norman Buynak	Stuart Rothe
Jean Brandt	Devin Tolstad

**Jean Brandt** Vice President, Kramer



**Verendrye Electric**  
Velva, ND

Randy Hauck – Manager	Maxine Rognlien
Blaine Bruner – President	Kenneth Schild
Clint Gjellstad	Jon Hansen
Karen Hennessy	Robert Wolf
Shawn Kaylor	

**Robert Wolf** President, Minot




**McLean Electric**  
Garrison, ND

Mark Doyle – Manager	Darcy Klain
Larry Gessle – President	James Odermann
Clarence Behles	Troy Presser
Karen Hanson	Rodney Stockdill

**Troy Presser** Director, Turtle Lake

# 2022 BOARD OF DIRECTORS



**Northern Plains Electric**  
Carrington, ND

Seth Syverson – Manager	Curtis Hanson
Tracy Boe – President	Bruce Olsen
Mark Brehm	Randall J. Simon
Lori Carlson	David Teigen
Judy Geier	Curtis Wiesz

**Mark Brehm** Secretary/Treas., Cando



**Capital Electric**  
Bismarck, ND

Paul Fitterer – Manager	Kayla Pulvermacher
Deon Vilhauer, President	David Straley
Lyndon Anderson	Kyle Tschosik
Dave Charles	Sara Vollmer
Rex Hollenbeck	Dwight Wrangham

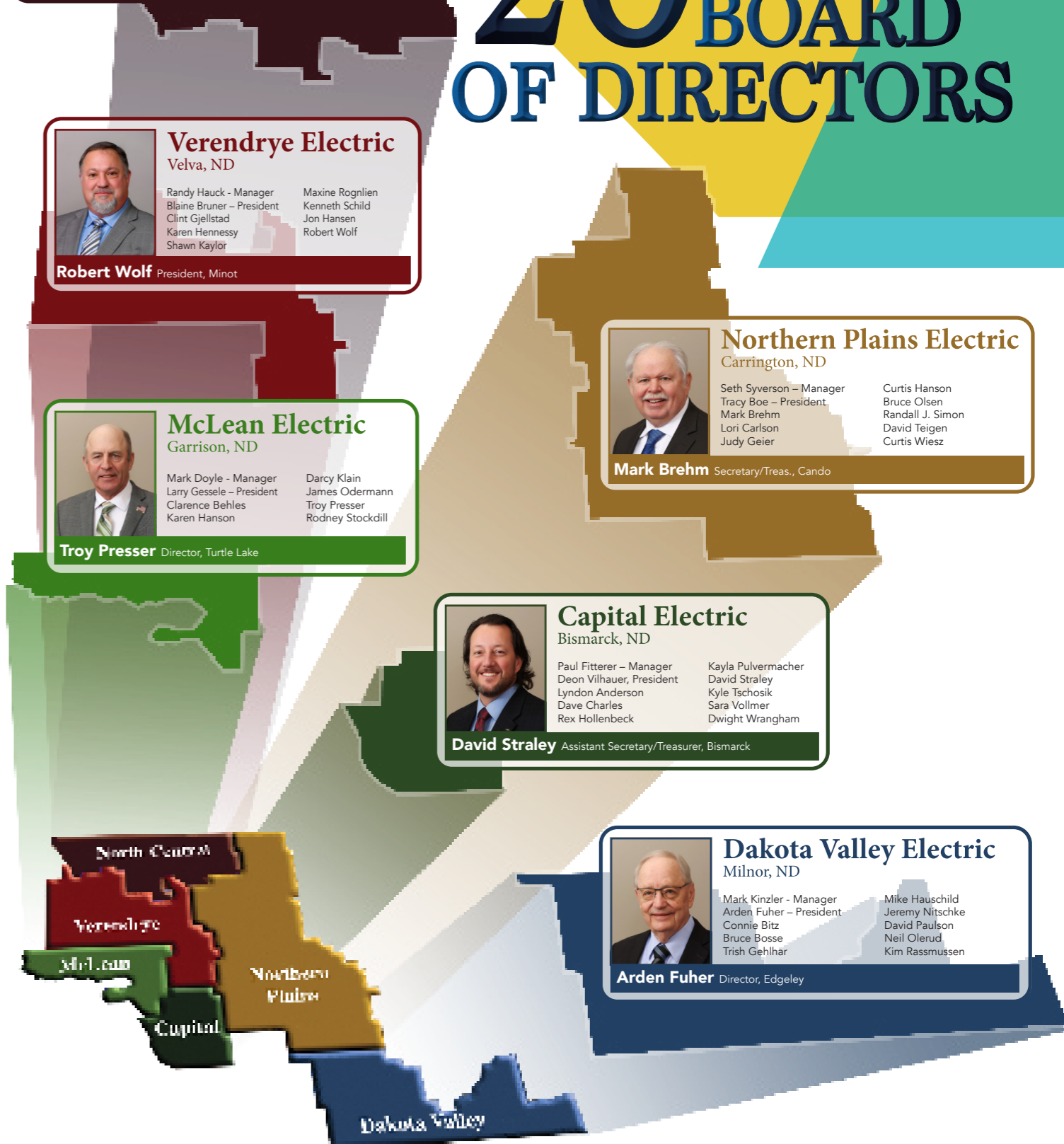
**David Straley** Assistant Secretary/Treasurer, Bismarck



**Dakota Valley Electric**  
Milnor, ND

Mark Kinzler – Manager	Mike Hauschild
Arden Fuher – President	Jeremy Nitschke
Connie Bitz	David Paulson
Bruce Bosse	Neil Olerud
Trish Gehlhar	Kim Rasmussen

**Arden Fuher** Director, Edgeley





**Message from the President & General Manager**



**Bob Wolf,**  
President

**Tom Meland, PE**  
General Manager

The direction and guidance the Central Power senior management receives from the Central Power Board of Directors is immensely valuable. As you are likely aware, the member-systems' Board of Directors elect a representative from their own ranks every year to represent their Coop on the Central Power Board. This form of member-driven governance is outstanding and one that none of us take for granted. Under this form of governance we remain continuously responsive to our member-owners – the way it should be. This is so critical to the success of Central Power. Also, the Central Power Member Managers' Advisory Committee is a crucial source of member input, and advice, to Central Power management and the Board of Directors.

A significant component of the strength of your G&T, and one that cannot be overstated is the employee group at Central Power. They are among the finest, most professional, knowledgeable, and dedicated individuals we could hope to have and they continuously strive to excel in the performance of their role in the mission of Central Power which is as follows:

*Central Power Electric Cooperative exists to assist its member-systems. To carry out our mission, we will:*

- Provide safe, reliable, and economical electric power supply
- Serve as a unifying force among our membership
- Perform those functions that can most efficiently be provided as a united effort as requested by our member-systems

*In carrying out its mission, Central Power will adhere to the ideals of consumer ownership and cooperative principles, where our member-owners and our employees are placed first in determining policies, procedures, and practices.*

A role that that our employees are consistently engaged in, highly committed to, and one that is of the utmost

It is our distinct honor and privilege to present our members, colleagues, and friends with the Central Power Electric Cooperative 2022 Annual Report. The purpose of this report is to inform our membership on the status of your G&T and we are pleased to affirm that the state of Central Power Electric Cooperative has never been stronger.

The strength of your G&T truly lies in "The People Behind the Power". This is a very encompassing statement because it includes everyone that plays a part in the electric cooperative program, and it serves as our annual meeting theme. The single-most important group of people to Central Power is its membership - including directors, managers, and staff. Central Power exists to serve its members and without the support of those people we work for, we would not be in the excellent position we are today. We rely heavily on the membership for their support and input in everything we do, for we do it for them. What better source of guidance can one ask for than from the people we serve!

importance - safety. You will note that contained in the Central Power Mission Statement above - in addition to basing our policies, procedures, and practices on our member-owners, we also include our employees as they are such a critical part of Central Power and their safety is priority one.

While we have been performing well in the safety category, we know that we must stay vigilant and relentless in our pursuit of improvement. We know that complacency has no place in the safety arena.

It is "The People Behind the Power" that plan, design, procure, permit, construct, operate and maintain the Central Power transmission system that reliably, efficiently, and safely delivers the power and energy our members and ultimately their consumer-owners rely on. They rely on this power and energy to operate their farms, homes, and businesses that are critical to their modern way of life and our economy.

Central Power's employees are laser-focused on ways to improve the transmission system to improve reliability, efficiency, and safety. This is accomplished through system additions, rebuilds, modifications, maintenance, and other considerations. These pursuits are not necessarily inexpensive but on the grand scale of costs, they generally make a very good investment. If we look at what portion of the members' wholesale power supply expense is made up of Central Power's cost of operation, it is less than 10% of our total member revenue. Sacrificing reliability for minor cost savings does not seem a prudent choice to make in this day and age.

A large portion of the projects Central Power has undertaken over the past 18 years have originated in the desire to move away from taking service from the IOUs' systems and become more transmission independent. Those projects have accomplished not only freeing us from much of the dependency we have had on Otter Tail Power and Montana Dakota Utilities, but it has also significantly improved our system performance and increased capacity.

The Central Power Board of Directors has continually approved the prudent investment of member capital in our headquarters and outpost facilities, trucks and work equipment, and other infrastructure to give our employees the resources they need to carry out their work as efficiently, effectively, and as safely as possible. At around the time of our annual meeting, our 4 electrician Wahpeton Outpost personnel will be actively moving from the facility we leased for the past 14 years, which we have outgrown, to our newly constructed 14,400 square foot precast concrete building near the MinnDak Sugar Beet Plant and the ProGold Corn Sweetener Plant. This outpost, which started with a two-man electrician crew, will now be responsible for transmission and distribution substation operation and maintenance for the Dakota Valley and southern Northern Plains service territories. This will free up our Minot distribution substation crew from having to travel as far as they have in the past and will reduce drive time, overnight stays away from home, overtime, and mileage expense. This practice has been in place since inception of the outpost in 2008 for the Minot transmission substation crew.

This past summer the Board approved the purchase at auction of a 40 acre parcel about three miles east of Bismarck, just north of Interstate 94, for a future Bismarck Outpost. Management plans to relocate three electricians from our Minot workforce to Bismarck this coming spring, to be temporarily housed at Basin Electric's Menoken TSM facility. When our new outpost facility is finished, anticipated in early 2025, management plans to relocate one of our two six-man line crews from Minot to Bismarck. This line crew will be responsible for all our transmission line facilities in the Capital Electric, Dakota Valley, and the southern portion of Northern Plains service territories. This will allow our other line crew to focus on our transmission lines in the McLean, Verendrye, North Central, and the northern portion of Northern Plains service territories. This will strategically position our line worker forces to respond to emergencies quicker and

will also will reduce drive time, overnight stays away from home, overtime, and mileage expense.

We also plan to move our 115x69 – 12.5x25kV, 20MVA mobile substation to the new outpost as it is most likely to be used in the Capital Electric Service area. The other 43.8x60x69 - 12.5x25kV, 14MVA mobile substation will remain in Minot. This relocation of personnel, trucks, and equipment will free up much needed space at our Minot facility.

We believe strongly that all of these changes, which were identified in our 2018 Strategic Planning effort, will greatly enhance Central Power's operational response while reducing the expense of wasted travel time and mileage, unnecessary overtime, and hotel stays. We believe it will also improve our employees' lives.

Another tremendously important role covered by "The People Behind the Power" is regarding finance. Exclusive of wholesale power expenses, interest expense is the second largest expense item on Central Power's operating



statement, second only to our depreciation expense. A significant reason why it is not our largest expense line item is how effective the board and management has been at strategically borrowing short and long term from the Federal Finance Bank. In addition, our line of credit borrowing has decreased significantly. Board and management realize we are in a capital intense industry, and we would not have the system we have without finance organizations including National Rural Utilities Cooperative Finance Corporation (CFC) and CoBank. We thank them for all the support from their management and staff – “The People Behind the Power”.

Our financial metric requirements are being met and an effort is being made to gradually improve our Modified Equity Requirement which is part of our Indenture. This all adds up to low member average mill rates. Indeed, our last rate increase occurred in 2016. Our budgeted average member mill rate for 2017 was 64.15mills/kWh and our budget mill rate for 2023 is 62.75 mills/kWh, or a 2.2% reduction.

The Board of Directors also took the following action in 2022:

1. Passed through in entirety a \$1.1 million Bill Credit received from Basin in July
2. Two Capital Credit Retirements totaling \$4.62 million
3. Deferred \$7.26 million Bill Credit received from Basin in November - \$1.79 million of this was planned to be used in 2023 for rate stability
4. Year-End Patronage Allocation of \$17.43 million

We would be remiss if we did not recognize all the support organizations that make us successful. This would include our two power suppliers, Basin Electric Power Cooperative and the Western Area Power Administration, and their employees who are “The People Behind the Power”.

Also we must recognize our three critical advocacy organizations of NRECA, the Mid-West Electric Consumers Association, and NDAREC. Additionally, NDAREC provides us with the safety training that is so very important to not only our coop but nearly all the distribution coops in the state, including our six members.

Other organizations we are grateful for include Rural Electric Supply Cooperative (RESCO), Board States Electric (BSE), National Information Solutions Cooperative (NISC), the Federated Rural Electric Insurance Exchange (Federated), and to all those we haven’t mentioned. We thank you for your support as you are a part of “The People Behind the Power”.

It is indeed a time of unprecedented changes and challenges in the electric utility industry. However one thing is certain – we have overcome significant changes and challenges in the past by “The People Behind the Power” continuing to work together!

## YEAR IN REVIEW



**Mick Kossan, C.P.A.**  
Manager of Accounting & Finance

The following report summarizes the highlights of Central Power’s operations over the past year.

### MEMBER ENERGY PURCHASES

Member energy purchases of 2,566.8 GWh in 2022 demonstrated a 2.6 % increase from 2021, ending

a two year period of lower annual energy sales. A colder than average first quarter of the year, as well as a brutal month of December to end the year played a major role in this increase in member sales. Central Power’s peak demand for 2022 was set in January at 476.4 MW, slightly below the all-time peak of 483.3 MW realized in January of 2019.

### RATES

In 2022, Central Power, on behalf of its members, spent \$135,197,820 on wholesale power purchases. This amounts to over 82 percent of Central Power’s annual operating expense in 2022. Add in Central Power’s cost of operation, and Central Power’s members paid an all-inclusive average of 61.49 mills per kWh in 2022, which represents a 0.7% increase from 2021’s all-inclusive average rate of 61.07 mills per kWh. Factor out the member rebate of \$1,101,131 in July of 2022, and the all-inclusive average rate for the year would have been 61.92 mills per kWh, a 1.4% increase over 2021.

### POWER SUPPLY

Central Power’s two power supply resources, the Western Area Power Administration (WAPA) and Basin Electric Power Cooperative (Basin), comprise almost 84 percent of Central Power’s operating expenses. Approximately

13 percent of Central Power’s power supply is federal hydropower produced from the main-stem Missouri River system and marketed by WAPA. The balance, or 87 percent, of our power is supplied from Basin’s coal-fired plants in North Dakota and Wyoming, along with a broad portfolio of natural gas peaking and cooperative owned and contracted renewable energy sources. Central Power’s WAPA/Basin resource mix is 10/90 without the Minot Air Force Base’s WAPA allocation and respective load.

In 2022, Central Power paid an average power supply cost of 51.77 mills per kWh, down from 53.90 mills per kWh in 2021, a decrease of 4.0%. Factor back in the Basin bill credits of \$1,101,131 received in July and another \$7,256,348 received in November of 2022, and the average power supply cost would have been 54.97 mills per kWh, an increase of 0.31% over 2021’s 54.80 mills without bill credits. 2022’s average cost of purchased power is comprised of a 55.99 mill average rate from Basin Electric (59.66 mills per kWh before the bill credits) combined with a 22.78 mill average rate from WAPA.

### WESTERN AREA POWER ADMINISTRATION

The 13 percent federal hydropower resource is secured through a firm Contract Rate of Delivery (CROD) contract with WAPA that was extended through 2050 in 2021. WAPA implemented a 5 mill decrease in the drought adder component in 2017, and totally eliminated the drought adder in 2018, resulting in a decrease in WAPA power costs from 31.95 mills in 2016, to 27.21 mills in 2017, and to 22.86 mills in 2018. The WAPA power rate components have remained unchanged since 2018.

### BASIN ELECTRIC POWER COOPERATIVE

The 87 percent of purchased power from Basin Electric was purchased at 55.99 mills per kWh, including the

fixed charge, under our Basin Supplemental All-Requirements Contract. This is down from 58.67 mills per kWh, or almost 4.6%, in 2021. Factor back into both 2022 & 2021 the bill credits mentioned previously, and the average mill rate from Basin would have been 59.65 mills per kWh in 2022, a 0.1% decrease over the 59.71 mills per kWh in 2021.

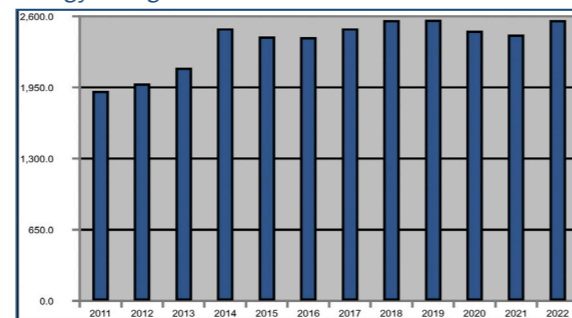
The Basin Board held the rate components from 2020, which included a base demand charge of \$19.64 per kW, a base energy rate of 31.36 mills/kWh, a heating rate of 34.00 mills/kWh and a fixed charge of \$113,400 the same for both 2021 & 2022

During 2015, Central Power extended the all requirements supplemental wholesale power contract with Basin through the year 2075. In a corresponding move, our members extended their all requirements contract with Central Power for the same time period. Our long term contract helps provide certainty at Basin which allows them to secure reliable, affordable electric energy for the membership for years to come.

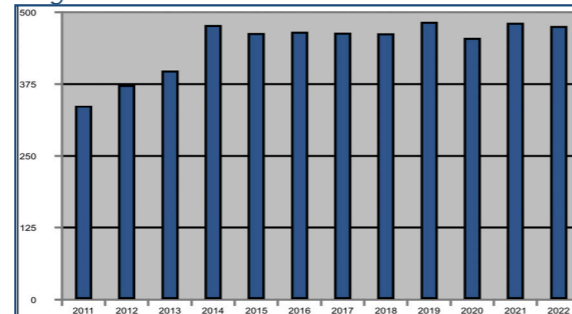
## SOUTHWEST POWER POOL

In April of 2015, the Central Power Board of Directors voted to have Central Power join the Southwest Power Pool (SPP) as a Transmission Owner. SPP is the regional transmission organization that both WAPA and Basin Electric had joined earlier. With this decision, Central Power was able to submit qualifying high voltage transmission facilities for inclusion into the Tariff of the UMZ, the zone created in SPP for the integration of WAPA and Basin into the RTO, and receive transmission revenue requirements from SPP for providing those qualifying facilities. Central Power's integration as a Transmission Owner into SPP, which consisted of negotiations and numerous hearings in front of the Federal Energy Regulatory Commission, was completed in 2017. The revenues received from becoming a Transmission Owner in SPP in 2022 were \$11.1 million. SPP transmission revenues in 2023 are budgeted to be \$10.5 million.

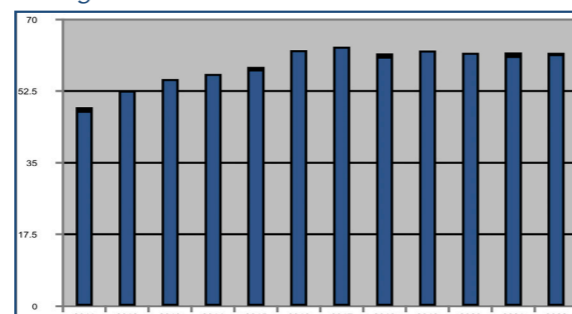
**Member Load Growth**  
Energy in Gigawatt-Hours



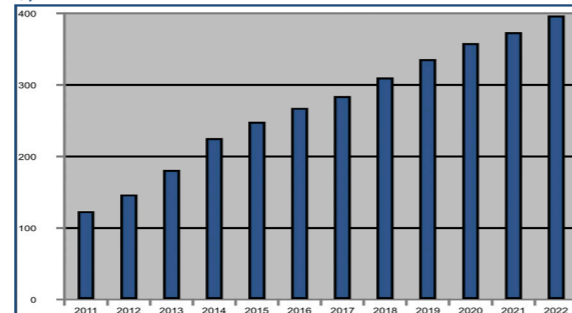
**Member Peak Demand**  
Megawatts



**Member Rates**  
Average Mills/kWh



**Total Utility Plant**  
\$, Millions



## MIDCONTINENT INDEPENDENT SYSTEM OPERATOR, INC.

With the expiration of the Integrated Transmission Agreement (ITA) between Central Power and Ottetail Power Company (OTP) on December 31, 2015 and no extension or carry-forward arrangement in place, Central Power was faced with determining the best option to deal with both loads served in, and qualifying facilities located within, the Midwest Independent System Operator, Inc. (MISO) footprint. Both Central Power and OTP loads that were jointly served under the ITA are now full tariff loads in SPP and/or MISO. This provided Central Power an opportunity to submit qualifying transmission facilities under Section 30.9 of the MISO Tariff that provides additional transmission revenues for these facilities. Central Power entered into a lease agreement effective January 1st, 2016, with Basin Electric, who serves as a Market Participant in MISO, whereby Central Power leases its qualifying facilities in MISO to Basin, who in turn submits them for reimbursement under Section 30.9 of the MISO Tariff and passes these revenues back to Central Power. Transmission revenues under the MISO Tariff totaled \$2.4 million in 2022, and are budgeted to be \$2.3 million in 2023.

## DEFERRED REVENUE PLAN

Central Power received RUS approval to establish a Deferred Revenue Plan in 2022 that was funded with the proceeds of the November bill credit from Basin. Of the \$7,256,348 funding at the end of 2022, \$1,790,000 was planned to offset 2023 cost increases allowing Central Power to hold its 2023 rates at the 2022 level on a mills per kWh basis, along with another \$2,733,174 million being recognized in January 2023 in the form of a rebate to the members.



## REPORT FROM THE TREASURER



**Mark Brehm**  
Secretary/Treasurer

The year 2022 operations resulted in a net margin of \$17,426,862. An operating margin of \$1,062,896 combined with interest income of \$47,132, patronage allocated from Basin Electric Power Cooperative, Inc. of \$16,053,559, and other patronage dividends of \$263,275 make up this net margin.

Central Power's member energy purchases were up 5.4% from the prior year, while twelve month total demand purchases were up 5.9%, or just over 258 MW, from 2021. Every one of Central Power's six members realized an increase in total demand or energy purchases in 2022 over the previous year. Member sales for the year totaled \$150,569,023 million, which was \$1,851,196 more than the previous year. Factor back in the member rebate of \$1,101,131 paid in July that matched the amount of bill credit received by Basin Electric by Central Power the same month, as well as the funding of a revenue deferral

plan using the \$7,256,348 bill credit received from Basin in November, and member sales would have been \$10,208,675 more than 2021. Purchased power, which accounts for 82% of total expenses, totaled \$135,197,820 million, which was \$1,702,077 more than the previous year. Factor back in both of the bill credits from Basin Electric mentioned above, and Purchased Power would have been \$10,059,556 more than the prior year, and comprised 83% of total expenses. Central Power's total cost of service for 2022 was \$164,161,816. Transmission operations and maintenance costs totaled \$6,150,738, which was \$431,608 more than 2021, and distribution operations & maintenance costs totaled \$3,305,942, which was \$302,293 more than last year as well. Administrative and general expenses were \$2,632,478, an increase of \$344,812 from 2021. Depreciation expense in 2022 totaled \$9,545,517, an increase of \$618,045, while taxes were \$241,519, which was \$16,218 more than 2021. Interest expense was \$7,083,424 in 2022, an increase of \$578,026 over the previous year. Other deductions were \$4,369 in 2022. Total non-power expenses were \$2,289,621 more than last year.

The Board of Directors continues the practice of using a rotating Financial Review Committee each month to review the financial expenditures of the cooperative. This committee then reports to the full board.

The accounting system is kept in accordance with the uniform system of accounts prescribed by RUS and audited by a certified public accounting firm each year. Eide Baily LLP completed an audit of the 2022 financial statements and found those documents accurate and in accordance with Generally Accepted Audit Principles and in compliance with Government Auditing Standards.



# Board of Directors



**Bob Wolf, President**  
Verendrye Electric Cooperative  
Velva, ND



**Jean Brandt, Vice President**  
North Central Electric Cooperative  
Bottineau, ND



**Mark Brehm, Secretary/Treas.**  
Northern Plains Electric Cooperative  
Carrington, ND



**David Straley, Assistant Secretary/Treasurer**  
Capital Electric Cooperative  
Bismarck, ND



**Arden Fuher, Director**  
Dakota Valley Electric Cooperative  
Milnor, ND



**Troy Presser, Director**  
McLean Electric Cooperative  
Garrison, ND



**Debra Hoffarth, Attorney**  
Pringle and Herigstad, PC



**Mick Kossan, CPA**  
20 yrs • Manager of Accounting & Finance



**Tom Meland, PE**  
27 yrs • General Manager



**Mark Sherman, PE**  
25 yrs • Manager of Operations and Engineering



**Kandace D'Ambrosio**  
23 yrs • Office & HR Administrator



**Marlene Guttormson**  
11 yrs • Info Mgmt. Specialist



**Lindsay Lawson**  
8 yrs • Procurement Manager



**Jayden Larson, CPA**  
9 yrs • Controller



**Lance Haugen**  
44 yrs • Operations Superintendent



**Alex D'Ambrosio**  
10 yrs • Compliance Officer



**Todd Ahmann, CCNA**  
22 yrs • Network Administrator



**Ryan Callahan, PE**  
16 yrs • Chief Transmission Engineer



**Eric Poppinga**  
10 yrs • Real Estate Administrator



**Dennis Olson**  
20 yrs • Chief Substation Engineer



**Lynn Filler**  
3 yrs • Administrative Coordinator

## Transmission Line Crews



**Rick Koinig**  
15 yrs • Lineman Foreman



**Brady Kjos**  
12 yrs • Lineman Foreman



**Matt Enget**  
12 yrs • Lineman



**Jeremy Fix**  
8 yrs • Lineman

## Warehouse



**Corey Carstens**  
15 yrs • Warehouse Foreman



**Tanner Kavadas**  
8 yrs • Lineman



**Cody Bronson**  
6 yrs • Lineman



**Kolton Sabinash**  
6 yrs • Lineman



**Robert Belle**  
4 yrs • Lineman



**Chad Brown**  
18 yrs • Warehouseman



**Ryan Redding**  
13 yrs • Warehouseman



**Dan Tveito**  
4 yrs • Lineman



**Stephen Vilipiski**  
2 yrs • Lineman



**Kelly Bossert**  
2 yrs • Lineman

## Distribution Substation Crew



**Cody Vrem**  
17 yrs • Electrician Foreman



**Ron Bartsch**  
12 yrs • Electrician



**Leon Njeters**  
37 yrs • Lineman Foreman



**Doug Ferguson**  
7 yrs • Electrician



**Jacob Hoffart**  
9 yrs • Electrician



**Rick Smith**  
1 yr • Electrician

## Construction Coordinator



**Josh Larson**  
16 yrs • Electrician Foreman



**Tom Magnuson**  
31 yrs • Electrician

## Relay & Electronics Crew



**Josh Larson**  
16 yrs • Electrician Foreman



**Tom Magnuson**  
31 yrs • Electrician



**Kent Vollmer**  
22 yrs • Electrician Foreman



**Brian Hamski**  
5 yrs • Electrician



**Terrel Officer**  
5 yrs • Electrician



**Blake Wallstrum**  
5 yrs • Electrician



**Darren Pitman**  
1 yrs • Electrician

## North Area Transmission Substation Crew



**Randy Miranowski**  
14 yrs • Electrician Foreman



**Billy Grotluschen**  
6 yrs • Electrician



**Ethan Shoberg**  
8 yrs • Electrician



**Wynn Woytassek**  
5 yrs • Electrician

## South Area Substation Crew



**Randy Meyer**  
29 yrs • Mechanic Equipment Operator



**Shannon Cree**  
6 yrs • Mechanic Equipment Operator

## Support Personnel



**Budd Redding**  
43 yrs • Equipment Operator/Welder



## YEAR IN REVIEW – OPERATIONS AND ENGINEERING



**Mark Sherman, P.E.**  
Manager of Operations & Engineering

Central Power's Operations & Engineering Department employees completed many projects in 2022 and started work on several significant projects that will be completed in 2023. As always, I would like to extend a sincere thank you and job well done to our dedicated and talented employees that continue to build new facilities to serve our members' needs and to maintain our ever

growing list of existing facilities that now represent a \$397.2M investment in Central Power's plant.

### LONG TERM INVESTMENTS

Central Power made significant system additions and modifications in 2022, which include:

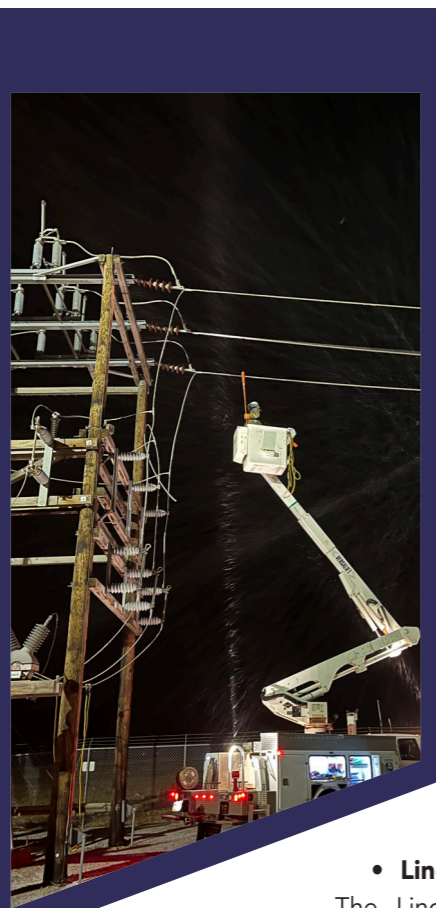
- **Agate 115kV Reactor Installation** – The Southwest Power Pool directed Central Power to install two 115kV reactors at Central Power's Agate substation to reduce voltage when the electrical system is lightly loaded. Construction was started in 2021 and the project was completed in 2022.

- **Garrison Distribution Substation Voltage Conversion & Transmission Line Construction** – These projects included construction of approximately three miles of new 115kV transmission line along with construction of a modern substation north of Garrison.

- **Gibbs 115-43.8-12.5kV Substation Construction** – Central Power completed work on the Gibbs 115-43.8-13.2kV substation in 2022 after beginning construction in 2021.

- **Hay Creek to Lincoln 43.8kV Transmission Line Rebuild** – We rebuilt the five and one half mile long transmission line due to capacity constraints during contingency conditions.

- **Lincoln Distribution Substation Rebuild** – The Lincoln distribution substation consisted of



a single structure used for mounting both the high and low side substation equipment. The design was extremely compact with very tight clearances between substation components, which made maintenance activities challenging. The substation was rebuilt in its existing location while using one of Central Power's mobile substations to provide power for the area's loads during the construction process.



- **Minot SW 115kV Substation to Radar 43.8kV Transmission Line Rebuild** – The Minot SW to Radar 43.8kV line was originally built in 1960 and we completed a rebuild of the 10.5-mile line in its original corridor.

- **Minot Trinity Distribution Substation Construction** – The Minot Trinity Distribution Substation was completed next to the new Trinity Hospital. This substation will serve the new hospital and other growing loads in the area, will help to offload the existing Minot South Distribution Substation, and will provide additional system redundancy

### MAINTENANCE SUMMARY

Central Power performed the following activities as part of our ongoing maintenance program:

- **Battery Bank Testing and Maintenance** – Battery bank testing and maintenance was performed at Agate 115kV, Barlow 115kV, Benno Corner, Berthold 115kV, Bismarck 71st Ave, Bismarck North 115kV, Bismarck East, Bottineau Southeast 115kV, Central's headquarters, Circle K, Denbigh, Dickey Breaker Station, Douglas Creek 115kV, Dunning 115kV, Esmond 115kV, Fullerton, Gackle Breaker Station, Gibbs 115kV, Grand View Pines, Haram, Harvey 230kV, Hay Creek 115kV, Hoving 115kV, Josephine,

Long Lake Breaker Station, Ludden, Max 115kV, MinnDak, Minot South, Minot Southwest 115kV, Neal 115kV, Penn, Pleasant Lake, ProGold, Raub, Red River, Renville Corner Breaker Station, Rolette 115kV, Roseglen, Round Lake, Rolla 115kV, Rugby 115kV, Ruthville 115kV, Ruthville East 115kV, Thorne 115kV, Towner, Underwood 230kV, Wolf Creek Breaker Station, and Wyndmere Breaker Station.

- **Protective Relay Testing** – Central Power tested the protective relays at the Benedict Breaker Station, Berthold 115kV, Bismarck 71st Ave, Circle K, Dickey Breaker Station, Dome Cathay, Dome Maxbass, Dome Orrin, Garrison, Gibbs 115kV, Grandview Pines, Haram, Ludden, Minot Southwest 115kV, Rolette 115kV, and Rolla 115kV substations.

- **Annual Distribution Substation Maintenance** – Central Power crews performed annual distribution substation maintenance at distribution substations equipped with circuit switchers or breakers including Barlow, Bismarck 71st Avenue, Bismarck East, Bismarck North, Bottineau North Bay, Bottineau South Bay, Circle K, Denbigh, Douglas Creek, Grandview Pines, Haram, Hay Creek, Josephine, Ludden, MinnDak, Neal 12.5, Penn, Pleasant Lake, ProGold, Raub, Red River, Rolla, Roseglen, and Round Lake.

• **Seven Year Distribution Substation Maintenance**

– Central Power crews performed seven year distribution substation maintenance at Antler, Belcourt, Bismarck East, Blue Flint, Carrington, Churches Ferry, Circle K, Christiana, Dome Cathay, Dome Maxbass, Dome Orrin, Douglas Creek, Esmond, Jamestown, Lincoln Valley, Lonetree, Minot North North Bay, Minot West North Bay, Pleasant Lake, Renville Corner, Turtle Lake, Voltaire, and Washburn.

• **Transmission Line Patrol and Maintenance**

– Line patrol was completed throughout the entire Central Power system in 2022. Central Power’s line crews performed line patrol activities on all Central Power 115kV lines, the Wilton 230kV line, and all transmission lines in Capital’s service territory. All remaining Central Power transmission lines were patrolled by the local member distribution cooperative (Dakota Valley, McLean, North Central, Northern Plains, or Verendrye) and a maintenance/repair list was created from the line patrol reports.

• **Transmission Substation Maintenance**

– Central Power performed transmission substation maintenance at the Agate 115kV, Barlow 115kV, Berthold 115kV, Benedict Breaker Station, Bismarck North 115kV, Bottineau SE 115kV, Dickey Breaker Station, Douglas Creek 115kV, Dunning 115kV, Elliott 115kV, Esmond 115kV, Fullerton Breaker Station, Gackle Breaker Station, Hankinson 230kV, Harvey 230kV, Hay Creek 115kV, Hoving 115kV, Long Lake Breaker Station, Mallard 115kV, Max 115kV, Minot SW 115kV, Neal 115kV, North Bismarck 115kV, Rangeley Breaker Station, Renville Corner Breaker Station, Rolette 115kV, Rolla 115kV, Rugby 115kV, Ruthville 115kV, Ruthville East 115kV, Thorne 115kV, Underwood 230kV, Wahpeton 230kV, Ward 230kV, Wolf Creek Breaker Station, and Wyndmere Breaker Station substations.

• **Transmission Line Motor Operators**

– Central Power crews performed annual maintenance on 148 remotely controlled motor operator devices.

**WHAT’S AHEAD?**

Central Power has a very aggressive construction schedule in 2023, which includes the following projects:

• **Bowdon Junction to Bowdon to Fessenden 43.8kV Transmission Line Construction**

– The six mile long Bowdon Junction to Bowdon line along with the 20 mile long Bowdon to Fessenden line are part of a larger group of Jamestown to Carrington area projects. These projects will provide looped sources to Central Power distribution substations between WAPA’s Jamestown 230kV substation, WAPA’s Carrington 115kV substation, and Central Power’s Barlow 115kV substation. The distribution substations that will be served from this transmission loop include Bowdon, Dome Cathay, Fessenden, New Rockford, Pettibone, Pingree, Tuttle, Robinson, and Woodworth.

• **Bowdon & Pingree In-Line Viper 72kV Recloser Installations**

– Central Power’s protective relaying consultant identified the need to install breakers between Central Power’s Bowdon and Robinson distribution substations and between Central Power’s Pingree and Buchanan distribution substations in order to detect and clear certain end-of-line faults when the system is being served from alternative sources. The in-line Viper reclosers will be a pole-mounted units on steel structures located near our Bowdon and Pingree substations.

• **Harvey Distribution Substation Replacement**

– The Harvey distribution substation was built in 1971 and the structures are a compact design with very tight clearances between substation components. Central Power started construction of a modern replacement for the Harvey distribution substation directly adjacent to the existing substation and plans to complete the new substation in 2023.

• **Mallard 115kV Substation Rebuild**

– Central Power has been working with Xcel Energy to



complete a rebuild of our facilities within Xcel’s Mallard substation near Minot. Xcel Energy expanded the substation pad and Central Power’s building contractor started construction of our future control building in 2022. Xcel Energy will expand the substation’s 115kV bus work to make provisions for Central Power’s equipment replacement and Central Power will construct a new 115-43.8kV bay on the south side of the substation in 2023. We will then rebuild a bay on the west side of the substation in 2024.

challenges in safely operating and maintaining the substation’s equipment. Central Power plans to build a modern replacement for the Medina distribution substation directly adjacent to the existing substation, which will allow the existing substation to serve the area loads while the new substation is under construction.

• **Minndak Distribution Substation Update**

– The Minndak substation control system is at the end of its useful life and will be replaced along with replacing the bushings in the two 12.5kV bank breakers, expanding both low side structures, and installing capacitor banks in each of the two low side structures.

• **New Rockford Distribution Substation Replacement**

– The Central Power New Rockford distribution substation was built in 1950 and the structures are a compact design with very tight clearances between substation components. Central Power plans to build a modern replacement for the New Rockford distribution substation south of the existing substation directly adjacent to the existing transmission line.

• **Medina Distribution Substation Replacement**

– The Medina distribution substation was built in 1962 and the structures are a compact design with very tight clearances between substation components. Additionally, the substation is contained in a very compact fenced area making the safe use of hot-sticks difficult, which introduces

• **Spiritwood Lake Distribution Substation & 43.8kV Transmission Line Construction** – These projects include construction of a several mile long 43.8kV transmission tap line along with construction of a modern substation east of Buchanan, ND.

• **Woodworth Distribution Substation Replacement** – Central Power determined the need to install a capacitor bank within Central Power’s Woodworth distribution substation. The Central Power Woodworth distribution substation was built in 1972 and the structures are a compact design with very tight clearances between substation components and no room for a new capacitor bank.

Central Power plans to build a modern replacement for the Woodworth distribution substation directly adjacent to the existing substation.

• **Wyndmere North to Wyndmere South 43.8kV Transmission Line Rebuild** – The 16.1 mile transmission line between Central Power’s Wyndmere North and Wyndmere South substations was built in 1968. This line is of unshielded construction with a history of insulator failures and conductor breaks. We plan to rebuild this line in 2023.

• **Planning For Future Improvement Projects** – Our staff will continue planning and coordinating for our very significant 2023 system improvement projects and will expend significant effort to plan for our 2024 construction schedule.



## FINANCE & ACCOUNTING REPORT

	2022	2021	Difference
<b>Balance Sheet</b>			
<b>ASSETS AND OTHER DEBITS</b>			
UTILITY PLANT AT ORIGINAL COST			
Utility plant in service	\$384,820,790	\$365,793,811	\$19,026,979
Construction work in progress	12,329,537	7,957,345	4,372,192
Accumulated provision for depreciation	(99,343,242)	(91,795,208)	(7,548,034)
<b>Net Utility Plant</b>	<b>\$297,807,085</b>	<b>\$281,955,948</b>	<b>\$15,851,137</b>
INVESTMENTS IN ASSOCIATED ORGANIZATIONS	\$117,666,847	\$98,855,253	\$18,811,594
OTHER ASSETS			
Cash and temporary investments	\$146,394	\$2,114,972	(\$1,968,578)
Accounts receivable	16,149,768	16,077,792	71,976
Notes receivable	217,000	217,000	0
Material & supplies	19,748,464	18,886,962	861,502
Prepaid expenses	195,927	194,301	1,626
Other deferred debits	1,137,708	1,441,320	(303,612)
<b>Total asset and other debits</b>	<b>\$453,069,193</b>	<b>\$419,743,548</b>	<b>\$33,325,645</b>
<b>LIABILITIES AND OTHER CREDITS</b>			
MEMBER EQUITY			
Member patronage equity	\$129,572,957	\$126,586,856	\$2,986,101
Current year margins	17,426,862	9,816,292	7,610,570
<b>Net member equity</b>	<b>146,999,819</b>	<b>134,197,426</b>	<b>12,802,393</b>
LONG-TERM DEBT	282,945,242	271,827,381	11,117,861
OTHER REGULATORY LIABILITIES	7,256,348	0	7,256,348
CURRENT AND ACCRUED LIABILITIES			
Notes payable	417,000	217,000	200,000
Accounts payable	14,109,805	12,243,477	1,866,328
Accrued taxes and liabilities	1,340,979	1,258,264	82,715
<b>Total liabilities and other credits</b>	<b>\$453,069,193</b>	<b>\$419,743,548</b>	<b>\$33,325,645</b>
<b>Statement of Revenue and Expenses</b>			
<b>OPERATING REVENUES</b>			
Sales of Electricity to Members	\$158,926,502	\$150,962,843	\$7,963,659
Revenue Deferral	(7,256,348)	0	(\$7,256,348)
Member Rebate	(1,101,131)	(2,245,016)	\$1,143,885
SPP ATRR Revenues	11,082,552	11,211,192	(128,640)
MISO 30.9 Credit Revenues (via a lease from Basin)	2,408,560	2,402,490	6,070
Other Electric Revenues	1,164,577	683,833	\$480,744
<b>Total operating revenues</b>	<b>\$165,224,712</b>	<b>\$163,015,342</b>	<b>\$2,209,370</b>
<b>COST OF ELECTRIC SERVICE</b>			
PURCHASED POWER			
Central Power's WAPA purchases	\$7,556,126	\$7,512,986	\$43,140
Central Power's Basin purchases	127,641,694	125,982,757	1,658,937
<b>Total purchased power</b>	<b>\$135,197,820</b>	<b>\$133,495,743</b>	<b>\$1,702,077</b>
TRANSMISSION & DISTRIBUTION SYSTEM EXPENSE			
Operations	5,493,565	4,865,486	628,079
Maintenance	3,963,115	3,857,293	105,822
General plant maintenance	126,353	85,255	41,098
Consumer billing expense	59,135	81,263	(22,128)
Administrative and general	2,446,999	2,121,157	325,842
Depreciation	9,545,517	8,927,472	618,045
Taxes	241,519	225,301	16,218
Interest	7,083,424	6,505,398	578,026
Contributions and other deductions	4,369	6,050	(1,681)
<b>Total transmission &amp; distribution system expense</b>	<b>\$28,963,996</b>	<b>\$26,674,675</b>	<b>\$2,289,321</b>
<b>Total cost of service</b>	<b>\$164,161,816</b>	<b>\$160,170,418</b>	<b>\$3,991,398</b>
<b>Operating margin (loss)</b>	<b>\$1,062,896</b>	<b>\$2,844,924</b>	<b>(\$1,782,028)</b>
Interest Income	47,132	13,136	33,996
G&T and other capital credits	16,316,834	4,752,510	11,564,324
<b>Net patronage capital and margins</b>	<b>\$17,426,862</b>	<b>\$7,610,570</b>	<b>\$9,816,292</b>

## STATISTICS

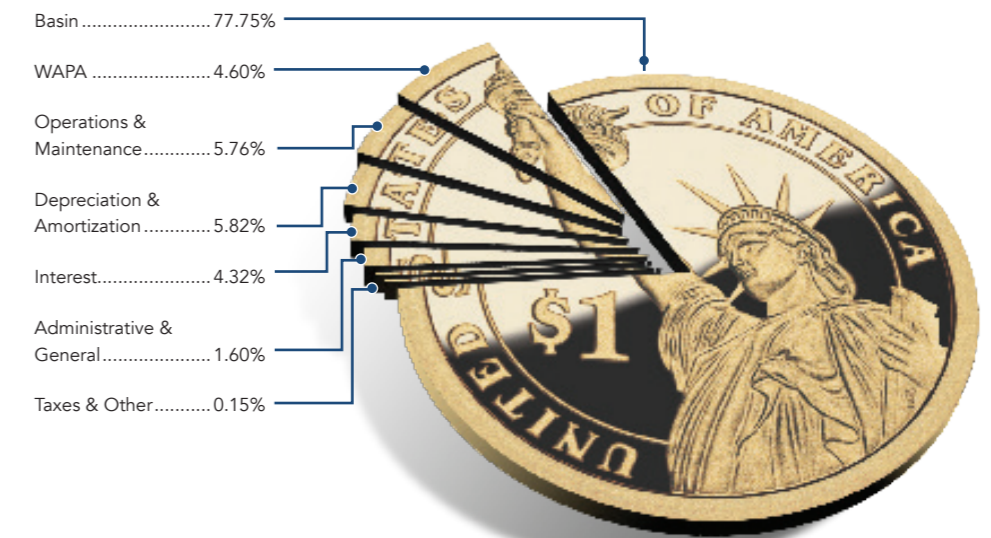
Member Power Cost Statistics	2022	2021	2020	2019	2018	2017	2016
<b>ENERGY PURCHASES (GWH)</b>							
Capital Electric Cooperative	410.8	393.0	386.7	387.1	386.1	366.1	353.0
Dakota Valley Electric Cooperative	699.1	682.9	650.6	684.1	688.8	674.4	648.5
McLean Electric Cooperative	142.8	136.3	137.6	140.6	138.4	135.5	131.7
North Central Electric Cooperative	258.7	233.8	234.0	266.8	258.6	247.1	232.1
Northern Plains Electric Cooperative	449.6	416.7	468.8	473.9	480.6	466.1	457.9
Verendrye Electric Cooperative	538.0	505.0	522.7	549.4	544.2	532.5	519.1
VEC - Minot Air Force Base	67.9	67.4	67.8	69.3	69.7	69.2	68.9
<b>TOTAL PURCHASES (GWH)</b>	<b>2,566.8</b>	<b>2,435.2</b>	<b>2,468.2</b>	<b>2,571.2</b>	<b>2,566.3</b>	<b>2,490.8</b>	<b>2,411.1</b>
<b>TOTAL REVENUE FROM MEMBERS</b>	<b>\$157.8</b>	<b>\$148.7</b>	<b>\$152.8</b>	<b>\$160.5</b>	<b>\$156.2</b>	<b>\$157.7</b>	<b>\$150.7</b>
<b>COST TO MEMBERS (Avg Mills/kWh)</b>	<b>61.5</b>	<b>61.1</b>	<b>61.9</b>	<b>62.4</b>	<b>60.9</b>	<b>63.3</b>	<b>62.5</b>
(Average Mills Before Power Bill Credits)	61.9	62.0	N/A	N/A	61.7	N/A	N/A
<b>Central Power Statistics</b>							
<b>PURCHASED POWER COSTS</b>							
Average mills/kWh total cost	\$135.2	\$133.5	\$137.0	\$145.2	\$146.7	\$138.2	\$125.9
WAPA - Cost (mills/kWh)	51.8	53.9	54.5	55.4	55.1	57.8	56.2
Basin - Cost (mills/kWh)	22.8	22.8	22.8	22.8	22.9	27.2	32.0
Percentage power cost of member revenue	56.0	58.7	59.4	60.2	59.7	62.4	60.0
	85.7%	89.8%	89.7%	90.4%	93.9%	87.6%	83.5%
<b>DEBT</b>							
Long-term debt	\$282.9	\$271.8	\$249.2	\$219.1	\$215.5	\$183.8	\$150.9
Interest expense	\$7.1	\$6.5	\$6.5	\$6.2	\$5.2	\$3.9	\$3.4
<b>TOTAL MARGINS</b>	<b>\$17,426,862</b>	<b>\$7,610,570</b>	<b>\$9,210,463</b>	<b>\$8,283,383</b>	<b>14,431,126</b>	<b>14,431,126</b>	<b>\$5,342,551</b>
<b>MEMBER EQUITY</b>	<b>32.4%</b>	<b>32.0%</b>	<b>32.3%</b>	<b>31.8%</b>	<b>28.8%</b>	<b>27.5%</b>	<b>25.6%</b>

## CAPITAL CREDIT RETIREMENTS

Years	Amount
1958-2000	\$5,537,164
2002	981,066
2003	976,446
2004	1,046,885
2005	1,300,103
2006	1,330,330
2007	1,365,562
2008	1,086,708
2009	114,355
2010-2013	0
2014	34,101
2015-2016	0
2017	161,215
2018	142,094
2019	205,397
2020	2,552,934
2021	3,963,433
2022	4,624,469

Refunds to Date: \$25,422,263

## 2022 TOTAL COST OF SERVICE





MEMBER FINANCIAL & STATISTICAL REPORT

	Capital	Dakota Valley	McLean	North Central	Northern Plains	Verendrye	Total or Average
<b>Statement of Operations</b>							
Operating Revenue	\$41,912,916	\$56,687,125	\$15,533,473	\$25,502,155	\$41,977,178	\$52,729,321	\$234,342,168
Operating Expenses	35,558,365	49,233,672	12,410,246	20,642,066	34,001,314	44,711,141	196,556,804
Depreciation, Taxes, Interest & Other	6,354,421	5,806,928	2,478,318	4,565,312	7,064,876	6,265,274	32,535,129
Total Cost of Electric Service	\$41,912,786	\$55,040,600	\$14,888,564	\$25,207,378	\$41,066,190	\$50,976,415	\$229,091,933
Operating Margins	130	1,646,525	644,909	294,777	910,988	1,752,906	5,250,235
Non - Operating Margins	6,360,882	5,160,997	1,166,669	1,897,736	3,534,476	5,524,032	23,644,792
<b>Total margins</b>	<b>\$6,361,012</b>	<b>\$6,807,522</b>	<b>\$1,811,578</b>	<b>\$2,192,513</b>	<b>\$4,445,464</b>	<b>\$7,276,938</b>	<b>\$28,895,027</b>
<b>Balance Sheet (Assets)</b>							
Utility Plant	\$149,264,081	\$129,227,265	\$49,766,768	\$103,297,186	\$153,840,993	\$146,086,386	\$731,482,679
Reserve for Depreciation	46,076,729	34,714,662	13,258,182	40,205,304	66,381,412	39,773,641	240,409,930
Net Utility Plant	\$103,187,352	\$94,512,603	\$36,508,586	\$63,091,882	\$87,459,581	\$106,312,745	\$491,072,749
Other Property and Investments	25,946,653	48,760,612	9,414,330	18,109,931	39,244,275	43,825,851	185,301,652
Current and Accrued Assets	16,503,056	17,403,848	7,072,634	11,491,569	13,795,598	20,595,390	86,862,095
Deferred Debts	105,785	664,669	559,146	97,747	289,293	0	1,716,640
<b>Total Assets</b>	<b>\$145,742,846</b>	<b>\$161,341,732</b>	<b>\$53,554,696</b>	<b>\$92,791,129</b>	<b>\$140,788,747</b>	<b>\$170,733,986</b>	<b>\$764,953,136</b>
<b>Liabilities</b>							
Margins and Equities	\$57,091,002	\$74,770,112	\$19,339,670	\$31,820,393	\$59,538,403	\$63,551,513	\$306,111,093
Long - Term Debt	78,870,169	71,107,712	28,865,876	50,453,373	66,679,544	78,688,394	374,665,068
Current and Accrued Liabilities	7,970,755	9,830,739	5,115,886	6,909,557	7,267,165	10,970,961	48,065,063
Deferred Credits (operating reserves)	1,810,920	5,633,169	233,264	3,607,806	7,303,635	17,523,118	36,111,912
<b>Total Liabilities</b>	<b>\$145,742,846</b>	<b>\$161,341,732</b>	<b>\$53,554,696</b>	<b>\$92,791,129</b>	<b>\$140,788,747</b>	<b>\$170,733,986</b>	<b>\$764,953,136</b>
<b>Other Statistics</b>							
Average number served:							
All Residential (Any Irrigation)	19,638	6,031	3,754	6,131	10,376	14,278	60,208
All Commercial	2,017	688	407	1,463	1,427	2,262	8,264
All Other (For Resale)	136	83	39	31	21	46	356
<b>Total</b>	<b>21,791</b>	<b>6,802</b>	<b>4,200</b>	<b>7,625</b>	<b>11,824</b>	<b>16,586</b>	<b>68,828</b>
<b>kWh Sales</b>							
All Residential (Any Irrigation)	247,158,089	143,337,420	59,356,389	144,481,382	243,959,362	240,663,191	1,078,955,833
All Commercial	142,519,662	541,349,635	71,527,026	95,053,527	180,323,158	266,633,831	1,297,406,839
All Other (For Resale)	2,243,329	817,587	5,964,684	4,358,319	6,005,263	80,609,048	99,998,230
<b>Total</b>	<b>391,921,080</b>	<b>685,504,642</b>	<b>136,848,099</b>	<b>243,893,228</b>	<b>430,287,783</b>	<b>587,906,070</b>	<b>2,476,360,902</b>
<b>Revenues</b>							
All Residential (Any Irrigation)	\$25,906,748	\$15,674,647	\$7,752,088	\$13,745,515	\$24,627,836	\$24,507,085	\$112,070,919
All Commercial	14,424,302	40,750,889	6,925,930	11,137,619	16,615,859	24,669,547	114,524,147
All Other (For Resale)	270,784	111,014	750,804	486,712	437,661	3,408,570	5,465,546
<b>Total</b>	<b>\$40,601,834</b>	<b>\$56,536,550</b>	<b>\$15,428,822</b>	<b>\$25,369,846</b>	<b>\$41,681,356</b>	<b>\$52,585,202</b>	<b>\$232,060,612</b>
<b>Other Statistics</b>							
Central's Transmission Line							1,491
Miles of Distribution Line	2,798	4,623	1,816	3,306	6,685	4,631	23,858
Consumers Served per Distribution Mile	7.79	1.47	2.31	2.31	1.77	3.58	2.88
Peak MW & month purchased from Central Power	88.8/July	109.8/February	27.9/December	57.2/February	89.2/January	122.6/December	476.4/January
Revenue per kWh Sold	\$0.1036	\$0.0825	\$0.1127	\$0.1040	\$0.0965	\$0.0894	\$0.0937
kWh Sold per Consumer	17,985	100,780	32,583	31,986	36,391	35,446	35,979
Annual Revenue per Consumer	\$1,863	\$8,312	\$3,574	\$3,327	\$3,513	\$3,170	\$3,372
Annual Revenue per Distribution Line Mile	\$14,512	\$12,231	\$8,497	\$7,674	\$6,214	\$11,355	\$9,727

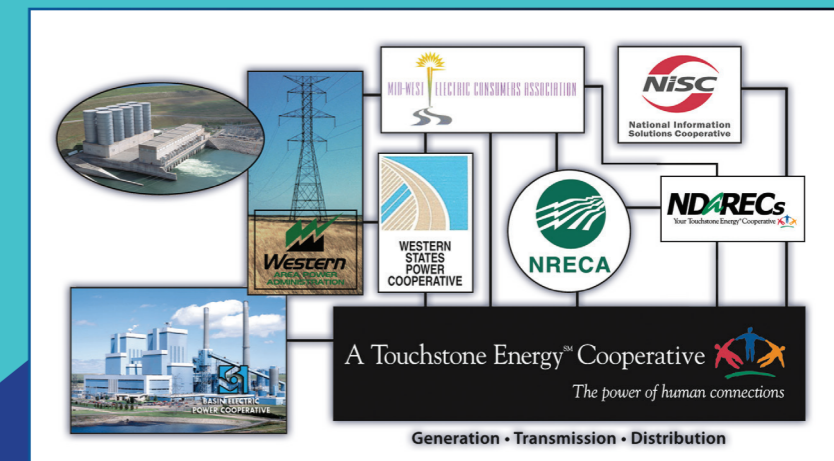


CENTRAL POWER MEMBERS:



POWER SUPPLIERS

AFFILIATED ORGANIZATIONS





## Touchstone Energy® Co-op Values


Integrity → Innovation → Accountability → Commitment to Community

### OUR MISSION

Central Power Electric Cooperative, Inc. exists to assist its member-systems. To carry out our mission, we will:

- Provide safe, reliable, and economical electric power supply
- Serve as a unifying force among our membership
- Perform those functions that can most efficiently be provided as a united effort as requested by our member-systems

In carrying out its mission, Central Power will adhere to the ideals of consumer ownership and cooperative principles, where the member-consumer and our employees are placed first in determining policies, procedures and practices.

Touchstone Energy  is an alliance of local, consumer owned utilities around the country, committed to providing superior service at affordable rates to all customers, large and small.



Central Power Electric Cooperative, Inc

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