

COOPERATIVE POWER

83rd ANNUAL MEETING

NDAREC BOARD GENERAL MANAGER'S REPORT

NDARECs
North Dakota Association of Rural Electric Cooperatives

Main Entrance
3071 Wagner Dr NW

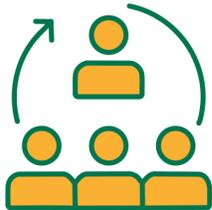


ADVANCING COMMON PURPOSE OF THE COOPERATIVE NETWORK



PROACTIVE ADVOCACY

- Coordinated electric cooperative involvement in interim Energy Development and Transmission Committee.
- Implemented legislative outreach strategies to build relationships at the local level with legislators and member-cooperative directors and managers.



TRAINING THE CO-OP WORKFORCE

- Introduced staking certification program.
- Added two new apprenticeship programs for substation and relay technicians.



TRANSFORMATIONAL INITIATIVES

- Secured \$12.6 million grant to establish a food hub in northcentral North Dakota, help rural grocery stores and improve food access in rural communities.
- Convened diverse group of media to launch Future of Local News Initiative, conduct statewide research and identify opportunities for strengthening local news delivery.



FLEXIBILITY AND RESPONSIVENESS

- With federal funding uncertainty and changes to federal programs, submitted a \$300,000 Rural Cooperative Development Grant application in the 11-day window (normally a two-month application period) and was one of 14 successful grant applicants nationwide.
- Got wildfire mitigation bill reconsidered after failing to pass on the N.D. House floor, mobilized electric cooperative network to contact legislators and flipped the vote upon reconsideration in under 24 hours.



UNIFIED MESSAGING

- Led statewide messaging on rates and large loads through Cost of Your Power series in *North Dakota Living*, internal member meetings and externally with legislators and decisionmakers.
- Strengthened media posture through editorial board visits, securing story corrections, interviews, podcasts and stories with radio, broadcast and print media.

PROACTIVE ADVOCACY

Regulatory relief achieved

Repeal of restrictive power plant and emissions rules **enhanced reliability and affordability** for electric cooperatives.

Tax credit preservation

Preserved elective pay for tax credits, in the Big Beautiful Bill, supporting cooperative infrastructure projects.

Increased rural funding

RUS electric loan program funding **increased by \$500 million**, advancing rural infrastructure investments.

Strong cooperative advocacy

Over 44,000 letters sent to Congress **supporting FEMA reform** show impactful grassroots advocacy.



LEGISLATIVE SUCCESS AND RELATIONSHIP BUILDING

Rapid Legislative Victory

NDAREC successfully changed a wildfire mitigation bill's status from failing to passing within 24 hours through swift mobilization.

Proactive Relationship Building

Efforts beyond formal committees strengthened cooperative models through conversations and grassroots advocacy.





LEGISLATIVE SUCCESS AND RELATIONSHIP BUILDING

Educating Legislators

- NDAREC improved legislators' understanding of large-load services, especially for data centers, highlighting cooperative capabilities.
- **Interim Study Committee Work**
We continue to increase the understanding among legislators regarding large-load service, particularly for data centers, emphasizing co-ops' capability to manage these demands responsibly.
- **Co-op 101 Training for Legislators and Candidates – Fall of 2026**
- **Electric Co-op Day at the Capitol- Feb. 8, 2027**

NDL | news connections

Legislative committee studies impact of large electric consumers

An interim legislative committee tasked with studying the impact of large loads on the electric grid convened for the first time Aug. 27 in Ellendale.

Legislators on the interim Energy Development and Transmission Committee toured the Applied Digital campus in Ellendale and heard presentations from several electric and data center industry professionals and local and state officials.

While the study looks at the impact of all large energy users on the electric system, data centers have emerged as a primary concern.

"The large energy users we are focusing on are primarily data centers, although there are other entities that use large amounts of electricity as well," says Chair Anna Novak, Hazen.

Background information provided to the committee by N.D. Legislative Council cites North Dakota as an appealing location for data center development due to its cold climate, low energy costs, favorable tax policies and stable energy resources.

In addition to the energy impact of large load users, the committee will look at other impacts of data center development, including workforce, housing and education, Novak says.

"A couple of the major positive impacts that data centers can have on a rural community are increased property and sales tax revenue," Novak says. "That can be a total gamechanger for a small community like Ellendale."

CO-OP PLANNING FOR LARGE LOADS

Novak invited electric cooperatives to present at the meeting in Ellendale. Zac Smith of the North Dakota Association of Rural Electric Cooperatives spoke about the cooperative business model and the sophisticated planning and coordination that occurs across co-



North Dakota Monitor

GOVERNMENT & POLITICS ENERGY & ENVIRONMENT AGRICULTURE EDUCATION JUSTICE HEALTH

NDL'S ENVIRONEWS

Lawmakers fear AI data centers will drive up residents' power bills

Some states are seeing a massive spike in electricity demand

BY ALEX BROWN APRIL 16, 2025 4:02 AM



Since the program's adoption in June, Basin 1 has received 12 applications for a combined total request of 6,000 megawatts (MW), Schaffer told the committee. The cooperative's current peak is 5 MW. "We are being asked to more than double the system that took 80-plus years to build," Schaffer said. "Cooperatives are happy to serve any new load as long as it can be done without negatively impacting the existing member or sacrificing reliability," Schaffer said.

GRID CAPACITY

Other topics included electric grid capacity, infrastructure, generation and transmission.

The N.D. Transmission Authority (NDTA) is currently conducting a transmission capacity study, which expanded last year to include resource adequacy. The N.D. Transmission Authority (NDTA) is currently conducting a transmission capacity study, which expanded last year to include resource adequacy. The N.D. Transmission Authority (NDTA) is currently conducting a transmission capacity study, which expanded last year to include resource adequacy.





America's Electric
Cooperatives | PAC



REPAC

North Dakota Rural Electric Political Action Committee

**LEADERS
WANTED**



GET INVOLVED

INVESTING IN OUR MEMBERS AND COMMUNITIES

- **Rural Cooperative Development Grant**
 - NDAREC secured a **\$300,000 grant**, one of only 14 nationwide, overcoming challenging application conditions.
- **Bush Foundation Investment**
 - A **\$12.6 million investment** aimed at improving rural grocery access and building regional food systems.
- **Infrastructure and Business Loans**
 - **Funding facilitated hospital upgrades** and RDFC loans supported meat-processing businesses, boosting rural economies.



INVESTING IN OUR MEMBERS AND COMMUNITIES

- **\$12.6 million investment from the Bush Foundation, dedicated to supporting rural grocery stores, improving access to food and creating strong regional food distribution systems.**



Vedaa Grocer video-go to video link

ENHANCING WORKFORCE & PROFESSIONAL DEVELOPMENT

Workforce Development

Comprehensive training programs covered staking certification, cybersecurity and leadership growth.

Youth Engagement

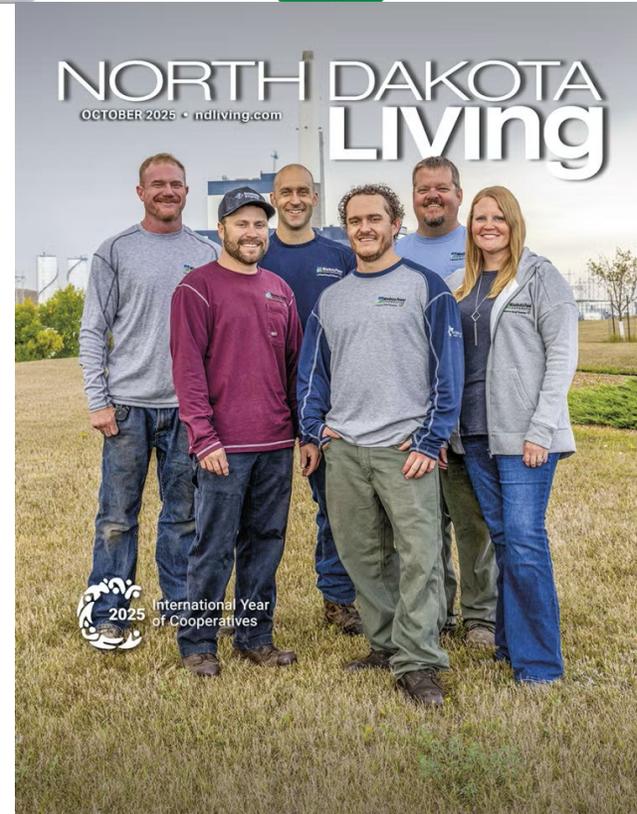
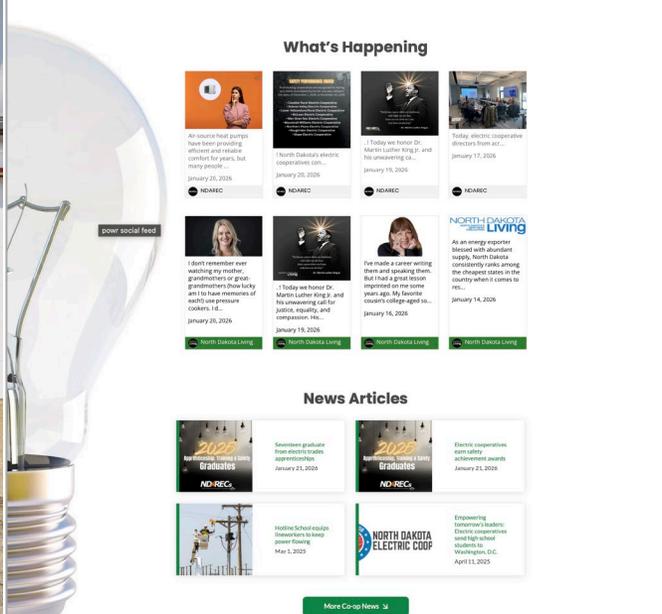
Youth tours and lineworker camps strengthened future talent pipelines in the electric cooperative industry.



We partnered with Highline Engineering to offer the **Comprehensive Staking Technician Training and Certification.**



Line Staking Video-go to video link



BUILDING TRUST THROUGH CONSISTENT COMMUNICATIONS

Digital Accessibility

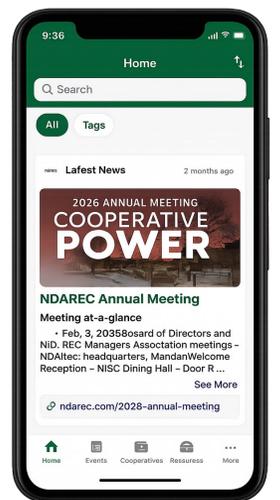
NDAREC's new SHiNE-powered website enhanced online accessibility and engagement for users statewide.

Effective Communications

Record advertising revenue highlighted North Dakota Living's role as a trusted rural community voice in 2025

New Directory App

Offers expanded and improved functionality.



Part IV: Balancing supply and demand

COST OF YOUR POWER

This is the final feature story in a four-part series, which examines electric industry pressures and how they may impact the price you pay for the electricity your electric cooperative provides.

FIND THE COMPLETE COST OF YOUR POWER SERIES ONLINE AT NDLIVING.COM

BY CALLY PETERSON

After decades of flat or declining electricity demand, the United States is in an energy demand boom. Recent data suggests power consumption nationwide will increase by at least 38 gigawatts (GW) between now and 2028. That's the equivalent of adding another California to the nation's power grid.

At the same time, power producers plan to retire 115 GW of always-available, baseload generation by 2034 – coal, natural gas and nuclear – and the replacement generation comes largely from low or intermittent capacity resources – solar and wind.

"The generation additions and subtractions don't add up," says Tony Clark, former N.D. Public Service Commissioner who now serves as executive director of the National Association of Regulatory Utility Commissioners (NARUC). "You can only operate like that for so long before it affects reliability and affordability."

That's a message electric cooperatives nationwide have been heralding for years – even before explosive data center growth.

"Electric cooperatives were the voice that put reliability back in the conversations in Washington," says Louis Finkel, senior vice president of government relations for the National Rural Electric Cooperative Association (NRECA). "These conversations were happening before data centers. Co-ops were talking about demand outpacing supply even before demand increases from data centers."

What's driving demand growth? Is the United States facing a future energy shortage? How will these challenges affect electric cooperatives and their members?

EXPLOSIVE DEMAND

U.S. demand for electricity is projected to grow 1% to 2% a year for the foreseeable future. That may not seem like a lot, but consider the recent historical average: 0.5%. "That's a doubling to quadrupling for demand growth (each year) over what we've seen for many decades," Clark says.

Across the country, demand growth is being driven primarily by home and transportation sector electrification and large commercial users of electricity in the manufacturing, processing, oil and gas, and tech industries. Data centers pose the largest – and perhaps most difficult to predict – demand growth projections.

Collectively, data centers account for 2% of total U.S. electricity use. By 2030, data centers are projected to consume 9% of electricity in the country.

"Just Google alone uses as much energy as the entire state of North Dakota in a year," Clark says.

North Dakota has the potential to see tremendous load growth from data centers. The state is appealing for many reasons, but its cold climate ranks high on the list. Data centers generate significant heat, and North Dakota's cold climate acts as natural cooling to keep equipment functioning optimally, while reducing energy consumption and cooling costs.

But even without data centers, North Dakota continues to experience a steady rise in electric demand. "Demand continues to be very high for (western) North Dakota, and at a much higher pace than most of the country, due to oil, gas and pipeline growth," says Jeremy Mahowald, general manager of Upper Missouri Power Cooperative.

Upper Missouri is a power supplier to 11 electric cooperatives in the region, covering the co-op's story.

Twenty years ago, Upper Missouri sold 1.4 billion kilowatt-hours (kWh) of electricity to its members. Last year, the cooperative's sales totaled 15.1 billion kWh. "Our future growth forecasts continue to be high, and at a similar growth rate to what we've been seeing for oil and gas growth," Mahowald says. "Most of that oil and gas gets shipped by pipeline and rail out of the region. However, in the future we expect to utilize more gas and oil locally, including refineries, byproduct development

POWER- AND FIBER-HUNGRY DATA CENTERS

Data centers are facilities that store, process and analyze data to meet modern society's computing needs. From a web search on your smartphone to storing photos in the cloud, data centers full of servers, storage hardware and digital infrastructure work behind the scenes to make it happen.

Data centers consume large amounts of electricity and require the highest connectivity. A decade ago, data centers being constructed had peak electric loads of 10 to 20 megawatts (MW). Those facilities are now being designed for 100 MW or more.

In North Dakota, for example, Applied Digital has facilities in Jamestown and Ellendale. Once fully operational, its combined electric load will be 286 MW. The company recently announced plans to expand the Ellendale campus to 400 MW.

"Just Google alone uses as much energy as the entire state of North Dakota in a year," says Tony Clark, former N.D. Public Service Commissioner and executive director of the National Association of Regulatory Utility Commissioners.

The hyperscalers – large data centers – also want dedicated fiber strands with asks not seen before in the broadband industry.

"They're asking for 40 100-gg connections," says Seth Amdorfer, CEO of Dakota Carrier Network.

To put that into perspective, local telecommunications cooperative BEX Communications – which has been recognized as the fastest fiber provider in North Dakota – offers up to 2.5-gigabit internet over its fiber network. Data centers are asking for 1,800 times more capacity than the fastest fiber provider in North Dakota.

Look for a larger feature story on data centers in an upcoming issue of North Dakota Living.

PEAK DEMAND 101

Peak demand is a figure closely watched in the utility industry. This is when the demand for electricity is highest. The hottest day of the summer, when air conditioners are on overdrive, and the coldest day of the winter, when home heating is working hardest, are generally when summer and winter peaks occur.

Much of the day-to-day and long-term planning by grid operators and utilities centers around peak demand: forecasting what it will be, when it will happen, what resources will be required to meet it and how weather may impact it.

What it boils down to is ensuring there is enough supply to meet peak demand. When there is not enough electricity to meet demand, grid operators must adjust the load. Essentially, that means shutting off power.

Why does peak demand matter? Because it is reflected in the price consumers pay for electricity. The price of electricity is typically highest when demand is highest, so when consumers use electricity during peak demand times, they are using the highest-cost power.

How peak demand is accounted for on electric bills varies from utility to utility. Contact your electric cooperative to learn more about local peak demand times, your electric bill or ways to reduce your electric usage.



In the next five years – nearly doubling the growth rate predicted in 2022.

"Upper Missouri is a high load factor throughout the year with most oil and gas operations running 24/7, however, it is winter peaking due to electric heat," Mahowald says. "Twenty years ago, in 2005, we peaked at

and electric gas generation. We also expect our region to be of large interest in locating data center and cryptocurrency growth in the years ahead."

As energy demand grows, so does peak demand – when the demand for and price of electricity is highest. Winter and summer peak demands are growing at alarmingly high rates. In 2023, analysts predicted U.S. peak demand will increase by at least 38 GW over

Part II: Supply chain and inflation



COST OF YOUR POWER

This is the second feature story in a four-part series, which examines electric industry pressures and how they may impact the price you pay for the electricity your electric cooperative provides.

NEXT MONTH: WHOLESALE POWER

BY CALLY PETERSON

The world changed five years ago when the coronavirus pandemic entered our lives. It disrupted everything, from the way we learn and work to the price of groceries and gasoline. While many facets of our lives have returned to normal for a "new normal," the American pocketbook is still recovering and waiting for the return of pre-pandemic prices.

So an electric cooperative? To a general standpoint, all of our cooperative employees are feeling the effects of inflation, just like every other American," says Mick Kossan, CEO of Central Power Electric Cooperative in Minot. "From a cooperative as a business entity standpoint, we are feeling the effects like any other business during this time."

Supply chain issues and inflationary pressures are having a widespread impact on power cooperatives. Over the past five years, electric cooperatives have seen drastic increases in the cost of materials. They've also adjusted to supply chain challenges and shortages, which have extended lead times for parts, materials and equipment.

SUPPLY CHAIN

In 2019, Central Power Electric, a wholesale power supply and transmission cooperative serving six distribution cooperatives in North Dakota over a 25-county area, ordered its annual supply of conductor, which took six to eight weeks to arrive. By the end of 2021, the lead time for that same conductor was 60 weeks.

COVID-related supply chain challenges coupled with the substantial increase in demand for electric utility products in 2020 and 2021 created a "perfect storm" of excessive demand and insufficient supply in the marketplace, says Matt Brandrup, president and CEO of Rural Electric Supply Cooperative (RESCO), a member-owned, not-for-profit electric material supply distributor whose members include electric cooperatives in North Dakota and nine other states.

"The COVID-19 pandemic exposed and exacerbated (supply chain) areas of risk, highlighting vulnerabilities and inefficiencies at a new level," adds Aaron Jallies, Blinnrock branch manager for Border States Electric.

Suppliers and purchasers were forced to adjust to the necessity of supply chain challenges and inflationary pressures. The materials needed to bring electricity to members' homes, farms and businesses cost more today than five years ago and, in many cases, are harder to come by.

From January 2021 to January 2023, the average cost of these materials has increased by approximately 51%, according to RESCO. A major materials supplier for electric cooperatives in North Dakota, some firms have seen even larger increases.

Material availability is critically important for cooperatives. It is considered when determining a co-op's capacity to serve growth areas and members' evolving power needs. It is crucial for storm preparedness. And it factors into co-ops' year-over-year construction workloads, which detail the maintenance and upgrades needed to keep their systems reliable. The danger of not building out the grid to meet demand is (member-cooperative) work to be able to meet the needs of any potential new loads.

Additional kWh kilowatt-hour units to spread increased costs over a larger base, so in most instances, growth is good," Kossan says. "This isn't an 'if you build it, they will come' scenario. It's more of an 'if you don't build it, nothing is ever going to come' scenario. The longer a transmission provider delays line rebuilds and upgrades, the more risk they are taking on and could end up in a scenario where they can't realistically ever catch up."

In the current materials supply environment, preparing for construction projects is essential. Members are encouraged to contact their electric cooperative in the early planning phase of a project, whether that be building a farm shop or adding a grain bin, to ensure the availability of materials. Electric co-ops can review the project's electricity requirements, discuss potential money-saving programs and make recommendations for lighting or energy-efficient heating and cooling systems.

"While the supply chain volatility we have been

confronted with is unprecedented, the markets are becoming tighter," says Val Weigel, Basin Electric senior vice president of energy markets and Dakota Coal operations. "The bulk power system today is more complicated and connected than ever before. The evolution of this network of power plants, generation resources and transmission infrastructure, however, has ensured a reliable flow of electricity at a more affordable price."

AN INTERCONNECTED GRID

In the earlier network, a power provider would build and maintain its own generating unit or facility, such as a North Dakota lignite coal plant, to serve its member load. "Everyone was kind of on their own," Weigel says. "In the 1990s, the energy industry shifted to a market-based system. Every day, utilities forecast the amount of electricity needed to serve their loads. Then, that load is bid into the market."

"The industry (outside of RTOs) has moved into a bilateral market today, where there's a lot more trading going on," Weigel says. "If one entity doesn't have enough energy to cover their obligations, or their sales in a day, then they can go buy energy from another entity."

This industry shift added another layer of complexity to the power grid with the introduction of regional transmission organizations (RTOs) and independent system operators (ISOs).

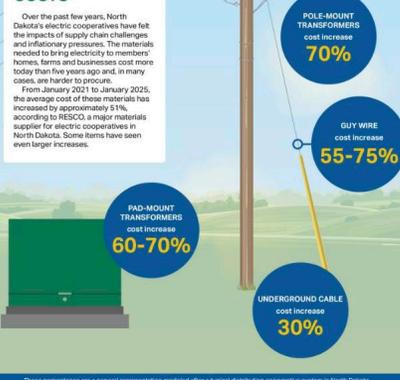
Another benefit of RTO membership is illustrated by the evening of Feb. 14, 2021, when one of Basin Electric's coal plants, Leland Olds Station Unit 2, was down for 36 hours due to a breaker failure during a widespread cold snap that stretched from North Dakota to Texas. If Basin Electric had been self-reliant on its own generation during that timeframe, Weigel says the cooperative would have been at greater risk of shutting off power or "shedding load," as it is referred to in the industry. "Thank goodness we had a market, because we had other sources we could rely on," Weigel says.

Another way to think about the electric grid is a giant spider web, says Chris Baumgartner, Basin Electric senior vice president of member and external relations.

"If one part of the web is cut, it affects the entire web. It's interconnected."

Continued on page 24

RIISING MATERIAL COSTS



These percentages are a general representation modeled after a typical distribution cooperative system in North Dakota. Data is pulled from figures provided by a local electric cooperative.

How industry pressures impact the price you pay for electricity

BY CALLY PETERSON



COST OF YOUR POWER

A four-part series examining electric industry pressures and how they may impact the price you pay for the electricity your electric cooperative provides.

NEXT MONTH: SUPPLY CHAIN AND INFLATION

Demand growth for electricity is now higher than any point in the last two decades. Americans are requiring more electricity in their homes and on the road. Large industrial and commercial users are requiring more electricity for their operations.

Across the United States, thousands of people work every minute of every day to keep the power flowing 24/7/365. From the coal miner to the ironworker and everyone in between, it takes an immense amount of people, resources, coordination and planning to ensure you can charge your cellphone, heat your home, dry your grain or turn on your lights.

Many never think about the long journey electricity takes to get to us. Fewer consider the challenges encountered along the way. In some ways, that's OK. It's a sign your electric cooperative is good at its job. It means you're getting the reliable, affordable electricity you need when you need it.

So, when do we think about electricity? When it doesn't work and when we pay for it.

Substation transformers and high-voltage breakers, both crucial components for infrastructure, have a current wait time of two years. The wait time for bucket trucks, which rural electric ironworkers log many miles in each day, is 2.5 years.

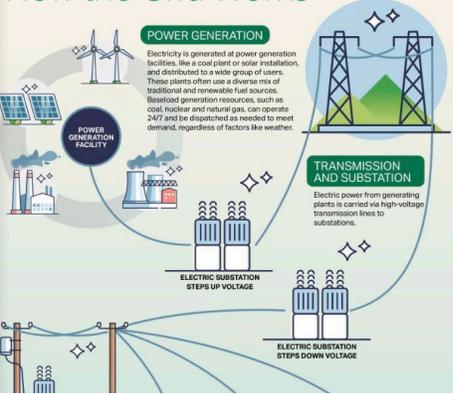
Electric cooperatives have adjusted to supply chain challenges by carrying more inventory on hand. Having materials ready to deploy is critical for power restoration after a storm and ensuring the energy needs of members, who may be planning a new construction project, building a farm shop or expanding a business.

WHOLESALE POWER

The electric power system and wholesale power market is complicated.

In the early electric system, a power provider would build and run its own generating unit or facility to serve its member load. Many North Dakota lignite coal facilities, for example, were built to generate electricity for cooperative members across a multistate region.

How the Grid Works



Part III: Wholesale power



COST OF YOUR POWER

This is the third feature story in a four-part series, which examines electric industry pressures and how they may impact the price you pay for the electricity your electric cooperative provides.

NEXT MONTH: BALANCING SUPPLY AND DEMAND

BY CALLY PETERSON

Wholesale power prices in the United States are expected to rise by 7% in 2025, according to the U.S. Energy Information Administration's (EIA) Short-Term Energy Outlook published Jan. 27. Generally created on an hourly or daily basis, wholesale power prices are an indicator of the cost of generating power. The EIA explains.

Indeed, many regional wholesale power providers

have announced rate increases after years of rate stability. Basin Electric Power Cooperative announced a 6.5% increase in 2025 and the Western Area Power Administration, which provides hydropower to many electric cooperatives in the region, will pass on a nearly 14% rate increase over two years.

"What we're seeing in the power markets is greater demand driven by load growth and a need to build



WHOLESALE POWER COSTS

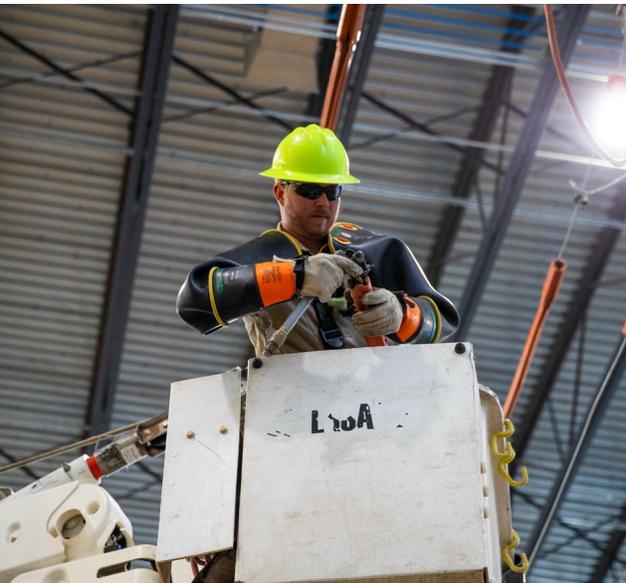
Wholesale power costs account for the largest share of a North Dakota distribution cooperative's operating expenses. Among North Dakota's 17 local electric cooperatives, wholesale power costs range from 44% to 88% of a co-op's total expenses. On average, 66 cents of every dollar members pay for electricity goes toward the cost of power.

Honor Flight Video-go to video link



BUILDING A **CULTURE OF SAFETY AND SAFE WORK PRACTICES**

- **61st** Apprenticeship, Training & Safety Conference
- **RESAP** onsite safety visits
- **Active threat** preparedness
- Forklift / equipment **inspections**
- Transformer connection **training**
- Pole-climbing and electrical hazards **instruction**
- **Tree trimming and chainsaw safety**





Digger-Derrick training

Lineworker Training Center | Mandan

Tree Trimming Video-go to video link



STRENGTHENING LEADERSHIP AND OPTIMIZING OPERATIONS



Strengthened Leadership Presence

Leaders secured important roles on national committees, enhancing policy influence for North Dakota.

Cybersecurity and IT Upgrades

Significant cybersecurity enhancements and IT infrastructure upgrades were implemented to protect association operations.

Mental Health First Aid

Raise awareness and equip ourselves to better support.



Mental Health First Aid-go to video link

NDAREC TEAM



JOSH KRAMER
Executive Vice President
and General Manager



BRENNA OHMAN
Finance Director



BRIAN GION
Cooperative Development
Specialist



BRIAN LAKODUK
Safety Instructor



CALLY PETERSON
Editor, *North Dakota Living*



CARLA SCHANER
Administrative Specialist



CHANTEL SHOREY
Accountant



CHRIS GESSELE
Cooperative Development
Specialist



CHRISTY ROEMMICH
Safety Director



CLARICE KESLER
Communications Manager



DUANE CRABBE
Advertising Sales Manager



ELLEN HUBER
Rural Development Director



LIZA KESSEL
Senior Graphic Designer



MELINDA LANDIS
Administrative Specialist



MELISSA KAUTZMAN KAUL
Executive Assistant/
IT Administrator



MIKE KOENIG
Safety Instructor



JEFF TWETEN
Safety Instructor



JOHN KARY
Senior Graphic Designer



KEIARA LESMEISTER
Rural Development
Program Coordinator



KENNEDY DELAP
Writer/Photographer



PAMELA CLARK-STEIN
Education & Member Services
Director



TAVI LEIER
Human Resources Manager/
Benefits Coordinator



ZACHARY SMITH
Communications &
Government Relations
Director/General Counsel



Melinda Landis

**Basin Electric —
you're getting a good
one.**



**Keiara
Lesmeister**

She is a great addition to the NDAREC team, and we are excited to have her on board.



Credits: North Dakota Living photo contest winners



REFLECTING ON A YEAR OF PROGRESS

Strengthened Relationships

NDAREC enhanced connections at all levels to support rural community growth and collaboration.

Policy Advocacy Success

Efforts defended reliability and affordability through effective policy initiatives benefiting rural areas.

Workforce Development

Investments in workforce development prepared members for future challenges and opportunities.

Leadership and Representation

Leadership roles ensured NDAREC's voice in national decision-making forums to influence policy.

