

# 2022 ANNUAL REPORT



Your Touchstone Energy® Cooperative 

## Board of Directors



**Kent Haugland**  
Vice President  
District 1



**Lynn Jacobson**  
Secretary/Treasurer  
Statewide Director & NRECA Director  
District 1



**Lane Titus**  
District 2



**Steven Overlee**  
Asst. Secretary/Treasurer  
District 2



**Kurt Koppelsloen**  
District 2



**David Sigloh**  
President  
District 3



**Jeff Dahlin**  
District 3

## **PRESIDENT AND MANAGER'S REPORT**



**David Sigloh**  
**President**



**Jerry King**  
**General Manager**

You are invited! Please make plans to attend the 78<sup>th</sup> Annual Meeting of Burke-Divide Electric Cooperative, Inc. (BDEC) on Wednesday, June 14, 2023, at the Cooperative's Headquarters located at 9549 Highway 5, Columbus, North Dakota.

Since April of 2022, we experienced three major storm events resulting in over \$12 million in damages to our system. Thankfully, we were able to qualify for partial reimbursement from the Federal Emergency Management Agency (FEMA) for the April 2022 and January 2023 storms. We spent a significant amount of time repairing and replacing infrastructure in damaged areas, but we still have a lot of work to do.

The Board wants you to know how much we appreciate what the employees have been through in the past year, and how much we appreciate what you, the members, have had to endure with the severe weather events and extended outages. Your patience and understanding did not go unnoticed. A special thanks to all the members who made it a team effort in helping us access damaged areas of our system.

We are in the final stages of our current work plan and are working on the details of our next work plan which will continue to focus on reliability. We are hopeful that the new Infrastructure Act will have a positive impact on our next work plan. We have partnered with other cooperatives in North Dakota to hire a consultant to aid us in maximizing the funding opportunities available in the Infrastructure Act.

Supply chain issues and rising material and labor costs continue to be a challenge for us. For example, distribution transformer costs have doubled in the last five years and lead time is about 60 weeks. This is why it is important that we have good communication with our members on any future planning projects.

Securing vehicles for our fleet is another challenge for us. The timeline to acquire digger trucks, bucket trucks and pickups, in some cases, is two years.

We continue to maintain a strong and stable financial equity position of capital credits with you, our members, while also keeping a very good working relationship with our bankers—USDA's Rural Utilities Service (RUS), National Rural Utilities Cooperative Finance Corporation (CFC), and CoBank.

We had net margins of \$2.9 million in 2022. Part of this was due to a large capital credit allocation and a significant bill credit from our power supplier. As a direct

result, the Board felt it was in the members’ best interest to defer a portion of the revenue into future years for rate stability.

Over the last year, we updated our Co-Generation policy which provides guidance to members wanting to install alternative energy sources, such as solar, and connect those systems to the grid. We currently have two members with active solar systems. If you are considering a solar or other alternative energy project, we encourage you to reach out to us early on so we can help you maximize your benefit.

We have settled into a new normal of being steady with no significant load growth; however, your cooperative continues to change. Below is a ten-year comparison of how the Cooperative has changed.

<b>FAST FACTS</b>	<b>2022</b>	<b>2012</b>
Total Utility Plant	\$96,193,228	\$ 43,965,001
Total Operating Revenue	\$21,918,875	\$ 13,642,289
Total kWh Sold	189,358,599	116,169,792
System kW Demand	35,777	26,878
Number of Meters	3,531	3,164
Number of Members	1,407	1,360
Miles of Line	2,572	2,437
Number of Employees	34	32

As a part of our commitment to our communities, Burke-Divide works in partnership to offer a number of grants for community projects and organizations through our Operation Round Up program, CoBank’s Sharing Success Grant program, Basin Electric Power Cooperative’s matching donation fund, and the Rural Development Finance Corporation’s community grant program. Information on these grants is available on our website and in our local pages in the North Dakota Living Magazine.

Derrick Handeland and Lexi McEvers are our 2023 Basin Electric Power Cooperative scholarship recipients. If you get the opportunity to meet these young folks congratulate them, and wish them well as they prepare for the future.

We will, once again, award our \$500 BDEC Memorial Scholarship through a “Luck-of-the-Draw” process at the Annual Meeting. Members who have students planning to attend college the Fall of 2023 are encouraged to attend the meeting. Detailed information regarding this scholarship can be found on page 9 of this report.

The progressive cash drawing will be \$250 this year. One member will be drawn from the entire membership list and must be present to win.

The Directors and Employees take great pride in and are dedicated to our mission: Burke-Divide Electric strives to provide reliable, high quality electricity at a competitive cost, to strengthen the area economy and to lead in improving the region’s quality of life through innovative, state of the art products and services while operating within cooperative principles.

We encourage you to review the information provided in this report and bring any questions you have to us at the Annual Meeting on June 14 at our headquarters in Columbus. We would be happy to answer them before, during, or after the meeting. We look forward to seeing you soon and please travel safely.

## **ANNUAL MEETING AGENDA**

Call to Order  
Quorum Report  
Appointment of Parliamentarian and Tellers  
Notice of Annual Meeting  
Minutes of 2022 Annual Meeting  
Financial Report  
President and Manager's Report  
Election of Directors  
Old Business  
New Business  
Questions & Comments  
Adjourn

## **Planning a trip to Medora this summer?**

As a member of Burke-Divide Electric Cooperative, your local Touchstone Energy Cooperative, you are eligible for discounts on tickets, lodging and golf.



### **15 percent discount:**

- Medora Musical
- Pitchfork Steak Fondue
- Bully Pulpit Golf Course
- Gospel Brunch
- Old Town Theater shows
- Lodging at Elkhorn Quarters, Badlands Motel, Rough Riders Hotel, and Medora Campground

Call 1-800-MEDORA-1 or book online at [medora.com](http://medora.com).  
DISCOUNT CODE: TOUCH2023

# MINUTES OF THE 2022 ANNUAL MEETING OF BURKE-DIVIDE ELECTRIC COOPERATIVE, INC. JUNE 8, 2022

The 77th Annual Meeting of the members of Burke-Divide Electric Cooperative, Inc., was held at the Burke-Divide Electric Cooperative Outpost in Kenmare, North Dakota, on June 8, 2022.

**CALL TO ORDER:** President David Sigloh called the meeting to order at 6:30 p.m.

**INVOCATION:** President Sigloh led the group in the invocation.

**NATIONAL ANTHEM:** The group stood and saluted the American flag during the National Anthem.

**QUORUM:** Vice President Kent Haugland reported that 67 members were registered for the meeting and that a quorum was present.

**PARLIAMENTARIAN:** President Sigloh appointed the cooperative's attorney, Debra L. Hoffarth, to act as parliamentarian for the meeting.

**ELECTION TELLERS:** President Sigloh announced the appointment of election tellers from all three districts to count ballots for the election of directors. The tellers include: District 1 – Les Gunderson; District 2 – Leland Grote; and District 3 – Ron Boughton.

**NOTICE OF MEETING:** It was moved, seconded and carried to approve the Notice of Meeting in the form mailed to the members and to dispense with the reading of it.

**MINUTES:** It was moved, seconded, and carried to dispense with the reading of the minutes of the 2021 Annual Meeting. It was moved, seconded, and carried to approve the 2021 Annual Meeting Minutes in the form presented.

**INTRODUCTION OF BOARD OF DIRECTORS:** President Sigloh introduced the Board of Directors and General Manager of the Cooperative. President Sigloh thanked the Board of Directors.

**SERVICE AWARDS:** President Sigloh presented service awards to the following: Director Lynn Jacobson—25 years.

**FINANCIAL REPORT:** Office Manager Brooke Watterud, presented the cooperative's financial report. Eide Bailly, LLP, of Fargo, North Dakota, audited the balance sheets for the year ending December 31, 2021. The cooperative received an unmodified ("clean") audit opinion. Burke-Divide's financial statements have been prepared using accounting principles generally accepted in the United States of America and do not contain material misstatements and are fairly presented. The cooperative had no compliance findings. Watterud discussed assets, liabilities, revenues, expenses, and financial ratios. It was moved, seconded, and carried to approve the 2021 Financial Report.

**PRESIDENT & MANAGER'S REPORT:** President David Sigloh and Manager Jerry King presented a report on the past year of operations. Manager King thanked the members for their patience while crews worked to restore power after the April 2022 winter storm. The winter storm caused the loss of 1,700 poles, 600 cross arms, and electrical lines across the system. It was the worst weather event in Burke-Divide's history and left all members without power for 40 hours. The estimated damages caused to the cooperative's facilities is estimated to be \$20 million. Manager King thanked the employees for their work at the cooperative and for its members. As of 2021 year-end, Burke-Divide has retired over \$24 million in capital credits since the Cooperative formed in 1945. Manager King summarized the changes of Burke-Divide over the past 10 years, noting increases in total utility plant, operating revenue, kWh sold, kW demand, number of meters, number of members, miles of line, and employees. Burke-Divide purchases its power from Upper Missouri Cooperative, with generation coming from Western Area Power Administration and Basin Electric Power Cooperative. Sigloh noted that the electric power is 18% hydro-electric, 39% coal, 24% wind, and 21% natural gas. Burke-Divide will be constructing tie-lines, burying lines that cross highways, and putting additional protection devices on the system in 2022. Burke-Divide Electric Cooperative, Inc. participates in the Rural

Development Finance Corporation (“RDFC”) grant and will award two \$1000 grants to eligible projects in the Cooperative’s service territory. Burke-Divide Electric Cooperative also participates in Co-Bank’s Sharing Success matching grant program for certified 501(c)(3) non-profit organizations, schools, or fire departments and will award three grants totaling \$7,500 in the Cooperative’s service territory. Applications for these grants are due September 15, 2022.

**OPERATION ROUND UP REPORT:** President Sigloh reported on the Operation Round Up Program, a charitable giving program. Operation Round Up Program awarded ten grants, totaling \$8,425, to area organizations and projects in 2021. Operation Round Up has awarded nearly \$90,000 to area organizations since the program began in 2010. Sigloh introduced the members of the Operation Round-Up Board and thanked them for their service. Sigloh thanked members and employees for their participation in the program.

**YOUTH TOUR AND SCHOLARSHIPS:** President Sigloh reported on the Youth Tour and Scholarship programs sponsored by Burke-Divide Electric Cooperative, Inc. Thomas Ankenbauer, Megan Hay, Micaela Kocher, and Samantha Ledahl are the 2022 recipients of the \$500 Basin Electric and Upper Missouri Power Cooperative Scholarships. Brita Oppegaard received the 2022 Youth Tour to Washington, DC.

**INTRODUCTION OF EMPLOYEES:** Manager King introduced the Burke-Divide employees. King and Sigloh thanked the employees for their work at the cooperative and for its members.

**ELECTION OF DIRECTORS:** Attorney Debra L. Hoffarth conducted the election of directors.

**District 1:** Ms. Hoffarth noted that the members were to elect a director for District 1. Ms. Hoffarth noted that Kent Haugland has filed a petition for the District 1 Director Seat, which he currently holds. No other petitions for District 1 Director Seat were filed. It was moved, seconded, and carried to direct the Secretary to cast a unanimous ballot for Kent Haugland as District 1 Director.

**District 2:** Ms. Hoffarth noted that the members were to elect a director for District 2. Ms. Hoffarth noted that Lane Titus has filed a petition for the District 2 Director Seat, which he currently holds. No other petitions for District 2 Director Seat were filed. It was moved, seconded, and carried to direct the Secretary to cast a unanimous ballot for Lane Titus as District 2 Director.

**District 3:** Ms. Hoffarth noted that the members were to elect a director for District 3. Ms. Hoffarth noted that David Sigloh has filed a petition for the District 3 Director Seat, which he currently holds. No other petitions for District 3 Director Seat were filed. It was moved, seconded, and carried to direct the Secretary to cast a unanimous ballot for David Sigloh as District 3 Director.

**OLD BUSINESS:** President Sigloh called on members for old business. There was none.

**NEW BUSINESS:** President Sigloh called on members for new business. There was none.

**LUCK-OF-THE-DRAW SCHOLARSHIP:** President Sigloh revealed the Luck-of-the-Draw Scholarship, which requires a student and parent to be present at the Annual Meeting to be awarded the 2022 \$500 Burke-Divide Electric Memorial Scholarship. Sigloh announced Kobe Koppelsloen as the 2022 recipient of the \$500 Burke-Divide Electric Memorial Scholarship

**QUESTIONS AND COMMENTS:** President Sigloh called for questions or comments from the membership. Leland Grote thanked the cooperative’s employees for their hard work after the April 2022 winter storm. The members gave a round of applause for the cooperative’s employees.

**ADJOURNMENT:** There being no further business to conduct, the meeting was adjourned at 7:25 p.m.

**BALANCE SHEETS AS OF DECEMBER 31, 2022 AND 2021**  
**ASSETS**

<b>ELECTRIC PLANT</b>	<b><u>2022</u></b>	<b><u>2021</u></b>
In service	\$94,991,129	\$92,595,258
Under construction	1,202,099	961,620
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Total electric plant	96,193,228	93,556,878
Less accumulated depreciation	23,884,859	22,212,403
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Electric plant – net	72,308,369	71,344,475
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<b>OTHER PROPERTY AND INVESTMENTS</b>		
Investments in associated companies	9,114,061	8,215,446
Other investments	285,232	378,123
Revolving loan pool	142,639	141,795
Special funds	970,550	336,600
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Total other property and investments	10,512,482	9,071,964
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<b>CURRENT ASSETS</b>		
Cash and cash equivalents	6,930,039	10,341,209
Accounts receivable, less allowance for uncollectable accounts (2022—\$639,999; 2021—\$860,143)	1,944,980	1,119,279
Other accounts receivable—FEMA	5,464,545	-
Current portion of other investments	111,111	111,111
Materials and supplies	2,935,478	1,993,673
Prepayments	326,513	331,995
Interest receivable	3,357	3,915
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Total current assets	17,716,023	13,901,182
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<b>DEFERRED DEBITS</b>	-	102,520
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	<b><u>\$100,536,874</u></b>	<b><u>\$94,420,141</u></b>

**BALANCE SHEETS AS OF DECEMBER 31, 2022 AND 2021**  
**EQUITIES AND LIABILITIES**

<b>EQUITIES</b>	<b>2022</b>	<b>2021</b>
Patronage capital	\$35,479,177	\$33,765,663
Other equities	6,831,904	6,827,011
Total equities	42,311,081	40,592,674
<b>LONG-TERM DEBT,</b>		
<b>LESS CURRENT MATURITIES</b>	52,270,298	48,973,786
<b>CURRENT LIABILITIES</b>		
Current maturities of long-term debt	1,956,754	1,920,607
Accounts payable	1,559,401	1,360,822
Customer deposits	104,752	79,555
Taxes accrued	144,238	145,076
Accrued interest	17,196	18,035
Accrued compensated absences	183,031	165,239
Total current liabilities	3,965,372	3,689,334
<b>DEFERRED CREDITS</b>		
Customer energy prepayments	17,571	65,114
Uncashed capital credit checks	18	351
Customer construction prepayments	225,705	16,144
Deferred gain on disposition of allowances	189,063	234,848
Deferred revenue	600,000	-
Deferred compensation	369,650	336,600
Estimated installation costs		
-special equipment	588,116	511,290
Total deferred credits	1,990,123	1,164,347
	<b>\$100,536,874</b>	<b>\$94,420,141</b>

**INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying financial statements of Burke-Divide Electric Cooperative, Inc., which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations, equities, and cash flows for the years then ended, and the related notes to the financial statements.

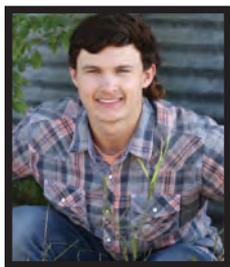
In our opinion, the financial statements referred to present fairly, in all material respects, the financial position of Burke-Divide Electric Cooperative, Inc. as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Eide Bailly, LLP  
March 29, 2023

## **STATEMENT OF OPERATIONS & PATRONAGE CAPITAL**

<b>OPERATING REVENUES</b>	<b><u>2022</u></b>	<b><u>2021</u></b>
Electric	\$21,696,033	\$21,532,212
Other	222,842	212,452
Total operating revenues	21,918,875	21,744,664
<b>OPERATING EXPENSES</b>		
Cost of Power	9,788,033	10,542,516
Transmission-operation and maintenance	76,162	46,221
Distribution – operation	1,917,938	2,221,829
Distribution – maintenance	1,071,272	1,095,154
Customer accounts	163,853	204,342
Customer service and informational	73,702	52,906
Sales expense	130,249	131,124
Administrative and general	2,022,189	1,956,218
Depreciation	2,735,164	2,666,971
Depreciation –plant retirement reserve	508,454	500,657
Taxes	181,526	186,238
Interest on long-term debt	1,531,459	1,482,279
Other	41,216	54,508
Total operating expenses	20,241,217	21,140,963
<b>OPERATING MARGINS</b>		
<b>BEFORE CAPITAL CREDITS</b>	1,677,658	603,701
<b>OTHER COOPERATIVE CAPITAL CREDITS</b>	1,219,110	429,573
<b>NET OPERATING MARGINS</b>	2,896,768	1,033,274
<b>NONOPERATING MARGINS (LOSSES)</b>		
Merchandising, less costs and expenses	(136,988)	88,745
Interest income	29,393	16,339
Gain (Loss) on sale of non utility property	110,696	241,742
Paycheck protection program loan forgiveness	-	900,000
Total nonoperating (losses) margins	3,101	1,246,826
<b>NET MARGINS</b>	<b>\$2,899,869</b>	<b>\$2,280,100</b>

## 2023 Scholarship Winners



### Derrick Handeland

#### *Basin Electric Power Cooperative—\$500*

Derrick Handeland is a 2023 graduate of Kenmare High School and plans to attend the lineworker program at Bismarck State College. Derrick is the son of Emmy and Jeremy Handeland of Kenmare.



### Lexi McEvers

#### *Basin Electric Power Cooperative—\$500*

Lexi McEvers is a graduate of Burke Central High School and plans to attend Bismarck State College to pursue a degree in nursing. Lexi is the daughter of Carla and Mitchell McEvers of Lignite.

THE BIG  
DRAWING!

439/25

## Luck-of-the-draw scholarship

**Burke-Divide Electric Cooperative will award its \$500 Memorial Scholarship through a random drawing held at the conclusion of the cooperative's annual meeting Wednesday, June 14, in Columbus. The requirements to enter the scholarship drawing are listed below:**

1. The student or parent/legal guardian must be an active member of Burke-Divide Electric Cooperative at the time of the drawing.
2. Both the student and parent/legal guardian must be present at the Annual Meeting when the drawing is held.
3. The student must be enrolled in a full-time vocational/technical, undergraduate or graduate degree program in the 2023 Fall term.
4. The student must submit a "Luck-of-the-Draw" Scholarship application form at the meeting. The application form is available at [bdec.coop](http://bdec.coop) and may be completed prior to the meeting. The student must bring the printed application form to the meeting. Forms will also be available at the meeting.



# 2022 OPERATION ROUND UP REPORT

In 2010, Burke-Divide Electric Cooperative began a charitable giving program called Operation Round Up intended to benefit organizations and communities across the cooperative’s service territory.

Through Operation Round Up, cooperative members “round up” their electric bills to the next whole dollar each month with the extra pennies going to the Operation Round Up fund. Burke-Divide Electric employees also contribute by “rounding down” their paychecks each month.

6 grants totaling \$7,135 were awarded to the following organizations in 2022:

**Burke County Fair Association**

\$2,000—Bathroom updates

**Columbus Rural Fire Protection District**

\$1,500—Firehall addition

**Divide County Public Library**

\$500—Jessie Veeder Scofield presentation

**Lignite Community Builders**

\$1,195—Community Center kitchen improvements

**Powers Lake Ambulance**

\$940—Defibrillator

**Powers Lake High School Robotics Club**

\$1,000—Club start-up costs

Non-profit and community organizations in Burke-Divide Electric’s service area are eligible to apply for Operation Round Up funds. A board of five trustees manages the distribution of Operation Round Up funds. Grants are awarded in March and September each year.

86 percent of Burke-Divide Electric Cooperative’s membership participates in the Operation Round Up program. Since the program began in 2010, 114 grants totaling over \$96,000 have been awarded to area organizations.

## OPERATION ROUND UP BOARD OF TRUSTEES

- Roxi Iverson, President.....District 2
- Hal Ross, Vice President.....At-large
- Lorna Carlson, Secretary.....At-large
- LuAnn Unhjem.....District 1
- Missy Sagness.....District 3