



2020
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 76th Annual Meeting of Burke-Divide Electric Cooperative, Inc. (BDEC) Wednesday, June 9, 2021, at the Cooperative's Headquarters in Columbus.

This year's meeting will have a flexible hybrid format. We will have public seating in the warehouse if that's the preferred way you would like to experience the Annual Meeting. We will also have our FM transmitter connected to our sound system if you would be more comfortable social distancing and wish to remain in your vehicles for the meeting. Our intent is to shorten the meeting as much as we can, to limit the time we are with each other. We will also have masks available for those who wish to wear them. We plan to serve a hamburger, brat, and hotdog meal.

2020 was a challenge for all of us and BDEC was no exception. Our priority was to keep our employees safe through the pandemic and to protect the membership as best we could. We did lockdown all of our facilities for a period of time, but earlier this year we opened back up to normal business. We did shelve many budgeted expenditures due to the reduced revenue we were experiencing with many of our commercial accounts shut down for a part of 2020.

2020 did end up being a good year for your Cooperative with year-end margins of \$1.57 million. We did experience lower margins for the year due to the pandemic, but we also had some expense that was lower as well due to the same. We seem to have settled into a more predictable load pattern for now which is a relief.

Below is a ten-year comparison of how the Cooperative has changed.

FAST FACTS	2020	2010
Total Utility Plant	\$92,392,989	\$31,686,742
Total Operating Revenue	\$21,992,818	\$7,767,664
Total kWh Sold	190,184,347	81,088,255
System kW Demand	37,165	17,322
Number of Meters	3,488	2,920
Number of Members	1,417	1,352
Miles of Line	2,615	2,220
Number of Employees	35	23

BDEC Capital Credits for a portion of 2013 and G&T Capital Credits for 2003-2007 have been retired to the membership in the amount of \$1,289,290. Checks will be mailed the first week of June, not handed out at the Annual Meeting.

The Board is proposing changes to the Bylaws this year concerning meeting notices and processes, voting methods, and director qualifications and nominations. The proposed Bylaw changes are included for your review.

We are in the second year of our current \$17 million four-year work plan. We did complete the construction of our new Sauk Prairie Substation east of Kenmare. This Substation replaces our old Greenbush Substation. Also in this work plan are numerous tie lines between our current substations so that during weather outage events we can serve the members from different directions. This will allow us to keep more members on during these times. The exception would be if the outages are widespread to the point that the other options to serve the members are in outage status as well.

Another task in our current workplan we are working on is converting overhead lines that cross highways to underground. When high load moves come through our area, we need to dispatch crews to raise or drop our lines to allow these large moves to come through our area and our crews have to be with them at every spot our lines cross. This is a task we have been working on for several years now and after this year we will have Highway 52, Highway 5, and Highway 85 mostly complete in our service territory. In the next couple of years, we will be working on the Highway 50 corridor as well. The intent behind this is to allow our crews to spend more time working for the membership and less time accommodating large load moves.

Periodically, as the economy changes, we conduct cost of service studies to make sure that we are properly allocating our costs to our members. We have recently completed one of these studies, and as a “heads up” to you our members, we will be looking at potential rate adjustments in the near future. We want to assure you; we will only do what is needed to make sure that your cooperative maintains a stable financial position.

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.

Hannah Johnson, Bo Thingvold, Noelle Overton, and Brynn Oppegaard are our 2021 scholarship recipients. If you get the opportunity to meet these young folks, congratulate them and wish them well as they prepare for the future.

The progressive cash drawing will be \$350 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 service while operating within cooperative principles.***

We encourage you to review the information provided in this report and please bring any questions you have to us at the Annual Meeting on June 9th at our Columbus Headquarters. 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 2020 Annual Meeting
- Financial Report
- President and Manager’s Report
- Election of Directors
- Proposed Bylaw Revisions
- 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
- Lodging at Elkhorn Quarters, Badlands Motel and Rough Riders Hotel

20 percent discount:

- Cowboy Hall of Fame



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Cooperatives

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**MINUTES OF THE 2020 ANNUAL MEETING OF BURKE-DIVIDE ELECTRIC
COOPERATIVE, INC. OCTOBER 21, 2020**

The 75th Annual Meeting of the members of Burke-Divide Electric Cooperative, Inc., was held at the at the Cooperative's Headquarters in Columbus, North Dakota, on October 21, 2020.

CALL TO ORDER

President David Sigloh called the meeting to order at 12:00 p.m.

APPROVAL OF AGENDA

The Annual Meeting Agenda was presented for the membership's review. It was moved, seconded, & carried to approve the Annual Meeting Agenda as presented.

QUORUM

President Sigloh reported that 120 voting 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 – Jim Simonson; District 2 – Lynn Watterud; and District 3 – Ron Boughton.

NOTICE OF MEETING

It was moved, seconded, and carried to approve the Notice of Annual 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 2019 Annual Meeting.

It was moved, seconded, and carried to approve the 2019 Annual Meeting Minutes in the form presented.

FINANCIAL REPORT

Due to COVID-19, the Cooperative's Auditors were unable to attend. The financial reports were provided to the members for review.

It was moved, seconded, and carried to approve the 2019 Financial Report.

PRESIDENT & MANAGER'S REPORT

President Sigloh discussed the effect of COVID-19 on the operations of the Cooperative. Sigloh thanked members for their continued support of Burke-Divide.

ELECTION OF DIRECTORS

Attorney Debra L. Hoffarth conducted the election of directors.

District 2

Ms. Hoffarth noted that the members were to elect a director for District 2.

Ms. Hoffarth noted that Kurt Koppelsloen filed a petition for the District 2 Director Seat, which he currently holds. Ms. Hoffarth called for other nominations from the floor for District 2; there were no further nominations from the floor.

It was moved, seconded, and carried to direct the Secretary to cast a unanimous ballot for Kurt Koppelsloen as District 2 Director.

District 3

Ms. Hoffarth noted that the members were to elect a director for District 3.

Ms. Hoffarth noted that Jeff Dahlin filed a petition for the District 3 Director Seat, which he currently holds. Ms. Hoffarth called for other nominations from the floor for District 3; there were no further nominations from the floor.

It was moved, seconded, and carried to direct the Secretary to cast a unanimous ballot for Jeff Dahlin 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.

QUESTIONS AND COMMENTS

President Sigloh called for questions or comments from the membership. There were none.

ADJOURNMENT

There being no further business to conduct, the meeting was adjourned at 12:08 p.m.

STATEMENT OF OPERATIONS & PATRONAGE CAPITAL

OPERATING REVENUES	<u>2020</u>	<u>2019</u>
Electric	\$21,811,996	\$24,778,829
Other	180,822	227,076
Total operating revenues	21,992,818	25,005,905
OPERATING EXPENSES		
Cost of Power	10,572,044	12,963,941
Transmission-operation and maintenance	155,204	56,925
Distribution – operation	1,924,668	2,183,679
Distribution – maintenance	1,196,219	1,282,561
Customer accounts	217,647	198,652
Customer service and informational	65,147	63,012
Sales expense	127,715	106,822
Administrative and general	1,807,019	2,043,657
Depreciation	2,505,085	2,397,619
Depreciation –plant retirement reserve	498,221	524,822
Taxes	182,433	211,420
Interest on long-term debt	1,515,689	1,465,998
Other	48,017	34,402
Total operating expenses	20,815,108	23,533,510
OPERATING MARGINS		
BEFORE CAPITAL CREDITS	1,177,710	1,472,395
OTHER COOPERATIVE CAPITAL CREDITS	422,179	523,780
NET OPERATING MARGINS	1,599,889	1,996,175
NONOPERATING MARGINS (LOSSES)		
Merchandising, less costs and expenses	(62,394)	(230,249)
Interest income	54,956	74,818
Loss on sale of non utility property	(213,160)	(25,068)
Other Income	192,160	198,166
Total nonoperating (losses) margins	(28,438)	17,667
NET MARGINS	<u>\$1,571,451</u>	<u>\$2,013,842</u>

BALANCE SHEETS AS OF DECEMBER 31, 2020 AND 2019
EQUITIES AND LIABILITIES

EQUITIES	2020	2019
Patronage capital	33,769,446	\$32,241,960
Other equities	5,538,280	5,538,280
Total equities	39,307,726	37,780,240
LONG-TERM DEBT, LESS CURRENT MATURITIES	50,860,017	49,773,584
CURRENT LIABILITIES		
Current maturities of long-term debt	2,789,393	1,886,895
Accounts payable	1,542,201	1,536,477
Customer deposits	98,416	85,549
Taxes accrued	142,576	171,155
Accrued interest	24,712	19,612
<u>Accrued compensated absences</u>	<u>151,533</u>	<u>119,319</u>
Total current liabilities	4,748,831	3,819,007
DEFERRED CREDITS		
Customer energy prepayments	45,532	37,540
Uncashed capital credit checks	9,799	6,066
Customer construction prepayments	101,724	629,483
Deferred gain on disposition of allowances	244,817	244,817
Deferred compensation	314,700	295,000
Estimated installation costs <u>-special equipment</u>	<u>509,933</u>	<u>523,908</u>
Total deferred credits	1,226,505	1,736,814
	\$96,143,079	\$93,109,645

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, 2020 and 2019, 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, 2020 and 2019, 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 15, 2021

BALANCE SHEETS AS OF DECEMBER 31, 2020 AND 2019
ASSETS

ELECTRIC PLANT	<u>2020</u>	<u>2019</u>
In service	90,325,088	\$83,579,779
Under construction	2,067,900	927,995
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Total electric plant	92,392,988	84,507,774
Less accumulated depreciation	20,878,501	18,478,999
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Electric plant – net	71,514,487	66,028,775
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OTHER PROPERTY AND INVESTMENTS		
Investments in associated companies	8,009,072	7,766,791
Other investments	481,661	565,795
Revolving loan pool	141,714	173,980
Special funds	314,700	295,000
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Total other property and investments	8,947,147	8,801,566
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CURRENT ASSETS		
Cash and cash equivalents	11,283,052	13,878,298
Accounts receivable, less allowance for uncollectable accounts (2020—\$795,263; 2019—\$800,000)	2,131,631	1,911,672
Current portion of other investments	111,111	111,111
Materials and supplies	1,654,283	1,771,267
Prepayments	292,268	290,412
Interest receivable	4,060	8,985
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Total current assets	15,476,405	17,971,745
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DEFERRED DEBITS	205,040	307,559
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	<u>\$96,143,079</u>	<u>\$93,109,645</u>

2021 Scholarship Winners



Hannah Johnson

Burke-Divide Electric Memorial—\$500

Hannah is a 2019 graduate of Grenora High School and is the daughter of Lavern and Julie Johnson, Grenora.

Hannah attends the University of North Dakota where she is double majoring in communication and marketing.

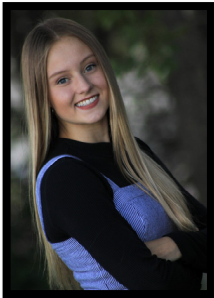


Bo Thingvold

Basin Electric Power Cooperative—\$500

Bo is a 2021 graduate of Bowbells High School and is the son of Jon and Celeste Thingvold Columbus.

Bo plans to study agribusiness and play football at Valley City State University.



Noelle Overton

Basin Electric Power Cooperative—\$500

Noelle is a 2021 graduate of Nedrose High School and is the daughter of Jason and Jodie Overton, Minot.

Noelle plans to study nursing at the University of Mary.



Brynn Oppegaard

Youth Tour Scholarship—\$1,000

Brynn is a 2021 graduate of Divide County High School and is the daughter of Mark and Heather Oppegaard, Crosby.

The Board of Directors awarded this scholarship in honor of Brynn's selection to represent the cooperative on the 2020 National Rural Electric Cooperative Youth Tour to Washington, D.C., which was canceled due to the coronavirus pandemic.



2020 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 \$6,850 were awarded to the following area organizations in 2020:

Burke County Fair

\$1,500—Grandstand Repairs

Divide County Sheriff’s Department

\$1,500—Trauma Bags

Farm Safety 4 Just Kids

\$500—ATV Helmet Program

Farm Rescue

\$1,500—Program Operations

Northern Plains Special Education Unit

\$1,500—Practical Assessment Lab

Ward County 4-H

\$350—Hippology Contest

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. Since the program began in 2010, 98 grants totaling more than \$80,000 have been awarded to area organizations.

Currently, 86 percent of Burke-Divide Electric Cooperative’s membership participates in the Operation Round Up program.

BOARD OF TRUSTEES

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