




2021 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 77th Annual Meeting of Burke-Divide Electric Cooperative, Inc. (BDEC) on Wednesday, June 8, 2022, at the Cooperative's Kenmare Outpost located just north of Kenmare along Highway 52.

We are getting back to normal post-covid and are planning for a traditional BDEC annual meeting.

Supply chain issues and rising material and labor costs were our biggest challenges in 2021 and continue to be a challenge for us today. A good example of what these rising costs mean to your cooperative is that five years ago we could build a mile of single-phase line for around \$62,000. Today, the same mile of line is pushing \$90,000.

In fact, we have been experiencing rising costs in the cooperative for a few years now and a result of this is the rate increase that we implemented on January 1 of this year. We think it is important to share with you that we do our best to control costs and we finally needed to react to these rising costs. We are currently doing our best to be diligent on any equipment, fleet needs, and employee costs.

Year-end margins were strong at just over \$2.2 million, with operating margins at \$1 million and non-operating margins at \$1.2 million. 2021 was a unique year for us regarding non-operating margins. BDEC faced two unique situations—first, was our participation in the Federal Government's Payroll Protection Program for \$900,000, and the second was the sale of excess transmission material to a neighboring cooperative that suffered significant storm damage. Without these two situations, our year-end margins would have looked very different. The additional non-operating margins allowed us to delay a rate increase into 2022 rather than implementing it earlier.

BDEC is a member of Upper Missouri Power Cooperative (UMPC), which consolidates power from Basin Electric Power Cooperative (BEPC) and the Western Area Power Administration (WAPA), our supplier of federal hydroelectric power. We receive a fixed allocation of hydropower from WAPA and the remainder of our power comes from Basin. At the end of 2022, Basin issued a one-time bill credit to its members. BDEC passed that bill credit on to BDEC members in the form of a bill credit. You would have seen this on your December bill.

Recently, WAPA announced a rate increase and drought adder effective January 2023. The BDEC Board and management will continue to monitor the effects this rate increase has on our margins and, ultimately, our membership.

We have settled into a new normal of being steady with no significant load

growth; however, your cooperative continues to change. We are visiting with several of our members who would like to make plans to grow but with the current uncertain economy, they are waiting for a more positive outlook before they expand their business ventures.

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

FAST FACTS	2021	2011
Total Utility Plant	\$93,556,878	\$ 44,725,157
Total Operating Revenue	\$21,744,664	\$ 9,248,331
Total kWh Sold	194,723,315	85,503,599
System kW Demand	34,461	18,558
Number of Meters	3,509	3,018
Number of Members	1,412	1,330
Miles of Line	2,588	2,294
Number of Employees	34	23

We are in the final year of our current construction work plan, which focused on system reliability. We have constructed numerous tie lines, which allow us to back-feed electricity during planned and unplanned outages. We have also converted overhead highway crossings to underground, which alleviates the need to take outages when accommodating high-load moves.

A couple of new ventures we are exploring are electric vehicles (EV's) and solar. We have our name on a reserve list for a Ford Lightning pickup. Our plan is to work the vehicle to see first-hand how well it works in our weather environment. We plan to connect a 10kW solar unit to our warehouse in Columbus and monitor its usage and potential benefit. If you have an interest in solar, we want to be able to share how the system we have in place works and what efficiency it has.

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.

Thomas Ankenbauer, Megan Hay, Micaela Kocher and Samantha Ledahl are our 2022 scholarship recipients. If you get the opportunity to meet these young folks congratulate them, and wish them well as they prepare for the future.

New to this year's annual meeting will be a "Luck-of-the-Draw" scholarship. Members who have students planning to attend college the Fall of 2022 are encouraged to attend the meeting. Detailed information regarding this scholarship can be found on page 3 of this report.

The progressive cash drawing will be \$450 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 bring any questions you have to us at the Annual Meeting on June 8 at our Kenmare Outpost. 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 2021 Annual Meeting
Financial Report
President and Manager's Report
Election of Directors
Old Business
New Business
Questions & Comments
Adjourn



Luck-of-the-draw scholarship

Burke-Divide Electric Cooperative will award one \$500 Memorial Scholarship through a random drawing held at the conclusion of the cooperative's annual meeting Wednesday, June 8.

Requirements to be entered into the scholarship drawing:

1. 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. Student must be enrolled in a full-time vocational/technical, undergraduate or graduate degree program in the 2022 Fall term.
4. Student must submit a "Luck of the Draw" Scholarship application form. The application form is available at 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.

BALANCE SHEETS AS OF DECEMBER 31, 2021 AND 2020**ASSETS**

ELECTRIC PLANT	<u>2021</u>	<u>2020</u>
In service	\$92,595,258	\$90,325,088
Under construction	961,620	2,067,900
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Total electric plant	93,556,878	92,392,988
Less accumulated depreciation	22,212,403	20,878,501
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Electric plant – net	71,344,475	71,514,487
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OTHER PROPERTY AND INVESTMENTS		
Investments in associated companies	8,215,446	8,009,072
Other investments	378,123	481,661
Revolving loan pool	141,795	141,714
Special funds	336,600	314,700
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Total other property and investments	9,071,964	8,947,147
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CURRENT ASSETS		
Cash and cash equivalents	10,341,209	11,283,052
Accounts receivable, less allowance for uncollectable accounts (2021—\$860,143; 2020—\$795,263)	1,119,279	2,131,631
Current portion of other investments	111,111	111,111
Materials and supplies	1,993,673	1,654,283
Prepayments	331,995	292,268
Interest receivable	3,915	4,060
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Total current assets	13,901,182	15,476,405
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DEFERRED DEBITS	102,520	205,040
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	<u>\$94,420,141</u>	<u>\$96,143,079</u>

Planning a trip to Medora this summer?

Use the Touchstone Energy Cooperatives discount code to save 15% on musical tickets, pitchfork fondue, and lodging at Elkhorn Quarters, Badlands Motel, and Rough Riders Hotel. Call 1-800-MEDORA-1 or book online at medora.com. **DISCOUNT CODE: TOUCH2022**

**MINUTES OF THE 2021 ANNUAL MEETING OF
BURKE-DIVIDE ELECTRIC COOPERATIVE, INC.**

JUNE 9, 2021

The 76th Annual Meeting of the members of Burke-Divide Electric Cooperative, Inc., was held at the Burke-Divide Electric Cooperative Headquarters in Columbus, North Dakota, on June 9, 2021.

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

INVOCATION: George Knutson led the group in the invocation.

NATIONAL ANTHEM: The group stood and saluted the American flag during the Pledge of Allegiance and the National Anthem.

QUORUM: Vice President Kent Haugland reported that 78 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: 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 – Darryl Dihle; and District 3 – Otto Folkers.

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 2020 Annual Meeting. It was moved, seconded, and carried to approve the 2020 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. President Sigloh presented service awards to the following directors: Lane Titus—10 years (in 2020), Kurt Koppelsloen—10 years, and Jeff Dahlin—10 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, 2020. 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 2020 Financial Report.

PRESIDENT & MANAGER'S REPORT: President Sigloh and Manager Jerry King presented a report on the past year of operations. At the Annual Meeting, the Cooperative retired the Cooperative's portion of Capital Credits for the years 2013 and G&T capital credits for the years 2003-2007 in the amount of \$1,290,000. As of 2020, the Cooperative has retired nearly \$21,800,000 in capital credits to its members since the Cooperative was formed in 1945. Burke-Divide Electric Cooperative, Inc. was able to weather the COVID-19 Pandemic by controlling its expenses and by qualifying for the Paycheck Protection Program. Burke-Divide was able to keep all of its employees working throughout the pandemic. The Cooperative completed a Cost of Service study and are evaluating costs, revenue requirements, and rates. The Board's focus continues to be keeping affordable rates and reliable energy supply. Burke-Divide purchases its power from Upper Missouri Cooperative, with generation coming from Western Area Power Administration and Basin Electric Power Cooperative. General Manager King discussed the winter energy emergency in February 2021 and the impact on North Dakota cooperatives. Burke-Divide was fortunate to not to have lost power during this energy emergency. Burke-Divide will be constructing tie-lines in 2020 in order to shorten outages from storm related

events and to prevent outages during routine maintenance of the system. Burke-Divide is always burying lines that cross highways in order to free up cooperative staff when loads exceed the height of the electric lines. Burke-Divide is studying residential solar energy and members are encouraged to talk with Management regarding any interest in solar energy. 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 in 2021 for certified 501(c)(3) non-profit organizations, schools, or fire departments and Operation Round Up. Manager King introduced the employees of Burke-Divide Electric Cooperative, Inc. to the membership. King and Sigloh thanked the employees for their work at the cooperative and its members. Sigloh and King closed the report by thanking members for their continued support.

OPERATION ROUND UP REPORT: David Sigloh reported on the Operation Round Up Program, a charitable giving program. Sigloh introduced the members of the Operation Round-Up Board and thanked them for their service. David Sigloh reported that six grants, totaling \$6,850, were awarded to area organizations in 2020. Operation Round Up has awarded 96 grants, totaling more than \$80,000 since its start. David Sigloh thanked members and employees for their participation in the program.

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 Lynn Jacobson has filed a petition for the District 1 Director Seat, which he currently holds. Ms. Hoffarth called for other nominations from the floor for District 1; there were no further nominations from the floor. It was moved, seconded, and carried to direct the Secretary to cast a unanimous ballot for Lynn Jacobson as District 1 Director.

District 2: Ms. Hoffarth noted that the members were to elect a director for District 2. Ms. Hoffarth noted that Steve Overlee has 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 Steve Overlee as District 2 Director.

PROPOSED BYLAW AMENDMENTS: The Board of Directors have reviewed the Cooperative’s Bylaws and presented proposed amendments to Articles 3 and 4. President David Sigloh presented the Amendments to the Bylaws to the membership.

Amendment 1 to Burke-Divide Electric Cooperative’s Bylaws would amend Article III of the Bylaws to clarify notice and meeting processes, in the case of another pandemic, including the potential of electronic or mail-in voting. It was moved, seconded, and carried to approve the amendments presented under Amendment Number 1 to the Bylaws.

Amendment 2 to Burke-Divide Electric Cooperative’s Bylaws would amend Article IV of the Bylaws to clarify director qualifications and to eliminate nominations from the floor, in the case of another pandemic. It was moved, seconded, and carried approve to the amendments presented under Amendment Number 2 to the Bylaws.

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 7:15 p.m.

BALANCE SHEETS AS OF DECEMBER 31, 2021 AND 2020
EQUITIES AND LIABILITIES

EQUITIES	<u>2021</u>	<u>2020</u>
Patronage capital	33,765,663	33,769,446
Other equities	6,827,011	5,538,280
Total equities	40,592,674	39,307,726
LONG-TERM DEBT, LESS CURRENT MATURITIES	48,973,786	50,860,017
CURRENT LIABILITIES		
Current maturities of long-term debt	1,920,607	2,789,393
Accounts payable	1,360,822	1,542,201
Customer deposits	79,555	98,416
Taxes accrued	145,076	142,576
Accrued interest	18,035	24,712
<u>Accrued compensated absences</u>	<u>165,239</u>	<u>151,533</u>
Total current liabilities	3,689,334	4,748,831
DEFERRED CREDITS		
Customer energy prepayments	65,114	45,532
Uncashed capital credit checks	351	9,799
Customer construction prepayments	16,144	101,724
Deferred gain on disposition of allowances	234,848	244,817
Deferred compensation	336,600	314,700
Estimated installation costs <u>-special equipment</u>	<u>511,290</u>	<u>509,933</u>
Total deferred credits	1,164,347	1,226,505
	\$94,420,141	\$96,143,079

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, 2021 and 2020, 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, 2021 and 2020, 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 25, 2022

STATEMENT OF OPERATIONS & PATRONAGE CAPITAL

OPERATING REVENUES	<u>2021</u>	<u>2020</u>
Electric	\$21,532,212	\$21,811,996
Other	212,452	180,822
Total operating revenues	21,744,664	21,992,818
 OPERATING EXPENSES		
Cost of Power	10,542,515	10,572,044
Transmission-operation and maintenance	46,220	155,204
Distribution – operation	2,221,803	1,924,668
Distribution – maintenance	1,095,153	1,196,219
Customer accounts	204,342	217,647
Customer service and informational	52,911	65,147
Sales expense	131,123	127,715
Administrative and general	1,956,218	1,807,019
Depreciation	2,666,971	2,505,085
Depreciation –plant retirement reserve	500,657	498,221
Taxes	186,238	182,433
Interest on long-term debt	1,482,279	1,515,689
Other	54,533	48,017
Total operating expenses	21,140,963	20,815,108
 OPERATING MARGINS		
BEFORE CAPITAL CREDITS	603,701	1,177,710
 OTHER COOPERATIVE CAPITAL CREDITS		
	429,573	422,179
NET OPERATING MARGINS	1,033,274	1,599,889
 NONOPERATING MARGINS (LOSSES)		
Merchandising, less costs and expenses	88,745	(62,394)
Interest income	16,339	54,956
Gain (Loss) on sale of non utility property	241,742	(213,160)
Paycheck protection program loan forgiveness	900,000	-
Other Income	-	192,160
Total nonoperating (losses) margins	1,246,826	(28,438)
 NET MARGINS	 \$2,280,100	 \$1,571,451

2022 Scholarship Winners



Thomas Ankenbauer

Basin Electric Power Cooperative—\$500

Thomas Ankenbauer is a 2022 graduate of Kenmare High School and plans to attend North Dakota State University to pursue a degree in agriculture. Thomas is the son of Joy and Bryan Ankenbauer of Bowbells.



Megan Hay

Basin Electric Power Cooperative—\$500

Megan Hay is a 2022 graduate of Divide County High School and plans to attend Minot State University to pursue a degree in social work. Megan is the daughter of Heather and Garrett Gilbertson and the late Clinton Hay of Crosby.



Micaela Kocher

Basin Electric Power Cooperative—\$500

Micaela Kocher is a 2022 graduate of Divide County High School and plans to attend Mayville State University to pursue a degree in chemistry. Micaela is the daughter of Anjelika and Derek Klang of Watford City and Kurt and Sandra Kocher of Crosby.



Samantha Ledahl

Basin Electric Power Cooperative—\$500

Samantha Ledahl is a 2020 graduate of Grenora High School and is currently attending the University of North Dakota pursuing a bachelor's degree in criminal justice, then continue on to UND Law School. Samantha is the daughter of Tami and Brian Ledahl of Zahl.

2022 Youth Tour Winner

Brita Oppegaard

Brita Oppegaard will represent the Cooperative on the 2022 National Rural Electric Cooperative Youth Tour to Washington, D.C.

Brita attends Divide County High School and is the daughter of Heather and Mark Oppegaard of Crosby.





2021 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.

10 grants totaling \$8,425 were awarded to the following organizations in 2021:

Baukol Noonan Sportsman Club	Powers Lake Child Care Association
\$1,000—Noonan Trout Pond RV outlets	\$575—Appliances
Tolley Fire Department	Prairie Tumbleweeds
\$2,000—Gator and Trailer	\$675—Gymnastics equipment and mats
Burke County Roughriders 4-H Club	\$575—Water fountain
\$675—Horsemanship equipment	
City of Columbus	
\$575—Exercise equipment for community building	
Crosby Park District	
\$675—Summer water and bicycle safety program	
Lake County Historical Society	
\$675—Heartland Church roof replacement	
Stony Run Sportsmen's Club	
\$1,000—Clubhouse repairs at Northgate Dam	

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, 108 grants totaling nearly \$90,000 have been awarded to area organizations.

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

OPERATION ROUND UP BOARD OF TRUSTEES

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