

# FEM ELECTRIC ASSOCIATION, INC.

Annual Report  
June 28th, 2022



FEM Electric Association, Inc.  
Celebrating 75 Years of Service to Rural  
Faulk, Edmunds and McPherson Counties



# FEM ELECTRIC ASSOCIATION INC.

## 74th Annual Meeting Tuesday, June 28th Ipswich School Theatre, Ipswich, SD

### Agenda

- 5:00 PM Meal - Choice of Pork Loin, Roast  
Beef or Chicken Sandwich
- 6:30 PM Registration Closes; Business  
Meeting Begins
- Meeting called to order - Gary Bachman, President  
Invocation - Kelly Melius  
Welcome - Special Guest Recognition - Gary Bachman  
National Anthem - Emily Knoll  
Business Meeting Opens  
Declaration of Quorum - Eric Odenbach, Secretary  
Notice of Meeting and Proof of Mailing - Eric Odenbach  
Minutes of 2021 Annual Meeting -  
Eric Odenbach (page 3)  
Ballots for Director Districts 1 & 4 -  
Vaughn Beck, Attorney  
Bylaws - Vaughn Beck, Attorney (page 11-12)  
President Report - Gary Bachman (page 9)  
Treasurer Report - Paula Petersen, Treasurer (page 5)  
Manager Report - Scott Moore, Manager (page 2)  
Years of Service - Scott Moore  
Youth Scholarships Recognition -  
Kelly Melius, Assistant Secretary/Treasurer  
Tom Thorpe, Vice President (page 13)

#### Basin Electric \$1,000 Scholarship

Megan Nash - Northwestern

#### FEM \$500 Scholarships

Erica Ingerson - Eureka  
Shayna Heitmann - Faulkton

#### Touchstone Energy Scholar of the Week \$250

Vincent Petrich - Leola  
Trevor Beyers - Ipswich

#### Adjournment

Grand Prize Drawings (*must be present to win*)  
\$250 \$100 \$100 \$50

\$500 Young Adults Light the Way Scholarship Drawing  
(*must be present to win along with your member parent*)

**\*Deposit your ticket in a collection box as you exit  
to receive the \$40 credit on your energy account for  
attending.**

## FEM Electric Association Inc. Official Notice of Annual Meeting of Members

Notice is hereby given that the 74th Annual Meeting of the members of FEM Electric Association, Inc., will be held at the Ipswich High School in the City of Ipswich, State of South Dakota, at **six-thirty p.m. on Tuesday, June 28th, 2022**, for the purpose of:

1. The reports of officers, directors and committees
2. The election of directors for three-year terms
3. Review proposed bylaw changes

With the election of a director at this meeting, the following members have been nominated for director by the Nominating Committee in accordance with the bylaws of the Cooperative:

**Eric Odenbach - District 1**

**Paula Petersen - District 4**

Please take further notice that any fifteen or more members of the cooperative may make additional nominations by listing their nominee and the appropriate Directorate District and signing such Petition of Nomination. The petition must be submitted to the board of directors at least 25 days prior to the annual meeting. Any such petition so submitted will be posted, along with the list of nominations made by the Nominating Committee.

4. Transacting any such other business as may properly come before the meeting or any adjournment thereof.

*Eric Odenbach, Secretary, FEM Electric Association, Inc.*



A Touchstone Energy<sup>®</sup>  
Cooperative 

#### Mission Statement:

To enhance the quality of life of our members by safely providing reliable, cost-efficient electricity and other services.

**This institution is an equal opportunity provider and employer.**

# GENERAL MANAGER'S REPORT



**Scott Moore**  
General Mgr/CEO

In the past fifteen years, FEM Electric has seen nice, but controllable, growth. I believe that FEM Electric has operated well in 2021 with the continued distractions of COVID, shortage of material, and transportation issues. However, we have seen delays with material being manufactured, delivered, and an increased cost. The operations department has a good handle on the inventory.

One of my concerns is a large storm and material shortages could possibly slow the recovery time, but even then, many overhead material parts can be saved and reused.

We struggled with a decline in energy sales for 2021. With a lack of commodities being stored on the farm and in bunkers, we are expecting to experience flat sales in 2022. Our electrical department continues to grow, and we are seeing many repeat customers. We are in the process of slowing our replacement of distribution lines. Operations is shifting their focus to maintenance and implementing procedures to create efficiencies in our existing electrical system.

In 2021, the operation department completed several projects during line patrol. They installed tin on poles with electrical equipment such as transformers, fuse cutouts, underground terminators, etc. to save on unnecessary outages from raccoons and squirrels. The crew also installed candy cane (red and white) markers on all underground equipment, pad mount transformers, and sectionalizing boxes. This project will help alert our members while moving snow and mowing ditches. If you have underground equipment in your farmyard, please do not let your kids, or grandkids play on them.

FEM Electric also started to convert our automatic meter reading system from Cannon to Verizon in 2021. In 2005, we started to convert from self-read to Cannon, which communicated over our powerlines. Verizon meters communicate over a cellular based system. This project will not be completed until 2023, but will help give us real time information and reduce our labor for metering and meter reads.

We have completed our first full year on NISC software. In 2020 the employees worked through a

computer conversion while keeping the old system updated and their daily work completed. They moved information onto the new system while learning to navigate through multiple stations on NISC. To have a successful conversion we needed to have the right employees in place. We have gone through our first annual audit on the NISC system, and it went smoothly. The employees did a great job at getting this project completed.

We believe communicating with our members is important and a must to continue to operate as a local cooperative. In January 2022, Valette Horst retired, and in the fall of 2021, we hired Sonje Oban while realigning duties within the office. Sonje will be at the front desk and probably the first person you will speak to if you call in. She has taken over editing the Cooperative Connection and managing our social media. If you have not visited our updated website or Facebook page, please do. If you have suggestions or requests, please let Sonje know.

FEM continues to put emphasis on board and employee education. All board members have their Cooperative Credential Director (CCD), and two have their Board Leadership Certificate (BLC). We have six employees working towards their NRECA supervisor certificates. As manager and with board support, I believe employee development and training is a great asset to FEM Electric and its members. We can utilize courses through SDREA, both online and in person, and by attending Coop U sponsored by NRECA.

Transmission reliability has been an issue for decades, but we are starting to see improvements. In 2020, East River started a big project that will be completed in the spring of 2022 on our eastern side of FEM Electric. Montana Dakota Utilities has also been adding new transmission lines and substations on the western side of our territory. In 2022, East River will start to build transmission line and a substation along Highway 20 east of Onaka. This new substation will replace the existing Onaka substation southwest of Onaka.

FEM in 2022 will continue to monitor the global issues and work to provide safe, reliable, and affordable power to our members. We know to help create a strong rural economy that can benefit from the global economy FEM Electric needs to be successful and forward thinking. We need policies and services available for a long time and new members so everyone can prosper.

To keep FEM Electric a benefit to our members we need to stay locally owned and locally controlled.

# 2021 FEM ELECTRIC ANNUAL MEETING MINUTES

The 73rd Annual Meeting of the members of FEM Electric Association, Inc. was held at 6:30 p.m. at the Ipswich School Theatre in Ipswich, SD on Tuesday, June 29, 2021, with 140 members registered.

Two area food trucks and a local baker, one of which is a member of FEM Electric, and the others purchase beef from area farmers, provided meals/desserts for the members and guests prior to registration for the meeting.

Gary Bachman called the meeting to order and dismissed the children to the children's program. Gary Bachman welcomed special guests and retired directors. Paula Petersen presented the invocation. The National Anthem was sung by the 2021 Ipswich Junior Snow Queen Karlie Gohl.

Secretary Larry Bowar declared that there was a quorum present to do business and he read the official notice of the meeting, proof of mailing and recognized the nominating committee members. Larry announced the minutes for the 2020 annual meeting were printed in the annual report distributed as the members registered. He entertained a motion to dispense with the reading of the minutes from the 2020 annual meeting and accept the minutes as printed on page 4 of the annual report. Motion to approve was made, seconded, and carried.

Larry Bowar announced that he would be retiring after the annual meeting tonight. He took a few minutes to thank the members for allowing him to serve on the FEM board the past 28 years.

Attorney Vaughn Beck announced the election for a new director in District 5. He introduced the Nominating Committee: Marvin Beidler, Glenn Bode and Justin Davis. The following candidates were nominated for election in District 5 – Stacey Hadrick, Kelly Melius, and Ryan Nelson. Stacey Hadrick withdrew her name from the nominations. No petitions for nominations were turned in. Attorney Beck asked that all members cast one ballot each which they were given upon registration. Ballots were collected and counted by Attorney Beck and Nathan Davis, Secretary of the Nominating Committee.

President Gary Bachman gave the President's report. He assured the members that FEM is energized for the future and for the member owners. He asked attendees to close their eyes and take a short mind excursion with him. With

the attendees' eyes closed, he told them that it resembled the darkness 74 years ago. He explained there were ways to get light – wind chargers and kerosene or gas lamps, but the options were all high maintenance and dangerous in their own ways. Gary then encouraged them to open their eyes and experience the light that opened everyone's eyes to the opportunities and progressiveness of the future. Today, only our imaginations will limit us. As the board continues to explore into the future and progress your co-op we continue to face problems as we go. He encouraged the members with the facts that the FEM Board of Directors and Management continue to monitor the Dakota Gasification Company, a subsidiary of Basin Electric and FEM's power supplier. There is development of interest in a company possibly purchasing the assets along with other coops studying options of leaving the co-op family in an effort to try to find cheaper power elsewhere. Gary ended by saying "facts are cheap, information is plentiful, and knowledge is precious".

Treasurer Paula Petersen gave the treasurer's report recapping the finances and statistics on pages 6-9 of the annual report. She noted that all records have been audited by Eide Bailly.

Attorney Vaughn Beck returned with the results of the election. Kelly Melius was elected by the membership for the District 5 board of director.

General Manager/CEO Scott Moore encouraged the members to read his report on page 3 of the annual report. He thanked Kelly Melius and Ryan Nelson for taking time and interest to run for their co-op's board of directors. The board of FEM is a vital role in the co-op model. Scott also gave an update on East River Electric transmission projects in the Wetonka and Bowdle areas which will help with reliability in the future. He encouraged members that FEM has a positive future with a chance to improve electric service and grow electric demand. He explained that FEM has a full house of young, but seasoned, employees with leadership skills and stability in our communities. The employees at FEM are always willing to step outside their comfort zone and tackle new duties. It is important that the employees continue education to lay a foundation for the next generation of employees, management, and member growth. The FEM board, management and employees look forward to serving this area with quality power and helping our members and

communities to grow and continue a strong rural economy. Scott introduced all employees and the years of service they have worked for the FEM members.

President Gary Bachman presented out going District 5 Director Larry Bowar with a certificate commending him for 28 years of dedicated service. He expressed sincere appreciation to Larry, Cheryl, and his family for the time they all gave to serve the members of FEM Electric.

Eric Odenbach announced, and Tom Thorpe presented the \$1,000 Member Basin Scholarship to Katelyn Geditz of Ipswich; Ally Cunningham of Faulkton and Peyton Melius of Faulkton were presented the \$500 FEM Scholarships. Eric announced that Matthew Hettich of Ipswich and Josh Hoffman of Leola were Touchstone Energy Scholars of the week.

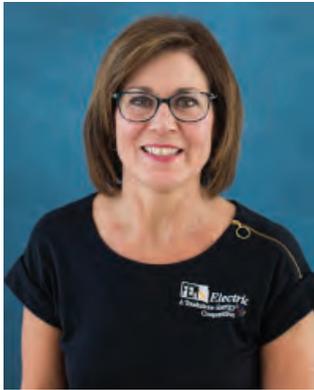
A motion was made to adjourn the meeting, seconded, and carried.

The Grand Prize Drawings were held: \$250 – Marvin and Marion Hoffman of Leola; \$100 – Shelby and Emily Marcotte of Ipswich; \$100 – Dennis and Joyce Heyne of Hosmer; \$50 – Peter and Violet Helfenstein of Ashley, ND.

A \$500 Young Adults Light the Way Scholarship drawing was held for any Junior or Senior that attended the annual meeting with their parents, who are members of FEM Electric. There were seven Juniors/Seniors in attendance. Ashley Ptacek, daughter of Perry and Laura Ptacek, was drawn for the \$500 scholarship.



# TREASURER'S REPORT



**Paula Petersen**  
Treasurer

It is my pleasure to provide you with the financial statements for 2021. All records were audited by the firm of Eide Bailly, LLP of Sioux Falls in March 2022 which resulted in a clean audit.

FEM's total utility plant at the end of 2021 was \$38,921,474 and we have depreciated \$11,118,253 which leaves \$27,803,221 in un-depreciated plant. We had investments and cash on hand in the amount

of \$12,620,204 which includes Golf View Acres remaining lots, capital credits due from power suppliers and other organizations with which we do business. Other assets, which includes inventory, accounts receivable, and prepaid accounts were \$2,013,515. **Total assets for 2021 were \$42,436,940.**

On the other side of the ledger, "What We Owe" includes notes due to the Rural Utilities Service (RUS) and other lenders in the amount of \$24,182,443 Accrued tax expense, customer deposits, notes payable and deferred credits were \$1,408,689. Patronage capital and other equities, which are primarily the margins generated by your cooperative since 2009, were \$16,845,808. **The total liabilities and equities were \$42,436,940.**

On page 8, you will find the Income and Expense Statement for 2021. **Total operating income for 2021 was \$15,100,974** which is decreased \$1,009,741 from 2020. Revenue from residential customers was \$4,357,703 and revenue from

commercial customers was \$10,488,239.

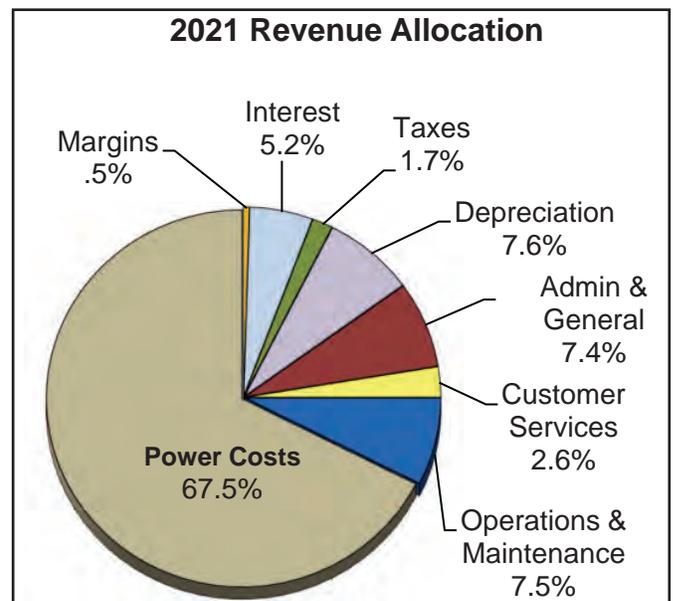
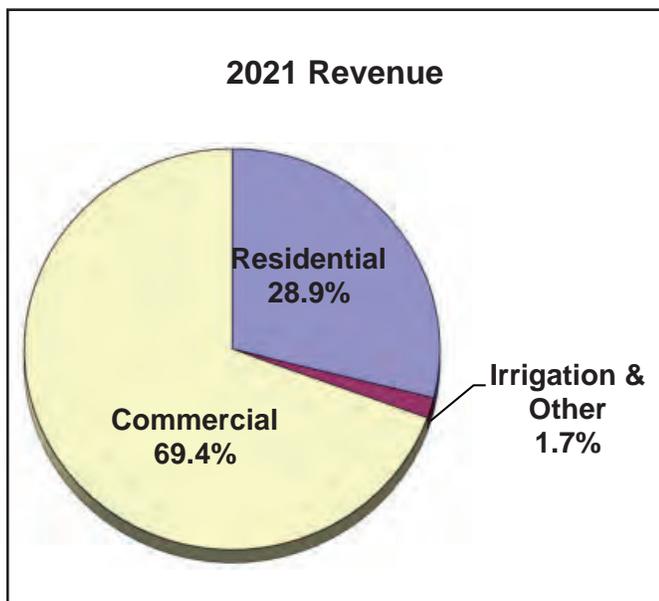
**Total expenses were \$15,027,604**, which included power costs of \$10,198,025 at a decrease of \$592,669. Operations and maintenance expenses were \$1,117,576, an increase of \$131,063. Customer services, sales, and office expense was \$1,519,718, an increase of \$45,575. Depreciation expense was \$1,144,175, which was an increase of \$35,330. Tax expense was \$258,448, which was a decrease of \$18,483. Interest expense was \$789,498 which was a decrease of \$19,137.

**FEM's patronage capital and operating margin was \$73,370.** Non-operating margin and income is \$64,759. East River/Basin Electric and other margins, which are capital credit allocations from other cooperative organizations which we do business with were \$708,999. The total margins were \$847,128.

In 2021, the Commercial revenue decreased and is 69.5% and residential decreased and is 28.9% of the total revenue. On pages 6 and 7, you will find a comparison of various operating statistics for the calendar years 2020 and 2021. **Sales were decreased 11,694,538 kWhs and the number of connected meters increased by 11 for a total of 2,117.** The average monthly residential usage decreased 199 kWh and the average monthly residential bill decreased by \$16.24. Also included are a number of graphs that show the breakdown of revenue and expenses for 2021 and also chart our history for the last five years.

If you have any questions about this report, please contact the FEM business office.

Respectfully submitted,  
**Paula Petersen, Treasurer**

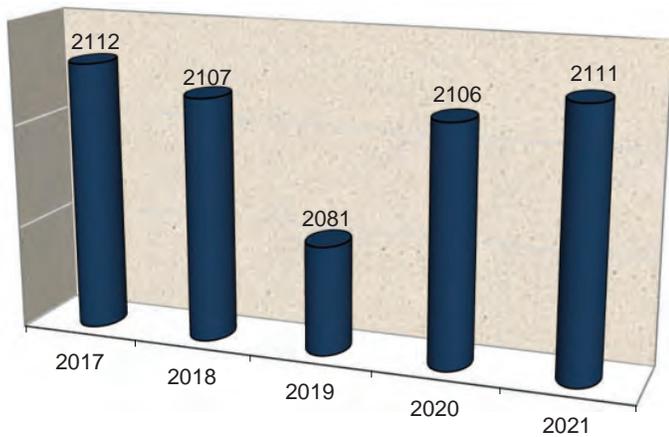


# COMPARATIVE OPERATING STATISTICS

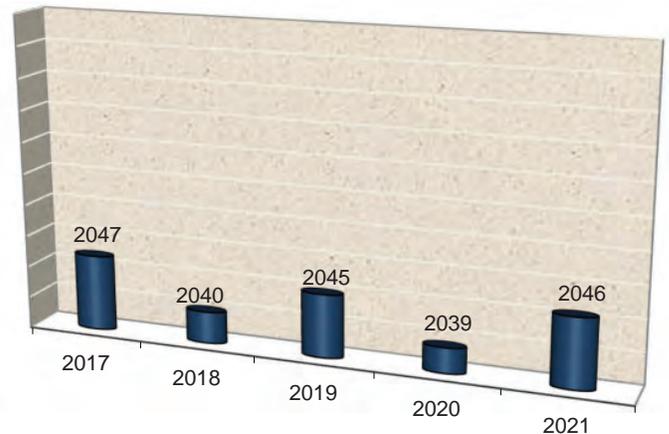
## STATISTICS

	2019	2020	2021
kWhs Purchased	178,258,756	176,978,339	165,847,329
kWhs Sold	172,615,725	172,116,349	160,421,811
Estimated kWhs Used in December Sold in January	994,550	427,825	1,067,074
kWhs Unaccounted for (Line Loss, etc.)	5,643,031	4,861,990	4,358,444
Percent of kWhs Unaccounted for	3.17%	2.75%	2.63%
Number of Connected Consumers	2,081	2,106	2,117
Number of Idle Services	23	0	0
Average Monthly kWh (All)	6,912	6,811	6,315
Average Monthly kWh (Residential)	1,775	1,703	1,504
Average Monthly Bill (All)	\$622.30	\$634.90	\$590.01
Average Monthly Bill (Residential)	\$212.75	\$213.92	\$197.68
Average Cost of Power Purchased at Substations	\$0.06	\$0.06	\$0.06
Average Selling Price Per kWh	\$0.09	\$0.09	\$0.09
Miles of Line Energized	2,045	2,039	2,046
Consumer Density Per Mile (Energized)	1.02	1.03	1.03

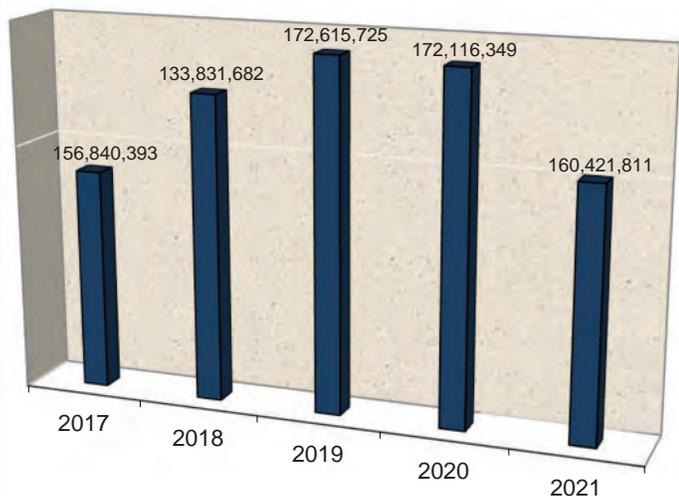
**Connected Consumers**



**Miles of Line**



**Total KWH Sales**



**2021 KWH GENERATION TAX BY SCHOOL DISTRICT**

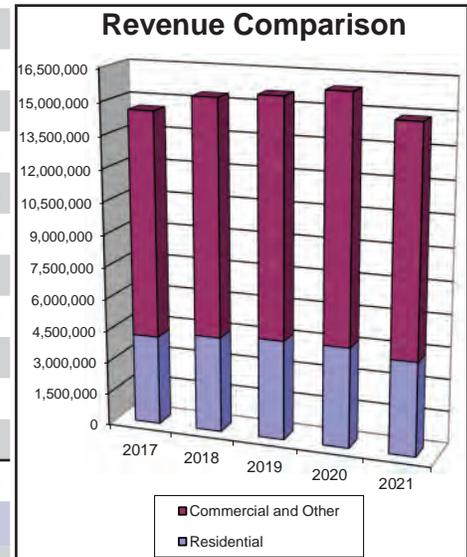
School District	Total
Hoven 53-2	1,776
Northwestern Area 56-7	7,945
Faulkton Area 24-3	52,641
Edmunds Central 22-5	27,578
Ipswich Area 22-6	320,940
Bowdle 22-1	22,392
Warner 6-5	73
Eureka 44-1	16,338
Leola 44-2	50,176
<b>TOTAL</b>	<b>\$499,589</b>

# FINANCIAL STATEMENTS

## ASSETS

### What We Own

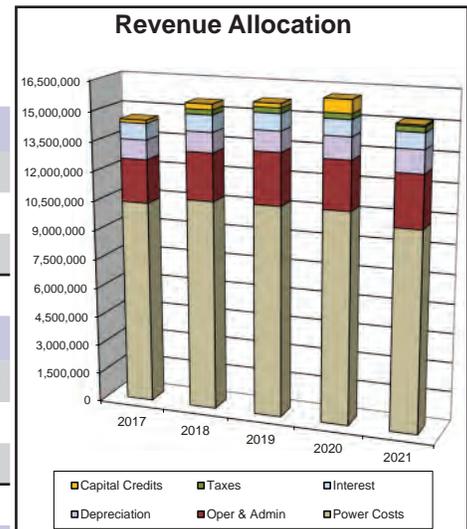
CURRENT ASSETS	2021	2020
Cash	445,495	257,941
Short Term Investments	1,183,893	1,142,866
Patronage Capital - Associated Cooperatives	9,636,860	9,193,010
Investments in Associated Organizations	877,474	877,512
Non-Utility Property - Golf View Acres	48,000	64,000
Investments in Partnerships	0	0
Investments in Economic Development Projects	405,500	475,500
Investments in Member Programs	22,982	40,418
Receivables	965,896	1,001,540
Material and Supplies	546,653	483,711
Prepayments	192,984	29,978
Deferred Debits	307,982	470,594
<b>TOTAL CURRENT ASSETS</b>	<b>14,633,719</b>	<b>14,037,070</b>
FIXED ASSETS		
General Plant	6,551,880	6,256,077
Electric Distribution Plant	32,369,594	31,136,040
Less: Depreciation Reserve	-11,118,253	-10,266,170
<b>TOTAL FIXED ASSETS</b>	<b>27,803,221</b>	<b>27,125,947</b>
<b>TOTAL ASSETS</b>	<b>\$42,436,940</b>	<b>\$41,163,017</b>



## LIABILITIES

### What We Owe

CURRENT LIABILITIES	2021	2020
Notes and Accounts Payable	931,130	947,742
Consumer Deposits	8,719	9,619
Current and Accrued Liabilities	471,705	465,706
<b>TOTAL CURRENT &amp; ACCRUED LIABILITIES</b>	<b>1,411,554</b>	<b>1,423,067</b>
LONG-TERM DEBT		
Long Term Debt - RUS/FFB	19,253,689	18,050,530
Long Term Debt - CFC	4,517,589	4,807,205
Long-Term Debt – USDA Rural Development Loan	408,300	478,308
<b>TOTAL LONG-TERM DEBT</b>	<b>24,179,578</b>	<b>23,336,043</b>
EQUITIES		
Patronage Capital Assigned	12,169,553	11,226,000
Unassigned Capital	719,785	1,446,085
Other Margins and Equities	3,829,127	3,595,433
Non-Operating Margins	127,343	136,389
<b>TOTAL EQUITIES</b>	<b>\$16,845,808</b>	<b>\$16,403,907</b>
<b>TOTAL LIABILITIES</b>	<b>\$42,436,940</b>	<b>\$41,163,017</b>



# STATEMENT OF OPERATIONS

REVENUE	2021	2020
Residential Sales	4,357,703	4,664,687
Irrigation Sales	139,671	106,147
Commercial Sales	10,488,239	11,271,307
Street Lights	3,054	3,054
Other Electric Revenues – Wind Energy/Solar	193	143
Sale of Renewable Energy Credits (RECs)	87,133	25,585
Rent from Electric Property	0	6,100
Other Operating Revenue	24,981	33,692
<b>TOTAL REVENUE</b>	<b>15,100,974</b>	<b>16,110,715</b>
EXPENSES		
Cost of Power	10,198,025	10,790,694
Line Operations	602,039	432,305
Line Maintenance	515,537	554,208
Consumer Accounting and Collecting	255,222	288,144
Customer Service and Sales Expense	144,339	86,750
Administrative and General Expenses	1,120,157	1,099,249
Depreciation	1,144,175	1,108,845
Property and KWH Taxes	258,448	276,931
Interest Expense - Long Term Debt	789,498	808,635
Interest Expense – Storm Line of Credit	0	0
Interest Expense - Member Service Programs	164	458
<b>TOTAL EXPENSES</b>	<b>15,027,604</b>	<b>15,446,219</b>
MARGINS/PATRONAGE CAPITAL CREDITS		
FEM Operating Margins	73,370	664,496
Non-Operating Margins	64,759	29,367
Income/Loss from Investments	0	0
East River/Basin Margins	646,415	781,589
Other Margins	62,584	107,022
<b>TOTAL MARGINS</b>	<b>\$847,128</b>	<b>\$1,582,474</b>
WHERE THE DOLLARS CAME FROM:	2021	2020
Residential	28.88%	29.00%
Commercial	69.45%	70.00%
Other	1.67%	1.00%
WHERE THE DOLLARS WENT:		
Cost of Power	67.53%	67.00%
Operations and Administration	17.46%	15.30%
Depreciation	7.58%	6.90%
Taxes	1.71%	1.70%
Interest	5.23%	5.00%
<b>MARGIN</b>	<b>0.49%</b>	<b>4.10%</b>

# PRESIDENT'S REPORT



**Gary Bachman**  
President

We have the power of working together in place at FEM Electric Association, Inc. That power gives us the ability to deliver energy to our consumer owners in an efficient and affordable way. Along with working together, we are member driven. This means that you, the member; are the driving force in how the Board of Directors and the employees of FEM focus our work and engage in activities to have maximum benefit for you.

Working together and being member driven means that those factors are ingrained in everything we do. Every day, every board meeting, every conversation revolves around what is best for the member. The end result of every decision that is made and how it affects the consumer member is not taken lightly.

Everything we do is centered around our members and it is not lost upon us that we are dealing with and providing services for our members on a daily basis. We know that the products and services that we provide impact the productivity, efficiency and financial success of our members and our co-op.

FEM Electric is an extension of the membership and building trust with the ownership is key to our successful business model. Developing and delivering solutions for our members to make them more successful is what we do. We provide a better quality of life for our membership.

FEM Electric has a core mission that revolves around developing capabilities for our members and to serve those member's needs. We depend on each other to reach benchmarks and goals. Your success is our success and that comes from the power of working together.

**Respectfully Submitted, Gary Bachman**

# FEM ELECTRIC EMPLOYEES



# BOARD & LEGAL



**Eric Odenbach**  
District 1  
Secretary



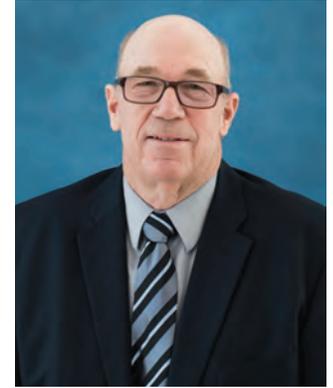
**Gary Bachman**  
District 3  
President



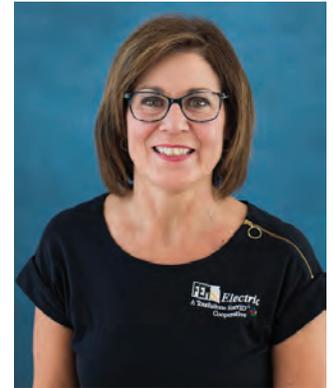
**Vaughn Beck**  
Attorney

**FEM Electric Director Districts**

	Spring Creek	Detmold	Petersburg	Bergdorf	Harrison	Wacker	Weber	Wachter
McPherson County	Glucksthal	Rosenthal	Odessa	Long Lake	Highland	Hoffman	Koto	Carl
	<b>District 1</b>			<b>District 2</b>				
	Bauer	Stickel	Kassel	Moscow	Arena	Spring	Leola	Willow
	Jackson	Hillsview	Cleveland	Blaine	Dewey	Howard	Washington	Lincoln
Edmunds County	Modena	Hosmer	Sangmon	North Bryant	Adrian	Rosette	Belle	Pembrook
	Bowdle	Cottonwood	Glen	Bryant	Huntley	Ipswich	Fountain	Cortlandt
	<b>District 3</b>			<b>District 4</b>				
	Odessa	Cloyd Valley	Glover	Montpellier	Cleveland	Harmony	Union	Richland
	Hudson	Madison	Hillside	Vermont	Liberty	Powell	Kent	Clear Lake
Faulk County	Sherman	Clark	Enterprise	Freedom	Emerson	Fairview	Union	
	Elroy	O'Neil	Saratoga	Pulaski	Myron	Devoe	Wesley	
	<b>District 5</b>							
	Seneca	Latham	Bryant	Tamworth	Lafoon	Centerville		
	Ellisville	Thirteen	Irving	Orient	Arcade	Hillsdale		



**Tom Thorpe**  
District 2  
Vice President



**Paula Petersen**  
District 4  
Treasurer



**Kelly Melius**  
District 5  
Assistant Secretary/  
Treasurer

**FEM ELECTRIC ASSOCIATION, INC.**  
**IPSWICH, SOUTH DAKOTA**  
March 31, 2021

We, the Nominating Committee, in session on March 31, 2022, at the Beck Law Office in Ipswich, South Dakota, hereby nominate the following:

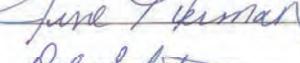
**District 4 – Paula Petersen**

**District 1 – Eric Odenbach**

  
 Chairman

  
 Secretary

We, the undersigned, certify that the foregoing minutes are true and correct.


We, the Nominating Committee, wish to place the above names in nomination.

# PROPOSED BYLAW CHANGES

The following FEM Electric Association, Inc. bylaw changes will be voted on by the membership during the business portion of the FEM Electric annual meeting that begins at 6:30 p.m. on Tuesday June 28th, 2022 at the Ipswich High School.

## ARTICLE I MEMBERSHIP

**Section 1. Requirements of Membership.** Any person, firm, association, corporation or body politic or subdivision thereof may become a member of FEM Electric Association, Inc. (hereinafter referred to as Cooperative) by:

- (a) Making a written application for membership therein;
- (b) Agreeing to purchase from the Cooperative electric energy as hereinafter specified;
- (c) Agreeing to comply with and be bound by the articles of incorporation and bylaws of the Cooperative and any rules and regulations adopted by the Board of Directors;
- (d) Paying the membership connection fee hereinafter specified; and
- (e) Execution of a contract with the member on a form provided therefor by the Board of Directors;

provided, however, that no person, firm, association, corporation or body politic or subdivision thereof shall become a member unless and until he/she or it has been accepted for membership. An application for membership shall be approved by the Manager and reviewed by the Board of Directors at the next meeting thereafter. No member may hold more than one (1) membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in these bylaws. For clarification, it is deemed that any firm, association, corporation, partnership, limited liability company, political subdivision or individual (if an individual is married, his/her membership shall be a joint membership only) may hold one (1) membership only. The number of accounts held under said membership may vary.

Any person, firm, association, corporation or body politic or subdivision thereof, whose application, for sixty (60) days or longer, has been submitted to but not approved by the ~~Board of Directors~~ **Manager** may, by filing written request therefor, with the Cooperative at least thirty (30) days prior to the next meeting of the members, have their application submitted to and approved or disapproved by the vote of the members at such meeting, at which the applicant shall be entitled to be present and be heard.

**Section 2. Joint Membership.** A ~~husband and wife~~ **married couple** will apply for a joint membership and, subject to their compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership. The term "member" as used in these bylaws shall be deemed to include a ~~husband and wife~~ **married couple** holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows:

## ARTICLE VII NON-PROFIT OPERATION

**Section 2. Patronage Capital in Connection with Furnishing Electric Energy.** In the furnishing of electrical energy the Cooperative's operation shall be so conducted that all electric members alike will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to insure that the Cooperative will operate on non-profit basis, the Cooperative is obligated to account on a patronage basis to all its members for all amounts received and receivable from the furnishing of electric energy in excess of the following:

- (a) operating costs and expenses properly chargeable against the furnishing of electrical energy;
- (b) amounts required to offset any losses incurred during the current fiscal year; and
- (c) amounts, which required, in the judgment of the Board of Directors, as reserves, for the payment of the essential cost of electrical power and energy purchased by the Cooperative for resale to its patrons; said reserve amounts shall be set aside pursuant to a margin stabilization plan, revenue or expense deferral plan or other plan, or plans, that provide for the retention of revenues and receipts in excess of those needed to meet current losses and expenses.

All such amounts in excess of operating costs, expenses, losses, and reserves, as set forth in (a), (b) and (c) above, at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay credits to a capital account for each patron all such amounts in excess of operating costs, expenses, losses, and reserves, as set forth in (a), (b) and (c) above.

The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital credited to the member's account, provided, that individual notices of such amounts furnished by each patron shall not be required if the Cooperative notifies all patrons of the aggregate amount of such excess and provides a clear explanation of how each patron may compute and determine for the member the specific amount of capital so credited to the member. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash pursuant to a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority, on a prorated basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. Notwithstanding any other provision of

these by-laws, the Board of Directors shall determine the method of allocation, basis, priority and order of retirement, if any, for amounts furnished as patronage capital.

The Board of Directors shall have the power to adopt any individual patron rules providing for the separate retirement of that portion ("power supply portion") of capital credited to the accounts of patrons which corresponds to capital credited to the account of the Cooperative by an organization furnishing electric service to the Cooperative. Such rules shall (a) establish a method for determining the power supply portion of capital credited to each patron for each applicable fiscal year, (b) provide for separate identification on the Cooperative's books of the power supply portion of capital credited to the Cooperative's patron's, (c) provide for appropriate notifications to patrons with respect to the power supply portion of capital credited to their accounts and (d) allow a general retirement of the power supply portion of capital credited to patrons for any fiscal year prior to the general retirement of other capital credited to patrons in any fiscal year.

Notwithstanding any other provisions of these by-laws, the Board of Directors, at its discretion, shall have the power at all times upon the death of any patron, if the legal representatives of the member's estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these by-laws, to retire capital credited to any such patron immediately upon such terms and conditions as the Board of Directors, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon; provided, however, that

the financial condition of the Cooperative will not be impaired thereby. Capital credits retired by the Board of Directors and unclaimed by a cooperative member or former cooperative member shall be forfeited to the Cooperative in accordance with South Dakota Codified Laws, specifically SDCL 47-16-54 through 47-16-59, as the same may be amended.

**The Board of Directors, at its discretion, shall have the power to adopt a value-added economic development patronage loan program. Said program if adopted by the Board of Directors shall allow Cooperative Members the option to participate in said program by borrowing against future capital credit payments in accordance with the procedures, rules, and determinations made and established by the Board of Directors for a value-added economic development patronage loan program.**

#### ARTICLE X FINANCIAL TRANSACTIONS

~~Section 4. Change of Rates. Written notice shall be given to the Administrator of the Rural Electrification Administration of the United States of America not less than ninety (90) days prior to the date upon which any proposed change in the rates charged by the Cooperative for electric energy becomes effective.~~

**Section 5 4. Fiscal Year.** The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the thirty-first day of December of the same year.

## FEM ELECTRIC'S COOP IN THE CLASSROOM



### Defying Gravity with Static Electricity

FEM values the time we get to spend in the classroom in our area schools. We feel it is important to teach electrical safety; to help students understand electricity as well as the cooperative way. Coop in the classroom targets fifth graders because learning these concepts at an early age helps them become better prepared to make wise energy decisions now and educated consumers of energy in the future.

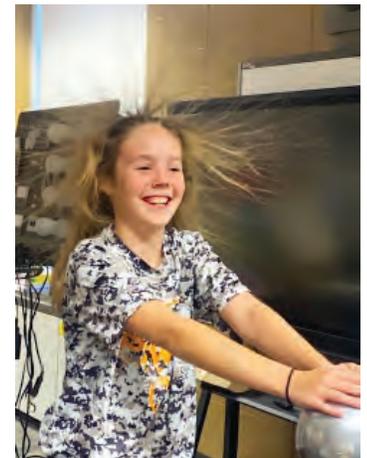
The students are able to put the principles they learn



### Man-made Electricity

into practice by generating their own electricity on a bicycle that powers different types of light bulbs, and experimenting with a Van de Graaff generator. They also take turns answering questions about ways cooperatives generate and distribute electricity.

We visit six public schools, as well as, eleven colony schools throughout the school year.



### A Hair-raising Experiment



# PROMOTIONS AND SERVICES

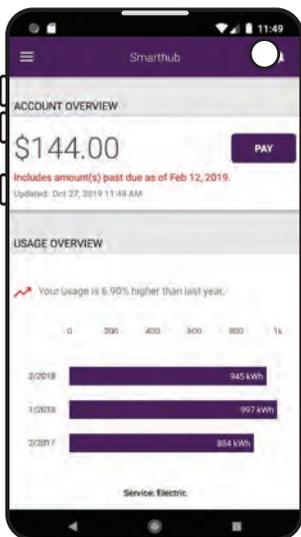
## WATER HEATER REBATES

Member owners installing electric water heaters will receive the following rebates: \$3.00 per gallon on standard 50 gallon or more water heaters; \$6.00 per gallon on 10 year warranty 75 gallon or larger units. To be eligible for a rebate, electric water heaters must have a load control receiver installed. There is no cost for installation, and by having load control you will receive \$5.00 off your monthly electric bill. Call FEM Electric at 426-6891 for more information.

## SAFETY PRESENTATIONS

Another service provided by FEM Electric to member owners and the general public is electrical safety presentations. Whether it be farm safety information, our high voltage demonstration trailer, educating area first responders on contact accidents, or covering electrical safety issues using videos, newsletters or demonstrations. If your group or class would like FEM to present a safety demo, please give us a call at 426-6891.

## ONLINE BILL PAY & ACCOUNT ACCESS



FEM Electric offers online bill pay and account access. Member owners can access their accounts through our website at [www.femelectric.coop](http://www.femelectric.coop), or download the SmartHub app for your Apple or Android smart devices. Once logged in, you can pay your bill, look at usage graphs, and view or print statements.

Member owners can also pay by check, through ACH or by credit card.

## ELECTRIC HEATING SYSTEM REBATES & LOANS

Marketing rebates for heating systems are available. Member owners receive a \$600 rebate and can apply for a 5% interest loan up to \$10,000 for the equipment and installation. This applies to residential electric heat pump systems, which also provide the benefit of air conditioning all in one unit. Auxiliary and resistance heat rebates of \$10/kW up to 50 kW. Commercial heating \$10/kW up to 600 kW for resistance heat or \$50/ton for heat pumps. Don't put off installing a new heating system. Call FEM Electric at 426-6891 for more information.

## DONATIONS



Since 2009, a safety committee made up of FEM Electric employees decided to have labels with safety messages printed on water bottles. All schools in FEM territory are given

cases of water to sell and use as fundraisers for various school clubs and activities. They may also choose to give it away. The water project has been positive and beneficial to the students, schools and FEM Electric. We also have some on hand for community groups that are raising money. We continue to donate napkins to organizations as needed. Contact FEM at 426-6891 for more information.

## ELECTRICAL DEPARTMENT

FEM Electric has offered electrician services to respond to electrical needs of our member owners in Faulk, Edmunds, and McPherson counties, as well as the general public, since May, 2016. If you have a project requiring an electrician, contact FEM at 426-6891 and 800-587-5880.

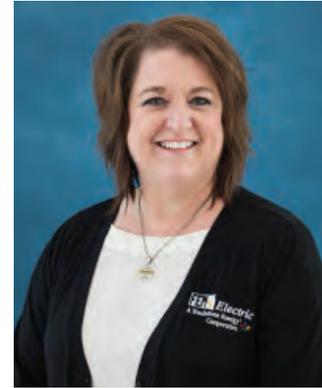
# FEM ELECTRIC EMPLOYEES



**Scott Moore**  
General Manager/CEO  
29 Years of Service



**Rob Vetch**  
Line Superintendent  
37 Years of Service



**Rhonda Tuscherer**  
Director of Finance & Benefits  
30 Years of Service



**Justin Larson**  
Line Foreman  
25 Years of Service



**Ryan Holien**  
Journeyman/Electrical Manager  
14 Years of Service



**Josh Weigel**  
Journeyman Lineworker  
22 Years of Service



**Dan Feldhaus**  
Journeyman Lineworker  
15 Years of Service



**Perry Ptacek**  
Journeyman Lineworker  
15 Years of Service



**Sean Christiansen**  
Journeyman/Electrical Foreman  
12 Years of Service

# FEM ELECTRIC EMPLOYEES



**Jesse Brown**  
Journeyman/Member Service  
12 Years of Service



**Gregg Zwart**  
Journeyman Lineworker  
12 Years of Service



**Chad Dutenhoffer**  
Journeyman Lineworker  
12 Years of Service



**Carol Schaffner**  
Work Order Clerk  
12 Years of Service



**Angie Sieh**  
Accounting Clerk  
9 Years of Service



**Crystal Thorson**  
Billing Clerk  
9 Years of Service



**Sonje Oban**  
Customer/Member Services  
1st Year of Service



**Barb Schaefer**  
Maintenance/Custodian  
7 Years of Service

## FOLLOW US ON SOCIAL MEDIA

@FEMElectric on 

@fem\_electric on 

@FEMelectric on 

We'll post outage updates, safety tips, news and more to keep our members informed on all the latest from FEM Electric.

# MILESTONES IN THE HISTORY OF YOUR COOPERATIVE

**June 6th, 1948**

FEM Electric votes and passes Articles of Conversion, converting FEM Electric to its current membership cooperative status in which every member has a vote in the cooperative.

**June 4th, 1951**

Byron Jones, FEM Treasurer, presents first prepayment to REA, creating a cushion of credit against payments due on REA loans.

**December 10th, 1945**

FEM Electric Association Inc. is officially launched after Douglas Barrows, Oscar Prestegard and Walter Lassen spearhead project to bring electricity to farms and homes in Faulk, Edmunds and McPherson counties.

**May 25th, 1949**

A ceremony is held to mark the official entrance of the Bureau of Reclamation's low-cost power into the State of South Dakota.

**July 24th, 1950**

A groundbreaking ceremony is held for site of new FEM headquarters.

**June 10th, 1959**

Anton Malsam receives the first capital credits check from FEM Manager A. W. Grage at the annual meeting in Bowdle, SD. \$26,000 in capital credits were paid out that year.

**December 19th, 1949**

Tolstoy Substation energized

**December 1950**

Ted & Frieda Martel of Long Lake are the first people in South Dakota to have electric heaters in their home.

**November 30th, 1948**

Hillsview Substation energized

**August 9th, 1948**

FEM directors vote to join Dakotas Electric Cooperative, Inc. of Beulah, ND, from which FEM Electric would purchase energy.

**June 5th, 1949**

The first annual membership meeting is held in conjunction with Ipswich's Trail Days.

**December 23rd, 1950**

End of the contract construction period with the completion of three major line construction contracts. 2114 miles of line had been constructed to serve the rural people of Faulk, Edmunds and McPherson counties

**1957**

Eureka warehouse built due to difficulties reaching rural members. This warehouse served as headquarters for FEM's outpost linemen and as a storage facility for material

**State of South Dakota passes the Electric Cooperative Act of 1947** - allowing rural electric organizations to convert to cooperative, nonprofit, membership corporations.

**December 12th, 1948**

Ipswich Substation energized, electricity is now available to slightly over 200 members

**June 6th, 1950**

The second annual membership meeting is held in Bowdle, SD.

**March 17th, 1951**

Dedication of permanent headquarters building. FEM moves to the operational phase.

# MILESTONES IN THE HISTORY OF YOUR COOPERATIVE

**1960**

Freida Martel became the first woman director in the State of South Dakota to serve on a rural electric board. She was appointed when her husband T. T. Martel passed away.

**1964**

The first year FEM sold one million kilowatt hours every month of the entire year

**December 18th, 1963**

Leola substation energized

**1965**

Faulkton warehouse built to serve as an outpost station and warehouse facility

**October 14th, 1966**

Roscoe Substation, originally the Tolstoy substation moved to a new location near Roscoe, energized.

**March 13th, 1970**

Newtown substation energized

**1973**

SD legislators passed the Proximity Law, making it illegal to be within 6 feet of an electrical distribution line.

**January 1st, 1973**

National Electric Safety Code required ground fault circuit interrupters (GFCIs) on all construction sites.

**August 19th, 1976**

Albert C. Hauffe passes away. Mr. Hauffe has the distinction of serving as president of FEM Electric Association, Inc., South Dakota Rural Electric Association (SDREA), and the National Rural Electric Cooperative Association (NRECA), all at the same time.

**1969**

First underground cable was installed

**1964**

Increased sales created an opportunity for FEM directors to reduce energy rates for the first time.

**April 14th, 1965**

Onaka substation energized

**October 1969**

FEM becomes a charter member of the National Rural Utilities Cooperative Finance Corporation (CFC).

**1973**

FEM introduces the "Double Zero" method for meter readings, allowing easier record keeping for kWh usage.

**June 6th, 1979**

FEM Electric joins East River Electric Power Cooperative. East River assumes the role of operating and maintaining the transmission system serving FEM Electric.

**January 1961**

The first month FEM sold one million kilowatt hours in a single month

**February 13th, 1964**

Cresbard Substation energized, the first FEM substation in Faulk County

**Winter 1968-1969**

A blizzard and ice storm cause widespread damages to lines and extended outages.

**1972**

Idle service fee of \$2.00 introduced

**1975**

Legislators passed an act addressing territorial problems, establishing set electric utility service area boundaries.

# MILESTONES IN THE HISTORY OF YOUR COOPERATIVE

**1980's**  
Load control developed - "Use Electricity - But Use it Wisely!"

**1985**  
A new computer system installed, greatly increasing efficiency in the office

**1990**  
Grassland Colony added to FEM's service

**September 1992**  
FEM upgrades computer system, allowing employees to assemble a large variety of information in less time than before.

**1994**  
FEM begins working on newsletter in house, saving on publication costs.

**January 1995**  
A winter storm hits. Frost build up on lines, freezing rain and winds cause 105 poles to topple, 22 crossarms to break, and 26 anchors to pull out. Line hardware broke, and there were approximately 425 wire breaks. Outages covered most of the western half of FEM's territory. Continuing blizzard conditions cause delays. Six South Dakota cooperatives assist with repairs.

**December 1st, 1994**  
REA becomes Rural Utilities Service (RUS) after the US Department of Agriculture underwent major reorganization.

**April 4th, 1997**  
FEM Electric loses over 400 poles, 400 crossarms, 75 anchors, and has an estimated 1300 wire breaks due to ice and freezing rain. Most of the damage occurred in McPherson County and western Edmunds County.

**1986**  
Evergreen Colony added to FEM's service

**August 1993**  
FEM submits a loan application to REA for \$400,000 for proposed Bowdle healthcare facility.

**April 1995**  
FEM's application for Bowdle healthcare facility is approved.

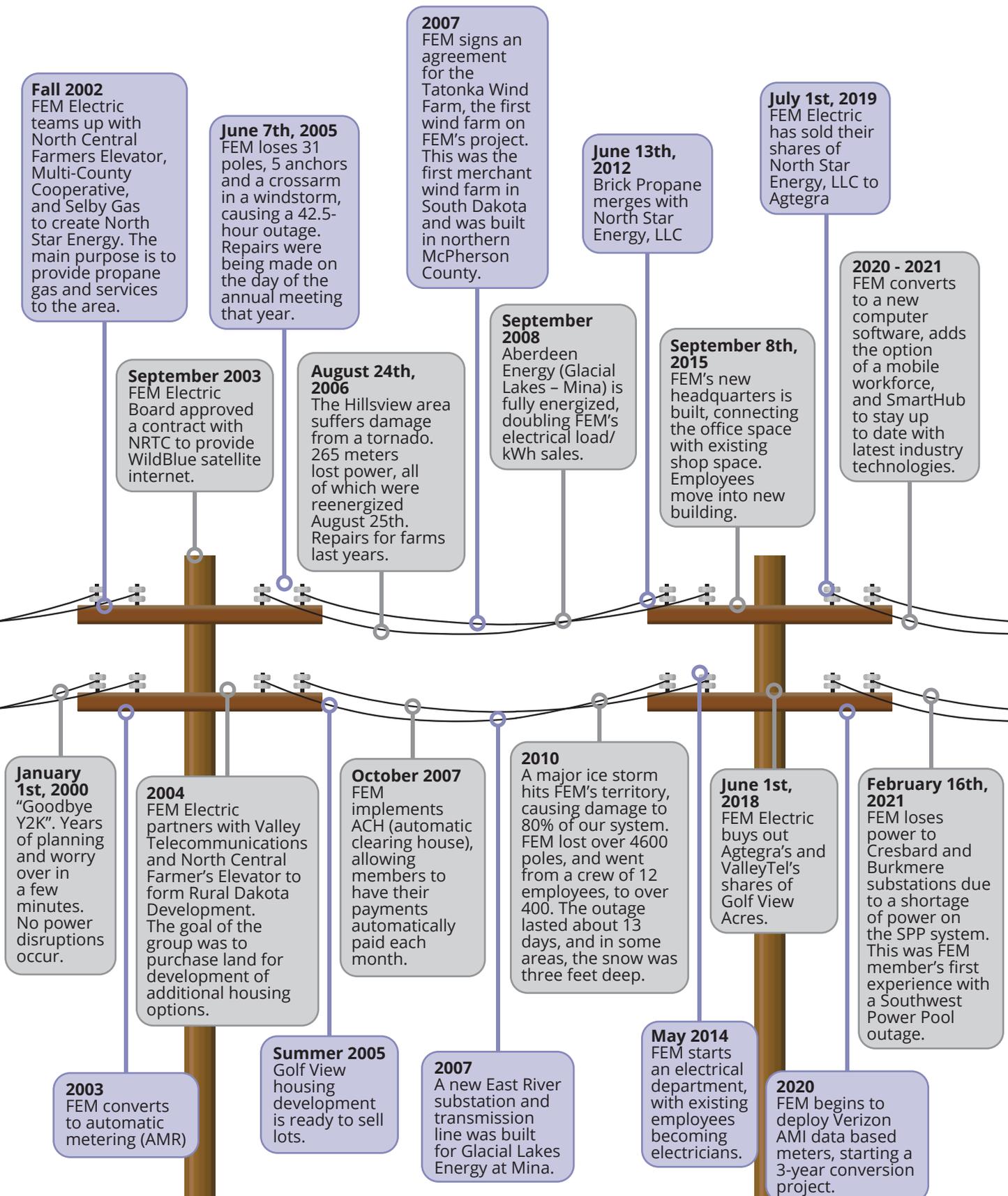
**April 18th, 1995**  
Faulk and Edmunds Counties are hit with a spring storm, affecting 10 miles on either side of highway 45. 80 poles, 45 anchors, 70 crossarms and at least 250 wirebreaks as well as damaged hardware was caused by this storm. FEM was able to restore power to the last member on April 22nd, 1995 at 6:00 pm. FEM received aid from three other cooperatives that furnished five trucks and nine additional linemen.

**September 10th, 1980**  
With the help of East River, the Burkmere substation is energized.

**June 30th, 1992**  
Wetonka Substation energized

**1994**  
FEM is able to lower energy rates thanks to savings Basin and East River received from paying off high interest loans.

# MILESTONES IN THE HISTORY OF YOUR COOPERATIVE



# HISTORICAL LISTING - DIRECTORS, ATTORNEYS AND MANAGERS

DIRECTORS	OFFICE	YEARS SERVED IN OFFICE	YEARS SERVED AT FEM
* Mathew Bachman	Vice President	1977 - 1979	1946 - 1979
* Paul Hausauer	Vice President	1976 - 1977	1946 - 1977
* Michael Bowar	Vice President	1949 - 1956	1946 - 1956
* Theodore T. Martel	Secretary	1946 - 1960	1946 - 1960
* Robert Schurr	Vice President	1946 - 1948	1946 - 1948
* Victor Holsing	Treasurer	1946 - 1949	1946 - 1949
* Albert C. Hauffe	President	1946 - 1976	1946 - 1976
* E. E. Hubbard			1946 - 1949
* Wendell Miller	Vice President	1956 - 1963	1946 - 1963
Edward Roesch			1948 - 1949
Martin Schurr	Treasurer	1972 - 1979	1949 - 1979
Edwin Haselhorst			1949 - 1966
Byron Jones	Treasurer	1949 - 1972	1949 - 1972
Ernest Hagenlock			1956 - 1959
Duane Bowar	Secretary	1961 - 1963	1959 - 1969
	Vice President	1963 - 1969	
Frieda Martel	Secretary	1963 - 1980	1960 - 1980
Norman Batteen	Vice President	1970 - 1976	1963 - 1999
	President	1976 - 1999	
Kenneth Deiter	Secretary	1980 - 1984	1966 - 1993
Oliver Carlson	Vice President	1985 - 1986	1970 - 1986
Gordon Petesen	Treasurer	1980 - 2007	1972 - 2007
Alden Flakoll	Vice President	1980 - 1985	1976 - 2014
	Vice President	1986 - 1999	
	President	1999 - 2014	
Norman Stickelmyer			1977 - 2001
Delbert Bachman			1979 - 1981
Morris Ernst			1980 - 1991
Quinton Wolff	Secretary	1984 - 2010	1981 - 2010
Ralph Dewald			1982 - 1997
Carl Hagenlock			1986 - 2000
Dorothy Ernst			1991 - 1999
Larry Bowar	Secretary	2010 - 2021	1992 - 2021
	Treasurer	2007 - 2010	
Gary Bachman	Vice President	1999 - 2017	1997 - present
	President	2017 - present	
Tom Thorpe	Vice President	2019 - present	2014 - present

\* Denotes Original Incorporator

DIRECTORS	OFFICE	YEARS SERVED IN OFFICE	YEARS SERVED AT FEM
Frank Heinz	President	2014 - 2017	2007 - 2019
	Treasurer	2010 - 2014	
	Treasurer	2017 - 2019	
Gerald Haupt	Vice President	2017 - 2019	2010 - 2019
	Treasurer	2014 - 2017	
Eric Odenbach	Secretary	2021 - present	2019 - present
Paula Petersen	Treasurer	2019 - present	2019 - present
Kelly Melius			2021 - present

ATTORNEYS	YEARS SERVED AT FEM
J. M. Berry	1946 - 1956
R. G. Gross	1956 - 1994
Vaughn Beck	1994 - present

MANAGERS	YEARS SERVED AT FEM
Robert Schurr                      Coordinator	1946 - 1948
K. A. "Mac" MacMillan	1949 - 1956
A. W. Grage	1956 - 1967
S. G. Fischer	1967 - 1988
David L. Holland	1988 - 1999
Jerry Reisenhauer	2000 - 2001
Paul Erickson	2001 - 2006
Scott Moore	2006 - present

# FEM ELECTRIC BOARD OF DIRECTORS



# MEMBER OWNED - MEMBER FOCUSED

## 7 Cooperative Principles

1. Voluntary and Open Membership
2. Democratic Member Control
3. Members Economic Participation
4. Autonomy and Independence
5. Education Training and Information
6. Cooperation Among Cooperatives
7. Concern for Community



A Touchstone Energy<sup>®</sup>  
Cooperative

