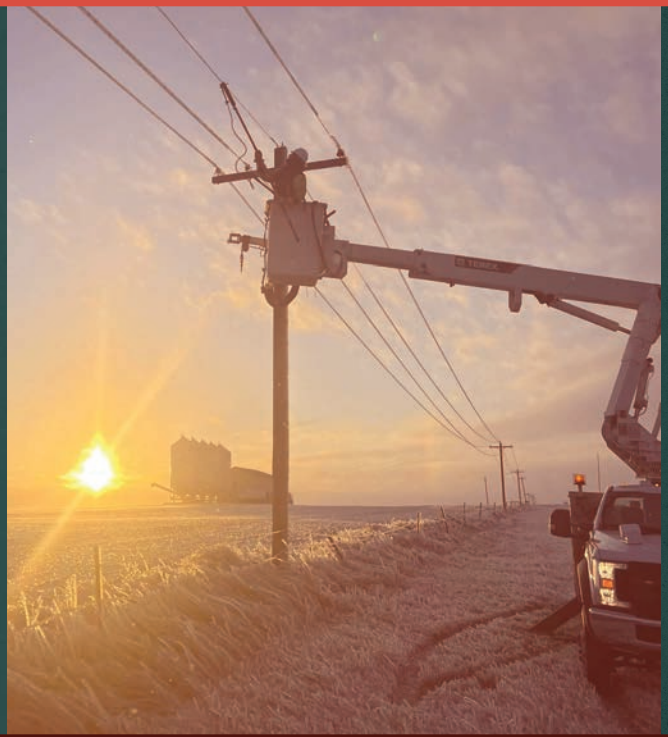


FEM ELECTRIC ASSOCIATION, INC.



ANNUAL REPORT JUNE 27TH 2023



1949-2023 CELEBRATING OUR 75th ANNUAL MEETING OF MEMBERS



FEM ELECTRIC ASSOCIATION INC.

75th Annual Meeting
Tuesday, June 27th
Ipswich School Theatre, Ipswich, SD

Agenda

5:00 PM Meal - Choice of Chicken Sandwich,
Mac & Cheese Pulled Pork, and
Baked Steak & Potatoes Meal
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 - Gracyn Kadlec
Business Meeting Opens
Declaration of Quorum - Eric Odenbach, Secretary
Notice of Meeting and Proof of Mailing - Eric Odenbach
Minutes of 2022 Annual Meeting -
Eric Odenbach (page 3 & 4)
Ballots for Director Districts 2 & 3 -
Vaughn Beck, Attorney
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
Ashley Ptacek - Ipswich

FEM \$500 Scholarships
Julia Steward - Chelsea
Teagan Olson - Ellendale

Touchstone Energy Scholar of the Week \$250
Hans Lapka - Leola
Quincy Olivier - Ipswich

Adjournment

\$750 in Grand Prize Drawings (*must be present to win*)
\$250 \$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 \$75 credit on your energy account for
attending.**

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

Notice is hereby given that the 75th 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 27th, 2023**, for the purpose of:

1. The reports of officers, directors and committees
2. The election of directors for three-year terms

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:

Tom Thorpe - District 2
Gary Bachman - District 3

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.

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

Eric Odenbach, Secretary, FEM Electric Association, Inc.



Your Touchstone Energy® 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

We must not forget where we came from for electric cooperatives to stay strong and continue to grow in today's business climate. Many successful businesses started by serving and delivering to rural small towns and businesses. Then they began to merge and grow, resulting in less customer service to small

towns and businesses. As a member owned cooperative, we need to remind ourselves that we need good customer service to serve our members with reliable, safe, affordable power. If we do our job, the rural economy should continue to grow, and our current and future members should have the ability to be successful.

FEM had a good 2022 not only financially, but with completing projects, or getting them to the next stage. We have seen steady but continuous growth in our energy sales. We have a great employee base that continues to get projects completed while keeping their training and the FEM Electric systems updated. We have completed our conversion from Cannon automatic meter reading (AMR) to Verizon meters. The Verizon meters will allow FEM Electric, in the future, to provide new rates with more choices moving forward. Also, this new system will record information that will help our engineers and FEM employees be more proactive to system problems than reactive. We are in or moving into an age of wanting choices and control of electric use. This may not be a choice our older members are looking for, but our younger members do or will soon demand these options.

I was once told by a retired director that "we do not always have to be first in technology" and FEM isn't. Many of the new technologies FEM Electric looks at and implements have been in the planning stage for up to five years or more. These programs get reviewed and investigated before being put in our four-year work plan

and annual budgets. Technology is expensive to purchase, maintain, and protect annually. Management has been trying to slow down line replacement projects as our system is in very good condition. We install less miles, but we spend the same, or more, annually on the projects we are completing. Economic growth and member expansions have been, and are, factors in our construction workload. This is a good situation to maneuver through.

In 2022, and now 2023, we are seeing a strong demand for agriculture operations in grain handling, shops, and livestock confinements. Our commercial members are also looking at increased electrical load moving forward, all signs of a strong rural economy. It seems our schools have increased enrollment and there are plenty of employment opportunities, but we need a stronger workforce to allow businesses to expand.

Late in 2021, the FEM Electric board requested that we host a strategic planning session. We invited our financial partner CFC to moderate the process, which took place in December of 2022. We had three groups--our members, which CFC reported is rarely done, FEM Electric employees, and lastly staff and board members. I believe strategic planning is a good process to complete every three to five years to make sure the cooperative is moving and communicating what the cooperative's goals are, and most of all, what the employees and members needs and expectations are.

I wrote in a past managers' article, we don't need to "Build Back South Dakota" because we never lost South Dakota. Over the last several years, South Dakota residents moved forward with a positive, common-sense approach that kept the state and our rural economy strong. When the settlers crossed these prairies to homestead, history shows they always had strength in numbers. If FEM Electric would operate solo, we would be just one of millions. Operating with sister electric cooperatives in the state and nationally, we are millions operating as one, with a strong voice and strong backing. Working together we can all be successful.

2022 FEM ELECTRIC ANNUAL MEETING MINUTES

The 74th 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 28, 2022 with 134 members registered.

One area food truck, an Ipswich athletic group and a local baker, of which several were members of FEM Electric, provided meals/desserts for the members and guests prior to registration for the meeting.

Gary Bachman called the meeting to order and Kelly Melius presented the invocation. Gary Bachman recognized special guests, retired directors and retired employees in attendance. The National Anthem was sung by Emily Knoll.

Secretary Eric Odenbach declared that there was a quorum present to do business and he read the official notice of the meeting and proof of mailing. Eric announced the minutes for the 2021 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 2021 annual meeting and accept the minutes as printed on pages 3-4 of the annual report. Motion to approve was made, seconded, and carried.

Attorney Vaughn Beck announced director Districts 1 and 4 that were up for election. He introduced the Nominating Committee: Justin Davis, Joe Galbraith, James Schumacher, Jesse Nierman and Dale Schutz. The following candidates were nominated for election in District 1 – Eric Odenbach and District 4 – Paula Petersen. No petitions for nominations were turned in. Attorney Beck asked for a motion and a second to cast a unanimous vote to officially elect Eric Odenbach for District 1 and Paula Petersen for District 4. Motion to approve was made, seconded, all-in favor.

Attorney Vaughn Beck reviewed the bylaws changes published in the Cooperative Connections and printed on pages 11-12 of the annual report. A motion was made to approve the changes as presented by the FEM board of directors, seconded and majority approved.

President Gary Bachman gave the President's report. Gary highlighted the power of working together in a cooperative like FEM Electric. FEM Electric is able to deliver energy to our consumer owners in an efficient and affordable way. He reminded the members that along with working together, we are member driven and that they the members are the driving force behind how the directors and employees focus and plan. He stated that building trust with the ownership is key to our successful

business model. Material supply and finance rates are producing challenges, but the employees and board are doing what they can to hopefully lessen the burden on the members. He closed by stating that FEM has a great group of employees working for the best members.

Treasurer Paula Petersen gave the treasurer's report recapping the finances and statistics on pages 5-8 of the annual report. She noted that all records were audited by Eide Bailly resulting in a clean audit. Paula also recognized the fact that 2021 was a challenging year for kwh sales and that the \$128,015 East River margin stabilization credit in December 2021 allowed FEM Electric to close with a \$73,370 margin. She stated that the electrical department, aids in using the labor force as electricians to provide relief of the electric side of the business. Paula closed by thanking the members and guests for attending and encouraged them to keep engaged with their cooperative.

General Manager/CEO Scott Moore thanked the members for taking time out of their busy schedules to attend. He stated that John Dalager of Dalager Engineering is moving toward retirement and has sold his business to Star Energy Services out of Alexandria, Minnesota. Star Energy has retained John and his employees. Scott thanked John and his team for providing the knowledge of FEM's system over the years. Scott gave an overview of the SPP shutdown in February and the current MISO projected energy shortage. He believes the government regulations and government rules are negatively affecting power production with no long-term strategy in place and noted that we need leaders not followers. He stated that a true energy market is needed not one ran by government tax credits. He assured the members that FEM board and management continues to work on low cost and reliable power. Scott ended by announcing all the employees and reviewed their years of service.

Tom Thorpe announced the scholarship and scholar of the week winners for 2021. The \$1,000 Member Basin Scholarship was Megan Nash of Mansfield; Erica Ingerson of Eureka and Shayna Heitmann of Faulkton were the \$500 FEM Scholarship recipients. Tom announced that Vincent Petrich of Leola High School and Trevor Beyers of Ipswich High School were Touchstone Energy Scholars of the week.

President Gary Bachman adjourned the meeting.

The Grand Prize Drawings were held: \$250 – Ed and Deborah Gillick, Ipswich; \$100 – Jason and Marion Heintzman, Ipswich; \$100 – Leslie and Donna Simon, Aberdeen; \$50 – Willard Goeshel, Long Lake.

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 six Juniors/Seniors in attendance. Evan Olson, son of NaTanya Olson, was drawn for the \$500 scholarship.



Above: FEM linemen serve a roast beef meal, while the Ipswich girls basketball booster club serves a pork meal.

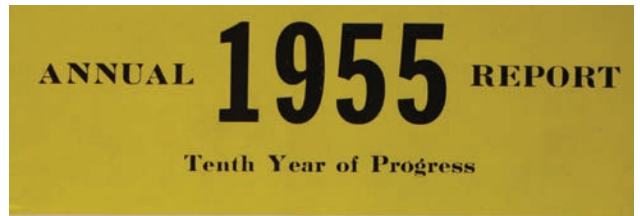


Left: Board member Eric Odenbach presents Evan Olson with the Young Adults Light the Way Scholarship at the 2022 Annual Meeting.

Middle-Right: Miss FEM Electric candidates from 1955.



Bottom Right: The cover of the 1955 Annual Report, celebrating 10 years of rural electrification.



Above: FEM's first annual meeting of the membership, held in 1949. What a blast from the past!



TREASURER'S REPORT



Paula Petersen
Treasurer

It is my pleasure to provide you with the financial statements for 2022. All records were audited by the firm of Eide Bailly, LLP of Sioux Falls in March 2023.

FEM's total utility plant at the end of 2022 was \$40,385,544 and we have depreciated \$11,925,357 which leaves \$28,460,187 in un-depreciated plant. We had investments and cash on hand in the amount of \$14,828,130 which includes Golf View Acres remaining lots, capital credits due from

power suppliers and other organizations with which we do business. The cash on hand also includes \$396,000 for deferred revenue from excess revenues refunded from our power suppliers in 2022. These dollars have been invested as part of a plan to sustain current rates for one to two years. Other assets, which includes inventory, accounts receivable, and prepaid accounts were \$2,168,533. **Total assets for 2022 were \$45,456,850.**

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 \$24,667,181. Accrued tax expense, customer deposits, notes payable and deferred credits were \$2,026,702. Patronage capital and other equities, which are primarily the margins generated by your cooperative since 2009, were \$18,762,966. **The total liabilities and equities were \$45,456,850.**

On page 8, you will find the Income and Expense Statement for 2022. **Total operating income for 2022 was \$15,864,385** which is increased \$763,411 from 2021.

Revenue from residential customers was \$4,761,634 and revenue from commercial customers was \$11,017,568.

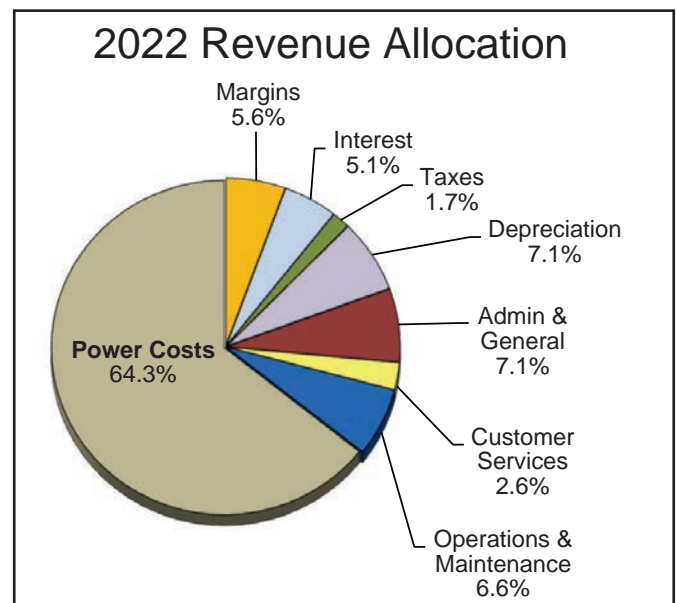
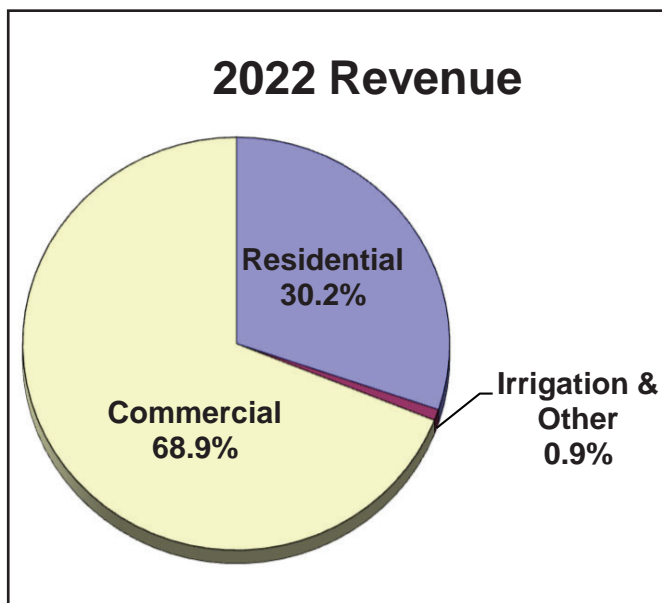
Total expenses were \$14,980,467, which included power costs of \$10,203,800 at an increase of \$5,775. Operations and maintenance expenses were \$1,040,874, a decrease of \$76,702. Customer services, sales, and office expense was \$1,540,610, an increase of \$20,891. Depreciation expense was \$1,122,978, which was a decrease of \$21,196. Tax expense was \$267,570, which was an increase of \$9,122. Interest expense was \$804,635 which was an increase of \$15,138.

FEM's patronage capital and operating margin was \$883,918. Non-operating margin and income is \$141,286. East River/Basin Electric and other margins, which are capital credit allocations from other cooperative organizations which we do business with were \$1,392,932. The total margins were \$2,418,136.

In 2022, the Commercial revenue increased and is 68.9% and residential increased and is 30.2% of the total revenue. On page 6 and 7, you will find a comparison of various operating statistics for the calendar years 2021 and 2022. **Sales were increased 5,764,594 kWhs and the number of connected meters increased by seven for a total of 2,124.** The average monthly residential usage increased 184 kWh and the average monthly residential bill increased by \$17.86. Also included are a number of graphs that show the breakdown of revenue and expenses for 2022 and also chart our history for the last five years.

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

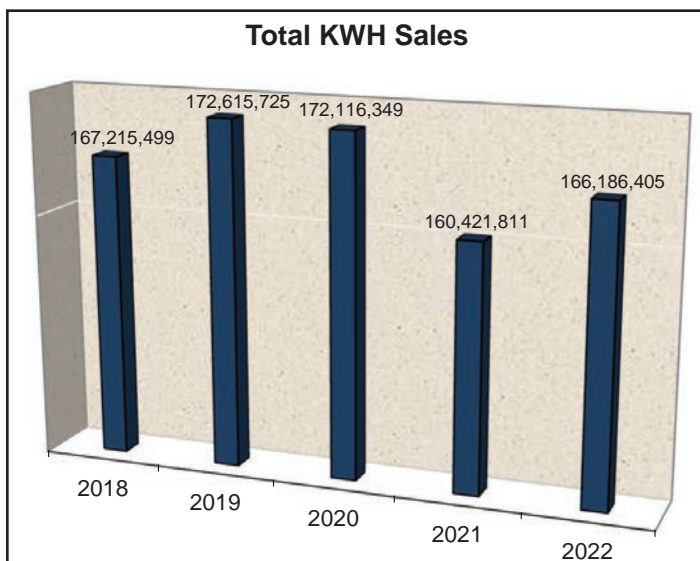
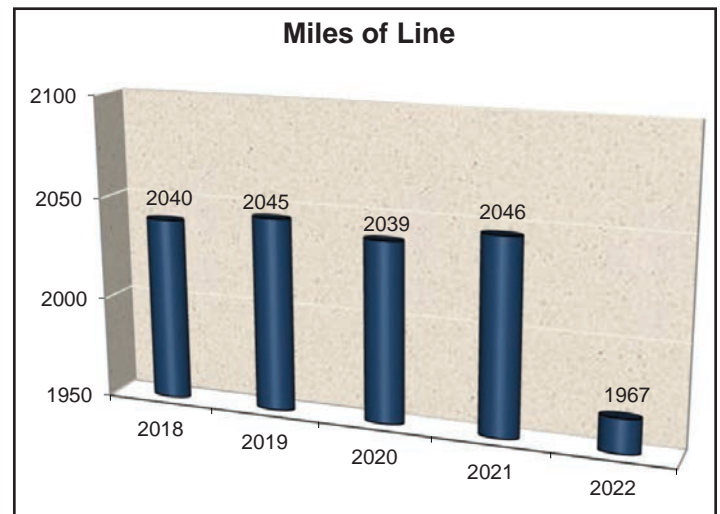
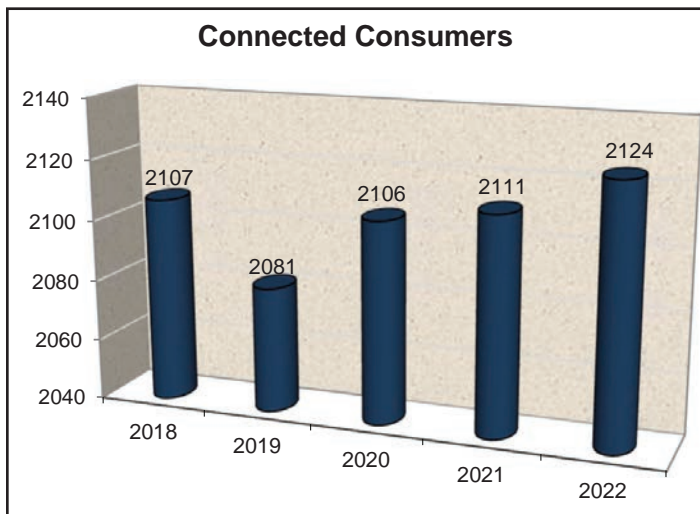
Respectfully submitted,
Paula Petersen, Treasurer



COMPARATIVE OPERATING STATISTICS

STATISTICS

| | 2020 | 2021 | 2022 |
|---|-------------|-------------|-------------|
| kWhs Purchased | 176,978,339 | 165,847,329 | 171,475,074 |
| kWhs Sold | 172,116,349 | 160,421,811 | 166,186,405 |
| Estimated kWhs Used in December Sold in January | 427,825 | 1,067,074 | 1,113,190 |
| kWhs Unaccounted for (Line Loss, etc.) | 4,861,990 | 4,358,444 | 4,175,479 |
| Percent of kWhs Unaccounted for | 2.75% | 2.63% | 2.44% |
| Number of Idle Services | 2,106 | 2,117 | 2,124 |
| Average Monthly kWh (All) | 6,811 | 6,315 | 6,520 |
| Average Monthly kWh (Residential) | 1,703 | 1,504 | 1,688 |
| Average Monthly Bill (All) | \$634.90 | \$590.01 | \$619.08 |
| Average Monthly Bill (Residential) | \$213.92 | \$197.68 | \$215.54 |
| Average Cost of Power Purchased at Substations | \$0.061 | \$0.062 | \$0.057 |
| Average Selling Price Per kWh | \$0.093 | \$0.093 | \$0.095 |
| Miles of Line Energized | 2,039 | 2,046 | 1,967 |
| Consumer Density Per Mile (Energized) | 1.03 | 1.03 | 1.08 |



2022 KWH GENERATION TAX BY SCHOOL DISTRICT

| School District | Total |
|------------------------|------------------|
| Hoven 53-2 | 1,872 |
| Northwestern Area 56-7 | 8,615 |
| Faulkton Area 24-3 | 56,552 |
| Edmunds Central 22-5 | 31,030 |
| Ipswich Area 22-6 | 329,659 |
| Bowdle 22-1 | 19,434 |
| Warner 6-5 | 76 |
| Eureka 44-1 | 17,588 |
| Leola 44-2 | 52,717 |
| TOTAL | \$517,543 |

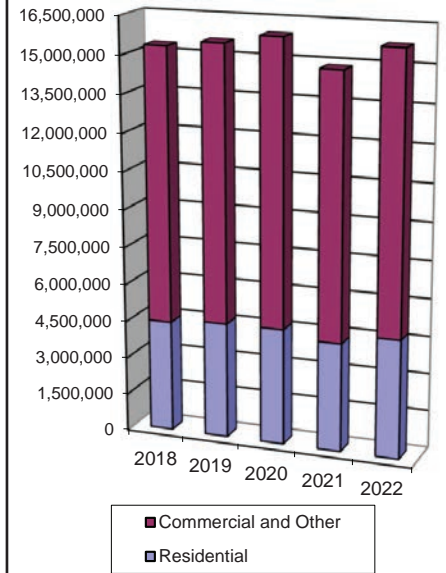
FINANCIAL STATEMENTS

ASSETS

What We Own

| CURRENT ASSETS | 2021 | 2022 |
|--|---------------------|---------------------|
| Cash | 445,495 | 248,763 |
| Short Term Investments | 1,183,893 | 2,142,870 |
| Special Funds - One-Time Economic Revenue Deferral | 0 | 396,000 |
| Patronage Capital - Associated Cooperatives | 9,636,860 | 10,784,298 |
| Investments in Associated Organizations | 877,474 | 877,330 |
| Non-Utility Property - Golf View Acres | 48,000 | 35,000 |
| Investments in Partnerships | 0 | 0 |
| Investments in Economic Development Projects | 405,500 | 335,500 |
| Investments in Member Programs | 22,982 | 8,370 |
| Receivables | 965,896 | 1,039,260 |
| Material and Supplies | 546,653 | 614,233 |
| Prepayments | 192,984 | 274,385 |
| Deferred Debits | 307,982 | 240,654 |
| TOTAL CURRENT ASSETS | 14,633,719 | 16,996,663 |
| FIXED ASSETS | | |
| General Plant | 6,551,880 | 6,622,112 |
| Electric Distribution Plant | 32,369,594 | 33,763,432 |
| Less: Depreciation Reserve | -11,118,253 | -11,925,357 |
| TOTAL FIXED ASSETS | 27,803,221 | 28,460,187 |
| TOTAL ASSETS | \$42,436,940 | \$45,456,850 |

Revenue Comparison

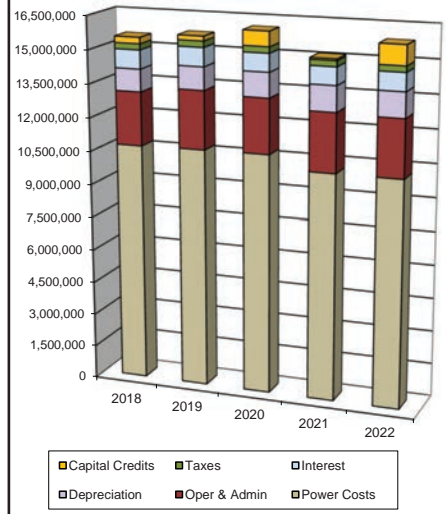


LIABILITIES

What We Owe

| CURRENT LIABILITIES | 2021 | 2022 |
|--|---------------------|---------------------|
| Notes and Accounts Payable | 931,130 | 1,114,557 |
| Consumer Deposits | 8,719 | 8,300 |
| Current and Accrued Liabilities | 471,705 | 1,907,072 |
| TOTAL CURRENT & ACCRUED LIABILITIES | 1,411,554 | 3,029,929 |
| LONG-TERM DEBT | | |
| Long Term Debt - RUS/FFB | 19,253,689 | 19,400,756 |
| Long Term Debt - CFC | 4,517,589 | 3,994,914 |
| Long-Term Debt – USDA Rural Development Loan | 408,300 | 268,284 |
| TOTAL LONG-TERM DEBT | 24,179,578 | 23,663,954 |
| EQUITIES | | |
| Patronage Capital Assigned | 12,169,553 | 12,227,016 |
| Unassigned Capital | 719,785 | 2,198,443 |
| Other Margins and Equities | 3,829,127 | 4,117,815 |
| Non-Operating Margins | 127,343 | 219,693 |
| TOTAL EQUITIES | \$16,845,808 | \$18,762,967 |
| TOTAL LIABILITIES | \$42,436,940 | \$45,456,850 |

Revenue Allocation



STATEMENT OF OPERATIONS

| REVENUE | 2021 | 2022 |
|---|-------------------|-------------------|
| Residential Sales | 4,357,703 | 4,758,580 |
| Irrigation Sales | 139,671 | 137,490 |
| Commercial Sales | 10,488,239 | 10,880,078 |
| Street Lights | 3,054 | 3,054 |
| Other Electric Revenues – Wind Energy/Solar | 193 | 212 |
| Sale of Renewable Energy Credits (RECs) | 87,133 | 57,514 |
| Rent from Electric Property | 0 | 725 |
| Other Operating Revenue | 24,981 | 26,732 |
| TOTAL REVENUE | 15,100,974 | 15,864,385 |
| EXPENSES | | |
| Cost of Power | 10,198,025 | 10,203,800 |
| Line Operations | 602,039 | 612,739 |
| Line Maintenance | 515,537 | 428,136 |
| Consumer Accounting and Collecting | 255,222 | 217,379 |
| Customer Service and Sales Expense | 144,339 | 189,002 |
| Administrative and General Expenses | 1,120,157 | 1,134,228 |
| Depreciation | 1,144,175 | 1,122,978 |
| Property and KWH Taxes | 258,448 | 267,570 |
| Interest Expense - Long Term Debt | 789,498 | 804,635 |
| Interest Expense – Storm Line of Credit | 0 | 0 |
| Interest Expense - Member Service Programs | 164 | 0 |
| TOTAL EXPENSES | 15,027,604 | 14,980,467 |
| MARGINS/PATRONAGE CAPITAL CREDITS | | |
| FEM Operating Margins | 73,370 | 883,918 |
| Non-Operating Margins | 64,759 | 141,286 |
| Income/Loss from Investments | 0 | 0 |
| East River/Basin Margins | 646,415 | 1,314,525 |
| Other Margins | 62,584 | 78,407 |
| TOTAL MARGINS | \$847,128 | 2,418,136 |
| WHERE THE DOLLARS CAME FROM: | 2021 | 2022 |
| Residential | 28.88% | 30.18% |
| Commercial | 69.45% | 68.95% |
| Other | 1.67% | 0.87% |
| WHERE THE DOLLARS WENT: | | |
| Cost of Power | 67.53% | 64.32% |
| Operations and Administration | 17.46% | 16.27% |
| Depreciation | 7.58% | 7.08% |
| Taxes | 1.71% | 1.69% |
| Interest | 5.23% | 5.07% |
| MARGIN | 0.49% | 5.57% |

PRESIDENT'S REPORT



Gary Bachman
President

As we gather for our 75th annual meeting, many things have changed and many have stayed the same, but most of all; we are still here to celebrate a strong business model that has served all of us well.

When this co-operative was started by our founding fathers, those who came before us had a vision, a vision that was needed because no one

would serve us. Our ancestors banded together and formed this business to serve ourselves as we still do today.

Seventy-six years ago, there were issues confronting FEM Electric as there are still Issues today. Funding has always been an issue and today we still fight to maintain affordable Federal funding for our business as we look to the recently passed Infrastructure Funding and Inflation Reduction Act bills that have passed congress to find ways to access these funds to benefit FEM. The Inflation Reduction Act alone has 9.7 billion dollars set aside for Co-ops.

I cannot imagine the number of trips to Rural Electric meetings all over the country that FEM board members and staff have attended over the years to keep the co-op strong and informed.

I recently attended the NRECA Legislative Fly-In in Washington, DC. This is an effort to lobby our legislators and inform them of the needs of our cooperative.

One of the speakers stated that with increased electrification of America, we are on the clock to dramatically increase generation and transmission. By 2050 we will require up to two times the generation that we currently have and up to three times the transmission.

The “asks” that we had this year were:

1. We need to prioritize reliability. As increased wind and solar energy comes on the market and natural gas and coal plants are removed from the mix, the reliability gets compromised. Our nation’s energy policy needs to meet

reliability standards as well as to focus on environmental concerns. We need balance.

2. We need to streamline the Federal Permitting Process. The red tape continues to increase, and we would like to see simplification of paperwork and process.
3. We need to Alleviate Supply Chain Challenges. Certain trucks, transformers and other supplies take two to three years from the time they are ordered until delivery creating increased reliability and growth issues.
4. We need to Preserve RUS Electric Infrastructure Financing. Low interest federal funding has been an extremely valuable tool for FEM and will continue to be in the future. It is a continuing battle to maintain these funds.
5. We must maintain USDA Rural Development tools. The Farm Bill contains many rural grant and loan opportunities. FEM and East River Electric use these to promote economic development in the region. These programs are vital and necessary in our communities.
6. We need to Expand Rural Broadband Access. This, for the most part, is not an issue in South Dakota, but we lend our support to the areas of the country that need improvement.

I am certain that there will never be a day that we have everything that we want and need. We will continue our efforts to deal with the issues that face us and provide the best services available to you, our members.

Respectfully Submitted
Gary Bachman
FEM Electric Association, Inc. President

BOARD & LEGAL



Eric Odenbach
District 1
Secretary



Gary Bachman
District 3
President



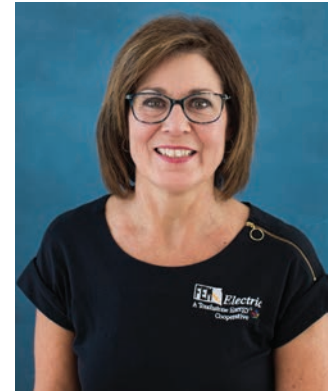
Vaughn Beck
Attorney

FEM Electric Director Districts

| | | | | | | | | |
|------------------|-------------------|--------------|------------|-------------------|-----------|-----------|-------------|------------|
| | Spring Creek | Detmold | Petersburg | Bergdorf | Harrison | Wacker | Weber | Wachter |
| McPherson County | Glucksthal | Rosenthal | Odessa | Long Lake | Highland | Hoffman | Koto | Carl |
| | District 1 | | | District 2 | | | | |
| | 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 |
| | District 3 | | | District 4 | | | | |
| | Odessa | Cloyd Valley | Glover | Montpelier | 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 |
| | District 5 | | | | | | | |
| | | 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
April 26, 2023

We, the Nominating Committee, in session on April 26, 2023, at the Beck Law Office in Ipswich, South Dakota, hereby nominate the following:

District 2-- Tom Thorpe

District 3-- Gary Bachman

[Signature]
Secretary

[Signature]
Chairman

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

[Signature]
[Signature]
[Signature]
[Signature]

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

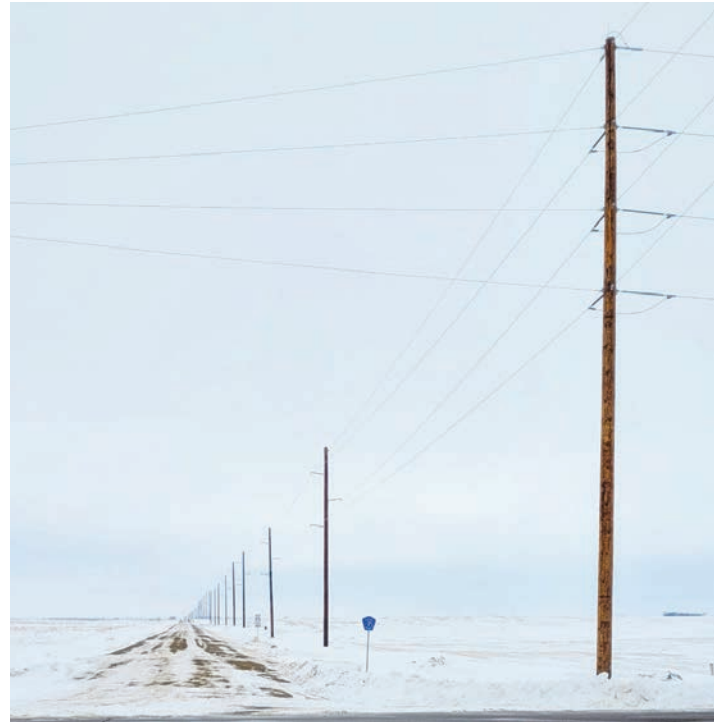
NEW ONAKA SUBSTATION

East River Electric Power Cooperative has been working with FEM Electric on building a new substation in the Onaka area. The substation was fully operational as of April 11th, 2023. New transmission lines were built to support the new construction.

Member load in the area was moved from the Montana Dakota Utilities (MDU) system to the East River transmission system.

While much of the physical construction was completed before the substation came online, East River and FEM staff worked to test the system, including controls and communications with both East River's and FEM's offices. The goal going forward is to continue to increase reliability for FEM members.

The area served by the Onaka substation serves a number of rural residential consumers, rural agricultural consumers, some large industrial loads as well as several colonies.



Top: New transmission lines extending from the newly constructed Onaka substation along Highway 20 and 343rd Ave.

Bottom: The new Onaka substation powered by East River Electric.



CAROL SCHAFFNER RETIRES



Carol Schaffner, Work Order Clerk, retired January 13th, 2023 after nearly 13 years with FEM Electric.

Carol started shortly after the 2010 ice storm after FEM experienced extensive damage, requiring an extraordinary amount

of work, not only on the line, but also in the office. Her addition was extremely valuable through the restoration efforts, and beyond.

“It has been a very enjoyable experience working at FEM for these past 12+ years. I have learned so much about electricity and

the function of Coops from generation to distribution. I have also really enjoyed working with and getting to know all of the employees! It’s a great group of co-workers! Thank you – I will miss you all!” Carol



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 into



Man-made Electricity

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

INVESTING IN OUR YOUTH



Ashley Ptacek of Ipswich High School was chosen to receive the \$1,000 Basin/FEM Electric Scholarship. Ashley has tentative plans to attend Minnesota State University Moorhead to pursue a Master's degree in Athletic Training and a minor in business. Her parents are Laura and Perry Ptacek.



Teagan Olson of Ellendale High School was chosen to receive a \$500 FEM Electric Scholarship. Teagan plans to attend Dickinson State University for Farm and Ranch Management. Her mother's name is NaTanya Olson.



Julia Faith Steward of Chelsea was chosen to receive a \$500 FEM Electric Scholarship. Julia plans to attend Lake Area Technical College for Livestock Production and Management. Her parents are Jackie and Joel Steward.



Hans Lapka of Leola High School won Touchstone Energy Scholar of the Week the week of December 18th, 2022 and was featured on Dakota News Now. He received a \$250 scholarship and plans to attend South Dakota State University in the fall. His parents are Pat and Melissa Lapka.



Quincy Olivier of Ipswich High School won Touchstone Energy Scholar of the Week the week of February 26th, 2023 and was featured on Dakota News Now. She received a \$250 scholarship and has tentative plans to attend South Dakota State University in the fall. Her parents are Jess Freeland and Clay Olivier.

BASIN TOUR 2023

FEM was able to host the Basin Adult Tour in June of 2023 for the first time in several years. This tour is open to all FEM members, and is a free, informational, and relaxing trip.

There were several stops on the tour. First members were invited to tour the Basin Headquarters and to drive through the Wilton Wind Farm. The following day, members toured the synfuels plant, Antelope Valley Station and the Freedom Mine.

If you're interested in going on future Basin tours, call the office at 605-426-6891 or 1-800-587-5880.



YOUTH TOUR 2023

FEM Electric and other cooperatives who are members of SDREA resumed the Youth Tour to Washington DC in 2023.

Students were tasked to describe why they would make the best candidate to represent FEM Electric, as well as describe their interests and future plans. Four high school students were chosen.

The trip was postponed for a number of years, but FEM is delighted to sponsor this trip for youth in our area. Any junior or senior that attends high school in FEM's service territory, or who's parents are FEM members is eligible to apply.



Baylee Kulesa of Ipswich was selected as another candidate to represent FEM on the Youth Tour. She is a senior at Ipswich High School and is involved in a number of sports and community oriented clubs, such as her Youth Group and 4-H.



Trevor Larson of Ipswich is the son of FEM Electric's Line Forman Justin Larson and Erica Larson. He is a junior at Ipswich High School.



Julia Steward of Chelsea was selected to join the Youth Tour. She is a home-schooled senior, who is heavily involved in volunteer work in her community.



Gus Sieh of Leola is a junior at Leola High School, and was also selected to attend the youth tour in June. He is involved in band, football and FBLA at his school.

FEM ELECTRIC BOARD OF DIRECTORS



GOLF VIEW ACRES

At the end of 2022, FEM was serving 14 homes with electricity in Golf View Acres.

This project began in 2005 in an effort to increase electrical load for FEM, which will continue to benefit FEM members in the future.

There are 3 lots remaining to sell.

GOLF VIEW ACRES

FEM Electric
Your Touchstone Energy® Cooperative

Realtor: Beck Law Office
Call 605-426-6319

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

PROMOTIONS AND SERVICES

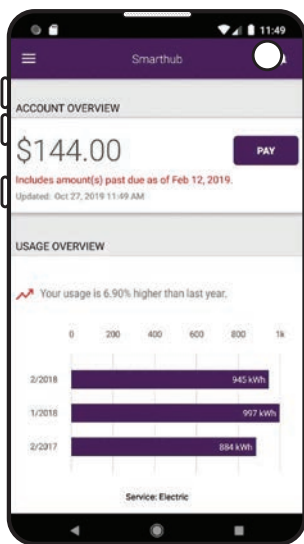
WATER HEATER REBATES

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.

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.

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, 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.

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.

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.

Call FEM Electric at 605-426-6891 or 1-800-587-5880 for more information on any of the services FEM offers.

FEM ELECTRIC EMPLOYEES



Scott Moore
General Manager/CEO
30 Years of Service



Rob Vetch
Line Superintendent
38 Years of Service



Rhonda Tuscherer
Director of Finance & Benefits
31 Years of Service



Justin Larson
Line Foreman
26 Years of Service



Ryan Holien
Journeyman/Electrical Manager
15 Years of Service



Josh Weigel
Journeyman Lineworker
23 Years of Service



Dan Feldhaus
Journeyman Lineworker
16 Years of Service



Perry Ptacek
Journeyman Lineworker
16 Years of Service



Sean Christiansen
Journeyman/Electrical Foreman
13 Years of Service

FEM ELECTRIC EMPLOYEES



Jesse Brown
Journeyman/Member Service
13 Years of Service



Gregg Zwart
Journeyman Lineworker
13 Years of Service



Chad Dutenhoffer
Journeyman Lineworker
13 Years of Service



Angie Sieh
Accounting Clerk
10 Years of Service



Crystal Thorson
Billing Clerk
10 Years of Service



Sonje Oban
Customer/Member Services
1 Year of Service



Barb Schaefer
Maintenance/Custodian
8 Years of Service

FOLLOW US ON SOCIAL MEDIA

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@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.

FEM ELECTRIC EMPLOYEES



Your Touchstone Energy[®] Cooperative

