

SHAPING A STRONGER  
TOMORROW



Your Touchstone Energy® Cooperative 

SHAPING A STRONGER  
TOMORROW

# FEM Electric Annual Report

72nd Annual Meeting  
Tuesday, June 30, 2020

# FEM Electric Association, Inc.

## 72nd Annual Meeting

Tuesday, June 30, 2020

FEM Electric Office, Ipswich, SD

### — Agenda —

5:00 PM Meal - choice of Food Trucks

6:30 PM Registration Closes

Meeting called to order – Gary Bachman, President  
Invocation – Tom Thorpe, Vice President  
Welcome with Special Guest Recognition - Gary Bachman  
National Anthem - Alyssa Meyer  
Business Meeting Opens  
Declaration of Quorum – Larry Bowar, Secretary  
Notice of Meeting and Proof of Mailing – Larry Bowar  
Minutes of 2019 Annual Meeting – Larry Bowar (page 4&5)  
Ballots For Director Districts 2 & 3 -  
Vaughn Beck, Attorney

Bylaws - Vaughn Beck, Attorney  
President Report – Gary Bachman, President (page 10)  
Treasurer Report – Paula Petersen, Treasurer (page 6)  
Manager Report – Scott Moore, Manager (page 3)  
Years of Service - Scott Moore, Manager  
Youth Scholarships & Trips Recognition –  
Eric Odenbach, Asst. Sec./Treasurer &  
Tom Thorpe, VP (page 12&13)

**Basin Electric \$1,000 Scholarship -**  
Lexi Rae Stafford - Ipswich

**FEM \$500 Scholarships –**  
Avery Sylte - Ipswich  
Turner Bowar - Faulkton

**Touchstone Energy Scholar of the Week \$100 –**  
Zach Mueller - Leola  
John Bowar, Faulkton

**Washington, DC Youth Tour Trip –**  
*Due to the Covid-19, the 2020 Youth Tour was cancelled*  
Old business - Gary Bachman  
New business - Gary Bachman  
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 72nd Annual Meeting of the members of FEM Electric Association, Inc. will be held at the FEM Electric Headquarters in the City of Ipswich, State of South Dakota, **at six-thirty p.m. on Tuesday, June 30, 2020** for the purpose of:

1. The reports of officers, directors and committees.
2. The election of directors for three-year terms. In connection with the election of directors at this meeting, the following members have been nominated for director by the Nominating Committee in accordance with the bylaws of the Cooperative:

**District 2 - Tom Thorpe**

**District 3 - Gary Bachman**

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.

*Larry Bowar, Secretary, FEM Electric Association, Inc.*



#### **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 Report



Scott Moore, General Mgr /CEO

In 2019, I believe our members faced many challenges throughout the year, with each county having different challenges. We had a cold and snowy winter and wet spring; it seemed that it was wetter south of Hwy 12 and dryer north of Hwy 12. Planting row crops was late, along with getting cattle turned out on green grass. In the fall, our members had the challenges of getting their crops harvested and the grain to dry down.

FEM Electric faced some challenges with getting some construction completed due to wet conditions.

Our finances were not what we budgeted for until the last two months of the year. With steady but flat sales, our financials ran in the red year-to-date every month until December 2019. With record kilowatt sales in November and December, we were able to reach our yearend budget numbers and meet our banking ratios. Weather and the agriculture economy are big factors for FEM Electric.

I believe we will see some opportunities for our agriculture producers soon. Our area raises some of the best livestock and quality grain, we just need to find a way to market our products to optimize profits.

Our plan is to continue offering great customer service to our members by meeting the existing and future electrical growth needs, while at the same time slow up our spending of replacing electrical lines. In 2019, we held a strategic planning with three separate groups. A group of FEM Electric members, employees, and management and directors. Several topics were raised by all three groups, one being replacement of aging electrical lines. The operations department went through a process of identifying the age of our existing electrical system and determined that about sixty-six percent of our electrical lines are twenty-five years old or newer which is just about opposite of most electric cooperatives in the state. Many electric cooperatives are still using about sixty percent of their original system. Maintenance of new lines is just as important as maintaining our older lines. Good maintenance programs will extend the life of our existing electrical plant, while saving our members money in premature replacement.

FEM Electric and Jerry and Susan Brick sold their shares of North Star Energy in June of 2019 to Agtegra. North Star Energy was created as a partnership of NCFE, FEM Electric, Selby Gas, owned by Jerry and Susan Brick, and Multi County Cooperative. In 2012, Brick Propane of Aberdeen and Britton were purchased by North Star Energy and shares were divided equally between the three partners, NCFE, FEM Electric, and Jerry and Susan Brick. The goal of FEM Electric's board and management when entering this Partnership was to create a safe, continuous, and affordable supply of propane for this region. I believe over the past seventeen years that was accomplished by expanding propane storage in the region and creating opportunities for twenty employees in the area. When the Bricks decided to retire from the retail propane business, FEM Electric decided it may be time to sell our shares and allow Agtegra to merge the propane into their energy department. We had several choices with the proceeds from the North Star energy sale. We could return all proceeds or the net proceeds from the sale to our members or retain the proceeds and apply them toward several projects to alleviate paying future interest. After discussions with the board and member strategic planning group, it was decided to retain these proceeds and help pay for the new Verizon AMI metering, NISC software implementations, and plant upgrades these projects will benefit existing and future FEM members well into the future.

In 2019 FEM Electric, working with East River and Northwestern Energy, signed an emergency tie line agreement between the three parties. Discussion started in late 2016 and early 2017 to get this project approved by all three parties, and in the annual budgets of each company. This project is completed and is a big asset to all Faulk County residents, urban or rural. With the agreement and work completed, FEM Electric/East River can provide power to the Faulkton substation owned by Northwestern Energy and in return, if East Rivers transmission line fails, Northwestern can provide power to FEM's Burkmere and Cresbard substations. Although this isn't a perfect fix, it is truly a win for all three power companies and residents in the area.

In 2019, East River worked hard at putting together a plan for improving transmission reliability in McPherson County and the western side of FEM Electric territory. This too isn't an easy lift, but East River engineering team has done a good job at getting the projects passed through the East River board, and RTO's. FEM Electric is in a unique location; we are served by two different Regional Transmission Operators (RTO's), MISO (Midwest Independent System Operator) and SPP (Southwestern Power Pool). These groups are responsible for dispatching electrical generation and keeping the transmission lines within their capacities. The East River engineers also work with two IOU's (Investor Owned Utilities), which can make discussions interesting, but as you've seen in the Faulkton area, it can be done.

In 2020, our members will see East River working on new right of way to build transmission line from Frederick to the Leola substation area, then south down to four miles north of the Mina Ethanol plant, where a new 115KV/69KV substation will be built for transmission reliability. This project is planned to be completed by 2021 and will benefit our Leola, Wetonka, Ipswich, Cresbard, Mina and Burkmere substations, along with reliability east towards Aberdeen.

In 2020 and 2021, FEM and East River will continue to reach out to Montana Dakota Utilities (MDU) to find a transmission solution acceptable to all three parties. East River board has approved a project to build a radial transmission line straight across McPherson County, but we believe there is a better and more cost-effective solution. There is no cheap or easy fix, but there is definitely a need, and it is being addressed. We need safe, affordable, and reliable power in our region to maintain economic growth in rural America.

The electric cooperatives had a successful year in Washington DC. With the passage of the spending bill in late December, both the house and senate passed several bills that have been stalled for years. The Rural Act was passed. This legislation started in 2017 when tax legislation was passed and created a flaw in the tax law where electric cooperatives would have lost their tax exempt status if they accepted grants from FEMA for storm damage, or in some states where electric cooperatives are building broadband internet to underserved areas with government grants. The Secure Act passed and will save cooperatives over thirty million dollars annually in unnecessary PBG (Pension Benefit Guaranty Corporation) insurance premiums. NRECA has been working twelve years to get the Secure Act legislation passed. The Parking Lot tax was overturned. This was a tax on employees to pay for parking their cars in the company parking lot. The Cadillac tax was repealed as it would have put an unfair tax on medical insurance premiums.

It is a team effort to keep electricity affordable in rural America, and it all starts with you the members. FEM belongs and is part of multiple organizations from the state level to the national level, but at the end of the day it all points back to providing safe, affordable, and reliable power to each FEM Electric member.



# 2019 FEM Electric Annual Meeting Minutes

The 71st Annual Meeting of the members of FEM Electric Association, Inc. was held at 6:30 p.m. at the Ipswich High School Theatre in Ipswich, SD on Tuesday, June 25, 2019, with 161 members registered.

Three area food trucks and a local baker, two of which are members of FEM Electric, provided meals for the members and guests prior to registration for the meeting.

Gary Bachman called the meeting to order. Gerald Haupt presented the invocation and thanked the membership for allowing him to serve them over the last nine years. Gary Bachman welcomed special guests, retired directors and retired employees. He also thanked food vendors for providing the meals; Ipswich Commercial Club for assisting with meals and staffing the children's program; and Agtegra, Les Holland and Jake Hammrich for providing golf carts to transport members. The National Anthem was sung by Chaun Peterson and the kids were then dismissed to the children's program.

Secretary Larry Bowar declared that there was a quorum present to do business and he read the official notice of the meeting and proof of mailing. Larry announced the minutes for the 2018 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 2018 annual meeting and accept the minutes as printed on page 4-5 of the annual report. Motion to approve was made, seconded, and carried.

Attorney Vaughn Beck announced the director districts that were up for election. He introduced the Nominating Committee: James Schumacher, Dale Schutz, Jesse Nierman, Joe Galbraith, and Justin Davis. 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 carried.

Attorney Vaughn Beck explained to the members that the bylaws had been reviewed and their board of directors were recommending clarification of some of the existing bylaws. The bylaw revisions were published in the June 2019 issue of the Cooperative Connections

mailed to all members in mid-May 2019. Attorney Beck asked the members if they had questions prior to approval, hearing none, he asked for a motion to approve bylaw clarifications, a motion was made, seconded, and carried.

President Gary Bachman gave his report. He explained that every day is a new day and every day comes with its own set of unique and varied challenges. Gary explained some of the challenges from the beginning and the accomplishments that were made to make life easier and promote growth in rural communities. He noted that FEM continues to grow and flourish. The FEM board of directors, management and staff all continue to evolve and devise ways to more effectively serve the members of the cooperative, while continuing to be flexible and to prosper. He explained that at this meeting the members were a part of change and evolution in their cooperative, with the election of two new board members. Gary explained that tonight 40% of the leadership of FEM is changing. This brings new insight to the board and helps the cooperative move into the future. He thanked the members for taking time to be a part of their electric cooperative in the present and in the future. FEM would simply not exist without the members. Directors Frank Heinz and Gerald Haupt were thanked for their dedication to the FEM members and were presented certificates for their years of service, 12 years and 9 years respectively.

The East River video report was presented by Tom Boyko, CEO/General Manager of East River Electric. Tom mentioned there are crucial changes coming for the working members of East River Electric. Changes are happening, some of which are the mixture of generation resources. He noted that East River continues to promote the Farm Safety Campaign teaching safety and steps to take if equipment comes in contact with power lines. The Cyber Security Program was addressed and its goal to keep member information safe while tracking and blocking threats. He highlighted legislation regarding the Affordable Clean Energy Rule. Tom stated that the Coops are committed to advancing the rural communities in our area through REED (Rural Electric Economic Development). Creating jobs and economic growth in our rural areas is of utmost importance. Mike Jaspers has been hired for business development by East River Electric to promote our area and search for new businesses. He ended by sharing

# FEM Annual Meeting Minutes Cont.

with the members the ways East River strongly participates in charitable giving through scholarships, Coops in the Classroom, United Way Feeding South Dakota, and many more. Tom thanked General Manager/CEO Scott Moore and the members for attending their meeting.

Treasurer Frank Heinz gave the treasurer's report recapping the finances and statistics on pages 7-9 of the annual report. He noted that all records have been audited by Eide Bailly. Frank thanked the FEM members for allowing him to serve on the board and wished FEM Electric the best in the future years.

President Gary Bachman introduced a video from Wallace "Bubba" Bass, a representative of the NRECA Youth Tour. He asked the members to be inspired by the young man. Bubba represented the Youth Tour delegation very well.

General Manager/CEO Scott Moore thanked the youth that attended the annual meeting. He thanked Frank Heinz and Gerald Haupt for their dedication to the members of FEM Electric. Scott ended by announcing the years of service awards for employees and board.

Tom Thorpe announced, and Gerald Haupt presented the \$1,000 Member Basin Scholarship to Julia Neuharth of Eureka; Alyssa Meyer of Faulkton and Benjamin Kulesa

of Ipswich were presented the \$500 FEM Scholarships. Tom announced that Olivia Gohl of Ipswich and Alyssa Meyer of Faulkton were Touchstone Energy Scholars of the Week. Washington DC Youth tour attendees were introduced – Alexa Rossman and Grace Beyers of Ipswich and Hunter Heinrich of Eureka. Grace and Hunter both gave comments on the Youth Tour and thanked FEM and the members for allowing them to attend.

President Gary Bachman lead the business part of the meeting by asking the members if they had any old business to discuss, there being none, he asked if there was any new business. There were no business items or questions brought up at the meeting. A motion was made to adjourn the meeting, seconded and carried.

The Grand Prize Drawings were held: \$250 – Tim and Susan Braun, Ipswich; \$100 – LeRoy and Marilyn Ehnes, Roscoe; \$100 – Steven and Mary Swanhorst, Chelsea; \$50 – James Pfeifle, Eureka.

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. Ben Kulesa was drawn for the \$500 scholarship.

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## Member Owned - Member Focused

### The Seven Cooperative Principles

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

# Treasurer Report



Paula Petersen, Treasurer

It is my pleasure to provide you with the financial statements for 2019. All records were audited by the firm of Eide Bailly, LLP of Sioux Falls in March 2020.

FEM's total utility plant at the end of 2019 was \$35,868,392 and we have depreciated \$9,587,041 which leaves \$26,281,351 in un-depreciated plant. We had investments and cash on hand in the amount of \$12,405,095 which

includes 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 \$2,593,912. **Total assets for 2019 were \$41,280,358.**

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 \$24,304,799. Accrued tax expense, customer deposits, notes payable and deferred credits were \$1,651,366. Patronage capital and other equities, which are primarily the margins generated by your cooperative since 2005, were \$15,324,193. **The total liabilities and equities were \$41,280,358.**

On page 9, you will find the Income and Expense Statement for 2019. **Total operating income for 2019 was \$15,741,126** which is increased \$210,461 from 2018. Revenue from residential customers was \$4,639,683 and revenue from commercial customers was \$10,939,788.

**Total expenses were \$15,530,195**, which included power costs of \$10,764,482 at an increase of \$43,438. Operations

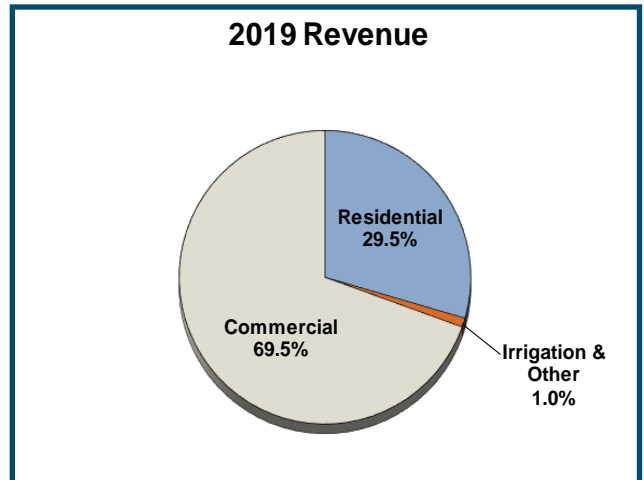
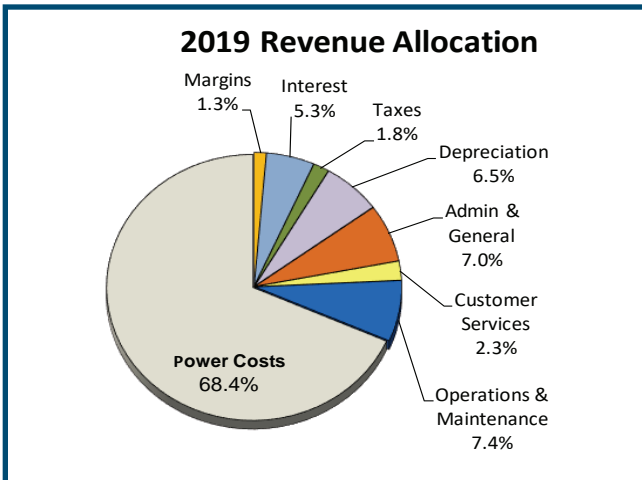
and maintenance expenses were \$1,162,643, an increase of \$135,683. Customer services, sales, and office expense was \$1,461,409, an increase of \$76,675. Depreciation expense was \$1,026,763, which was an increase of \$21,149. Tax expense was \$277,767, which was an increase of \$8,698. Interest expense was \$837,131 which was a decrease of \$4,193. The increase in depreciation is due to an increase in general plant, repairs and upgrades to the distribution system.

**FEM's patronage capital and operating margin was \$210,932.** Non-operating margin and income from investment for a partial year in North Star Energy was at a profit of \$157,893. North Star Energy was sold to Agtegra at close of year end on June 30, 2019. See page 14 for more information on North Star Energy. East River and other margins, which are capital credit allocations from other cooperative organizations which we do business with, were \$814,912. The total margins were \$1,183,737.

In 2019, the Commercial revenue decreased and was 69.5% and residential increased and was 29.5% of the total revenue. On page 7, you will find a comparison of various operating statistics for the calendar years 2017, 2018 and 2019. **Sales were increased 5,400,226 kWhs and the number of connected meters decreased by 26 for a total of 2,081.** The average monthly residential usage increased 115 kWh and the average monthly residential bill increased by \$11.66. Below are graphs that show the breakdown of revenue and expenses for 2019 and also included on page 7 & 8 are charts of our history for the last five years.

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

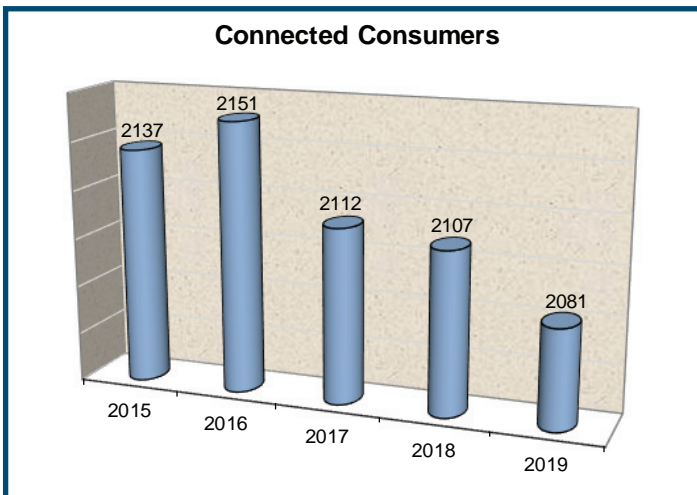
Respectfully submitted, **Paula Petersen, Treasurer**



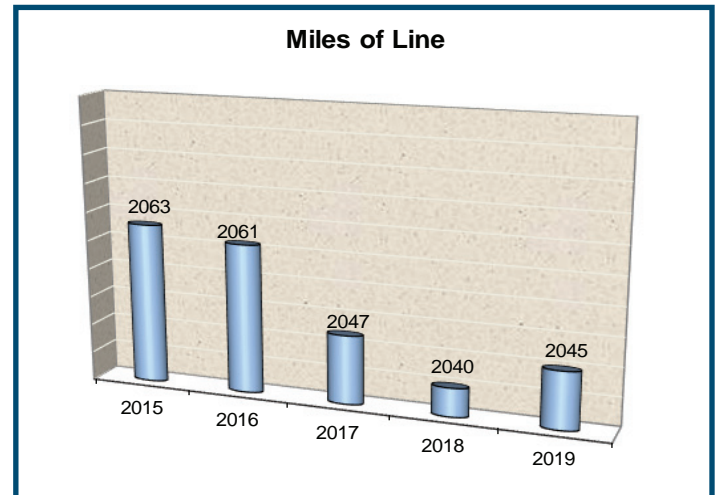
# Comparative Operating Statistics

STATISTICS			
	2017	2018	2019
kWhs Purchased	162,284,773	172,374,375	178,258,756
kWhs Sold	156,840,393	167,215,499	172,615,725
Estimated kWhs Used in December Sold in January	1,941,295	1,928,241	994,550
kWhs Unaccounted for (Line Loss, etc.)	5,444,380	5,158,876	5,643,031
Percent of kWhs Unaccounted for	3.35%	2.99%	3.17%
Number of Connected Consumers	2,112	2,107	2,081
Number of Idle Services	60	41	23
Average Monthly kWh (All)	6,188	6,613	6,912
Average Monthly kWh (Residential)	1,483	1,660	1,775
Average Monthly Bill (All)	\$581.68	\$613.62	\$622.30
Average Monthly Bill (Residential)	\$186.66	\$201.09	\$212.75
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	2,047	2,040	2,045
Consumer Density Per Mile (Energized)	1.03	1.03	1.02

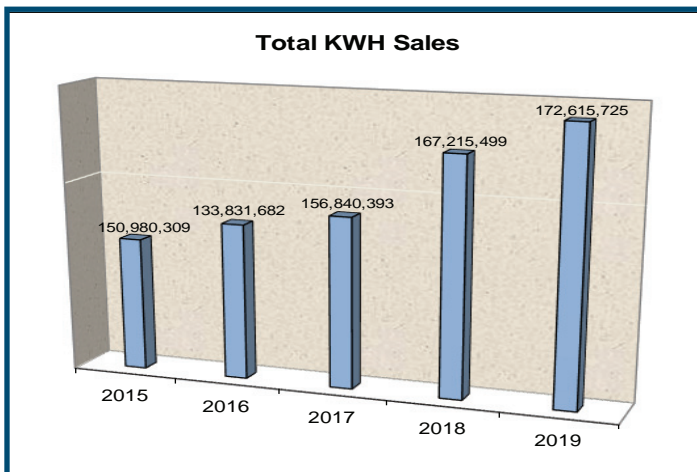
## Connected Consumers



## Miles of Line



## Total kWh Sales



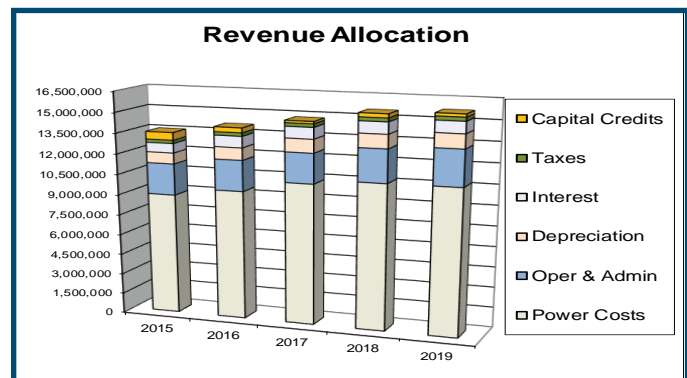
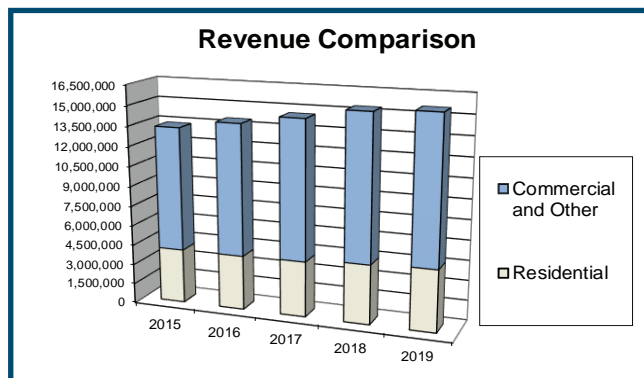
## 2019 kWh Generation Tax By School District

School District	Total
Hoven 53-2	1,968
Northwestern Area 56-7	9,510
Faulkton Area 24-3	56,337
Edmunds Central 22-5	35,648
Ipswich 22-6	330,350
Bowdle 22-1	31,461
Warner 6-5	86
Eureka 44-1	17,095
Leola 44-2	54,447
<b>Total</b>	<b>\$536,902</b>



# Financial Statements

<b>ASSETS</b>		
<b>What We Own</b>		
<b>Current Assets</b>	<b>2019</b>	<b>2018</b>
Cash	-25,098	274,924
Short Term Investments	2,403,688	369,422
Patronage Capital - Associated Cooperatives	8,493,244	7,937,325
Investments in Associated Organizations	877,643	877,768
Non-Utility Property - Golf View Acres	64,000	118,920
Investments in Partnerships	0	988,105
Investments in Economic Development Projects	545,500	615,500
Investments in Member Programs	46,118	4,734
Receivables	1,383,516	1,940,349
Material and Supplies	578,974	687,528
Prepaid Insurance	29,898	29,815
Deferred Debits	601,524	455,457
<b>TOTAL CURRENT ASSETS</b>	<b>14,999,007</b>	<b>14,299,847</b>
<b>Fixed Assets</b>		
General Plant	6,047,024	5,900,417
Electric Distribution Plant	29,821,368	29,318,055
Less: Depreciation Reserve	-9,587,041	-8,955,096
<b>TOTAL FIXED ASSETS</b>	<b>26,281,351</b>	<b>26,263,376</b>
<b>TOTAL ASSETS</b>	<b>\$41,280,358</b>	<b>\$40,563,223</b>
<b>LIABILITIES</b>		
<b>What We Owe</b>		
<b>Current Liabilities</b>	<b>2019</b>	<b>2018</b>
Notes and Accounts Payable	1,205,106	996,202
Consumer Deposits	8,619	7,619
Current and Accrued Liabilities	437,641	1,361,196
<b>TOTAL CURRENT &amp; ACCRUED LIABILITIES</b>	<b>1,651,366</b>	<b>2,365,017</b>
<b>Long-Term Debt</b>		
Long Term Debt - RUS/FFB	18,618,025	17,955,582
Long Term Debt - CFC	5,138,458	5,130,599
Long-Term Debt – USDA Rural Development Loan	548,316	548,316
<b>TOTAL LONG-TERM DEBT</b>	<b>24,304,799</b>	<b>23,634,497</b>
<b>Equities</b>		
Patronage Capital Assigned	10,917,174	9,479,276
Unassigned Capital	894,472	1,946,442
Other Margins and Equities	3,223,283	2,673,189
Non-Operating Margins	289,264	464,802
<b>TOTAL EQUITIES</b>	<b>\$15,324,193</b>	<b>\$14,563,709</b>
<b>TOTAL LIABILITIES</b>	<b>\$41,280,358</b>	<b>\$40,563,223</b>



# Statement of Operations

<b>Revenue</b>	<b>2019</b>	<b>2018</b>
Residential Sales	4,639,683	4,461,477
Irrigation Sales	91,875	140,912
Commercial Sales	10,939,788	10,887,176
Street Lights	3,054	3,054
Other Electric Revenues – Wind Energy/Solar	157	56
Sale of Renewable Energy Credits (RECs)	30,130	2448
Rent from Electric Property	6,600	6,100
Other Operating Revenue	29,839	29,442
<b>TOTAL REVENUE</b>	<b>15,741,126</b>	<b>15,530,665</b>
<b>Expenses</b>		
Cost of Power	10,764,482	10,721,044
Line Operations	678,824	525,422
Line Maintenance	483,819	501,538
Consumer Accounting and Collecting	292,988	234,825
Customer Service and Sales Expense	63,033	57,891
Administrative and General Expenses	1,105,388	1,092,017
Depreciation	1,026,763	1,005,614
Property and KWH Taxes	277,767	269,068
Interest Expense - Long Term Debt	837,131	841,324
Interest Expense – Storm Line of Credit	0	-104
Interest Expense - Member Service Programs	0	0
<b>TOTAL EXPENSES</b>	<b>15,530,195</b>	<b>15,248,639</b>
<b>Margins/Patronage Capital Credits</b>		
FEM Operating Margins	210,932	282,026
Non-Operating Margins	87,417	185,211
Income/Loss from Investments-North Star/Rural Dakota	70,476	220,723
East River/Basin Margins	683,541	1,664,416
Other Margins	131,371	58,868
<b>TOTAL MARGINS</b>	<b>1,183,737</b>	<b>2,411,244</b>
<b>WHERE THE DOLLARS CAME FROM:</b>	<b>2019</b>	<b>2018</b>
Residential	29.47%	28.73%
Commercial	69.50%	70.10%
Others	1.03%	1.17%
<b>WHERE THE DOLLARS WENT:</b>		
Cost of Power	68.38%	69.03%
Operations and Administration	16.67%	15.53%
Depreciation	6.52%	6.48%
Taxes	1.76%	1.73%
Interest	5.32%	5.42%
<b>Margin</b>	<b>1.34%</b>	<b>1.82%</b>

# Board President Report



Gary Bachman, Board President

## Do Something That Scares You

“Do one thing every day that scares you!” No matter what it is. Go to a new place, do something that you have never done. Plan to be adventurous.

A new meaning has been given to this quote from many years ago by Eleanor Roosevelt. In recent months, we all have been struggling with the unknown because of the Covid-19 pandemic. The fact is that none of us know what tomorrow will bring; now, more than ever.

Sometimes we must do things every day that scare us that we have no control over; that we have no idea of why we have been put into the situation. We are challenged by the unknown, but by working together for the common good, we can survive these trying times and even come out of them for the better.

On occasion, we all have been put in situations that we have little control over. For most of us, the best way to do something each day that scares us is to do it in a more controlled environment.

I challenge you to urge others to do things that are a little uncomfortable or scary. Urge your children, grandchildren, nephews, nieces, even the neighbor's children to go on the Washington Youth Tour, go on the Basin Youth tour, or take the time and apply for one of the scholarships that are offered through and by FEM Electric. Take time for yourselves to go on the Basin Member Tour.

The truth be told, most of this report was written before the outbreak of Covid-19 and the above excursions to Basin in North

Dakota are on hold for now and the Washington Youth Tour has been cancelled. If these outings are not held this year, they will be held again in coming years.

The pandemic has thrown us all in a situation every day that may scare us. FEM Electric Association, Inc. will do as much as humanly possible to reduce the amount of unknown that we must deal with daily. Our office procedures, as well as operations and board meetings, have changed to make FEM a safer place to work and our service territory a safer place to live.

Your cooperation and patience are needed for us all to make it through this troubling time. I ask that you work with FEM Electric's staff and operations personnel so that we can all come through the Covid-19 outbreak healthy and whole.

The board of directors and employees of FEM Electric are here for you, the member. Every year, every meeting, the board makes decisions that affect you the member. Sometimes the decisions are quite easy... sometimes decisions are difficult and the discussions in the board room get quite intense. In the end, the board makes decisions to be in you, the member's, best interest.

We all need to remember that nothing worth doing is ever easy, from board room decisions to the people getting the job done; all the hard work is for the member.

We must figure out a way to be more consistently curious about our future. Part of being consistently curious is doing that one thing every day that scares you.

You are like starlight shining through the darkness. The light from a star takes many years to reach the earth and be seen; your work, like the stars in the night sky and security lights dotting the countryside, will be seen.

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**Pictured left to right: Back - Scott Moore, Gen. Mgr./CEO, Ryan Holien, Sean Christiansen, Josh Weigel, Dan Feldhaus, Perry Ptacek, Rob Vetch, Jesse Brown, Chad Dutenhoffer, Gregg Zwart; Front - Justin Larson, Barb Schaefer, Rhonda Tuscherer, Carol Schaffner, Crystal Thorson, Angie Sieh, Valette Horst.**

# Board & Legal



**ERIC ODENBACH**  
District 1  
Asst. Sec./Treas.



**GARY BACHMAN**  
District 3  
President



**VAUGHN BECK**  
Attorney

## FEM Electric Director Districts

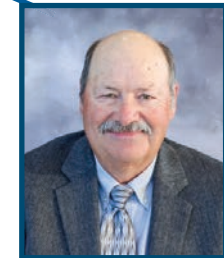
Spring Creek	Detmold	Petersburg	Bergdorf	Harrison	Wacker	Weber	Wachter
Glucksthal	Rosenthal	Odessa	Long Lake	Highland	Hoffman	Koto	Smith
Bauer	Stickel	Kassel	Moscow	Arena	Spring	Leola	Willow
Jackson	Hillsview	Cleveland	Blaine	Dewey	Howard	Washington	Lincoln
Modena	Hosmer	Sangamon	North Bryant	Adrian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



**TOM THORPE**  
District 2  
Vice President



**PAULA PETERSEN**  
District 4  
Treasurer



**LARRY BOWAR**  
District 5  
Secretary

## Nominating Committee

FEM ELECTRIC ASSOCIATION, INC.  
IPSWICH, SOUTH DAKOTA  
March 18, 2020

We, the Nominating Committee, in session on March 18, 2020, at the Beck Law Office in Ipswich, South Dakota, hereby nominate the following:

District 2 - Tom Thorpe  
District 3 - Gary Bachman

Secretary

Chairman

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

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



# Investing In Our Youth

## Scholarships

### Basin \$1,000



**LEXI STAFFORD**

**Lexi Stafford** of Ipswich High School was chosen to receive a \$1,000 Basin Electric Power Cooperative scholarship. Lexi plans to major in Medical Lab Technology at the Lake Area Technical Institute. Her parents are Jim and Sharon Stafford of Ipswich.



**AVERY SYLTE**

### \$500 FEM

**Avery Sylte** of Ipswich High School was chosen to receive a \$500 FEM Electric scholarship. Avery plans to attend North Dakota State University to major in Biology/Dentistry. Her parents are Chris and Heidi Sylte of Ipswich.



**TURNER BOWAR**

### \$500 FEM

**Turner Bowar** of Faulkton High School was chosen to receive a \$500 FEM Electric scholarship. Turner plans to attend South Dakota State University and major in Cyber Operations/Computer Science. His parents are Gary and Nickie Bowar of Faulkton.

**Zach Mueller** of Leola High School was selected as Scholar of the Week for the week of November 10- 16, 2019. He received a \$100 scholarship and was featured on KSFY.



**ZACH MUELLER**

Touchstone Energy  
**Scholar of the Week!**



**JOHN BOWAR**

**John Bowar** of Faulkton High School was selected as Scholar of the Week for the week of Feb. 9 - 15, 2020. He received a \$100 scholarship and was featured on KSFY.

## Youth Tour to Washington, DC



Students receiving the scholarship in lieu of the trip are: Miles Hoffman, Lindsey Grabowska, Robin Butler, Alec Maier, Katelynn Westphal, Benjamin Batie, Samantha Lux and Jessie Lux.

FEM Electric received eight applications from students interested in attending the annual Youth Tour to Washington, DC in June of 2020. FEM Electric sponsors this trip each year to deserving area youth. Any junior or senior that attends school in the FEM service territory or is a student of a FEM member is eligible to submit an essay. A committee selects the winning essays to represent FEM.

Given the ongoing concerns with the COVID-19 Pandemic, this year's NRECA Washington DC Youth Tour was unfortunately canceled. FEM Electric appreciates the student's efforts and are rewarding those applicants who took the time and interest in applying for the Youth Tour with a \$500 scholarship!

# FEM Electric's Co-op in the Classroom



**JENNIFER GROSS TEACHES A SAFETY LESSON**

This past fall, Jennifer Gross of East River 'Co-ops in the Classroom' presented electrical safety and education to our 5th grade students. She brought the "Powertown" model and taught lessons on electricity and electrical safety. The program teaches students ways to conserve electricity, how to be safe around electricity, and helps them recognize where electricity comes from. Students had a 'hands-on' and fun-filled learning experience.

This spring, the Covid-19 pandemic unfortunately affected our ability to visit the area schools and colonies in person. Hope-



**STUDENTS EXPERIMENT**

fully this program will continue this coming fall, depending on the health and safety guidelines at that time.

FEM values the time we get to spend in the classroom with the children. We feel it is important to teach electrical safety; to help them understand electricity as well as the cooperative way. By learning these concepts from an early age, the kids will be better prepared to make wise energy decisions now and be educated consumers of energy in the future. The students gain new knowledge as we help the teachers by covering some of the required topics.



**RYAN HOLIEN SHOWS HOW TO USE A 'HOTSTICK'**

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## 2019 Basin Youth Excursion



Four students represented FEM Electric Association on the 2019 Youth Excursion. (L-R) Holly Anderson, Roscoe; Erica Ingerson, Eureka; Megan Nash, Mansfield; Front: Miles Hoffman, Leola.

**The 2019 Youth Excursion** was July 22-25 and like the Youth Tour to D.C., the FEM membership provides this all-expense paid trip.

They learned how and where some of FEM's electricity is generated; touring the Great Plains Synfuels Plant, Freedom Coal Mine and the Antelope Valley Power Plant. They also enjoyed cruising on a riverboat, relaxing at a Water Park, shopping and making new friends.

This excursion not only provided the students with an education on energy production, but also offered valuable understanding about the importance and influence of the local cooperatives. Freshmen or sophomores fill out an application to be eligible for this trip. Watch the *Cooperative Connections* newsletter in the spring for details.





# North Star Energy, LLC

North Star Energy (NSE) ended their final year on June 30, 2019. North Star Energy has seen many changes and has grown to over a seven-million-gallon propane distribution company with around twenty employees. When the partners bought Brick Propane all shares were brought to 1/3 ownership between Jerry and Susan Brick, FEM Electric and NCFE (Agtegra). Jerry and Susan planned to retire and sell their share in NSE. The FEM Electric board and management believed that NSE was a great asset to this region providing safe, affordable propane. In May 2019, FEM Electric's board voted to sell FEM Electric's NSE share to

Agtegra, along with Brick's shares. Agtegra has an energy/fuel division that FEM believed the propane business would work good within.

As of July 1, 2019, FEM Electric is no longer a partial owner of North Star Energy. NSE closed out the final year of business on June 30 and the value to purchase was based on the partners equity balance plus 2019 margins. Here is the financial 1/3 partnership history on North Star Energy:

**Investments:**

2002	\$139,092.00
Purchased Multi -County Shares – 2005	\$45,073.00
Equalize Ownership – June 2012	\$87,288.08
Purchase Brick Propane Assets – June 2012	<u>\$246,277.33</u>
<b>Total Investment:</b>	<b>\$517,730.41</b>

**Equity:** **\$698,267.08**

**Return of investment:** **\$1,215,997.08**

In September 2019, FEM held strategic planning which included a group of 20 members. The board of directors asked for input from these members on how to handle the North Star proceeds. After suggestions were made and considered, the board of directors at the October board meeting voted to retain the North Star earnings and apply them towards the new Verizon Automated Metering, new NISC financial/billing software and plant upgrades. The profits were invested and will be used in 2020/2021.

## Golf View Acres

By the end of 2020, FEM will be serving thirteen homes with electricity in the Golf View Acres housing development. This project started in 2005 and has been a good electric load builder and will continue to benefit FEM Electric members in the future. FEM has 4 remaining lots to sell.

# Promotions & Services

## Water Heater Rebates

Consumers installing electric water heaters will receive the following rebates: standard lifetime water heater, 50 gallons or larger, \$3.00 per gallon; grid enabled units 75 gallons or larger will receive a \$6.00 per gallon rebate. To be eligible for a rebate for an electric water heater, the unit must have a load control receiver installed. There is no cost for installation of the load control receiver. By having load control hooked to your water heater, you will receive \$5.00 off your monthly electric bill. Call FEM Electric at 426-6891 for more information.

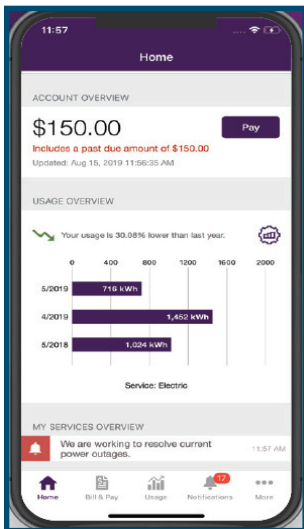
## Safety Presentations



Another service provided by FEM Electric to consumers 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 to have FEM 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. Members can access their accounts online through our website [www.femelectric.coop](http://www.femelectric.coop) or download the SmarthHub app for your Iphone or Android smart phones. Once logged in, you can pay your bill, look at usage graphs, and view and print past statements.

Other methods to pay your bill are by check, ACH or Credit Card.

## Electric Heating System Rebates & Loans

Marketing rebates for heating systems are available. Consumers 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 with HSPF of 8.5 or greater, which also provide the benefit of air conditioning all in one unit. Auxillary 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 printed with safety messages and place them on water bottles. All schools are given cases of water to sell and use as fundraisers for the various school

clubs and activities or they could give the water away; it is their choice. 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 any organization that wishes to use them. Contact FEM at 426-6891 for more information.

## Electrical Department

FEM Electric has offered electrician services to respond to electrical needs of our members in Faulk, Edmunds, and McPherson counties since May, 2016. If you have a project requiring an electrician, contact FEM at 426-6891 or 800-587-5880 for a quote.



Ryan Holien



Crystal Thorson



Sean Christiansen



Gregg Zwart



Chad Dutenhoffer



Jesse Brown