

ENERGIZED FOR THE FUTURE



FEM ELECTRIC ANNUAL REPORT
73rd Annual Meeting
JUNE 29, 2021

FEM Electric Association, Inc.

73rd Annual Meeting

Tuesday, June 29, 2021

Ipswich School Theatre, Ipswich, SD

Agenda

5:00 PM Meal - choice of Food Trucks

6:30 PM Registration Closes

Meeting called to order – Gary Bachman, President
Invocation – Paula Petersen
Welcome - Special Guest Recognition - Gary Bachman
National Anthem
Business Meeting Opens
Declaration of Quorum – Larry Bowar, Secretary
Notice of Meeting and Proof of Mailing – Larry Bowar
Minutes of 2020 Annual Meeting – Larry Bowar (page 4)
Ballots For Director District 5 -
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 Recognition –
Eric Odenbach, Asst. Sec./Treasurer &
Tom Thorpe, VP (page 12)

Basin Electric \$1,000 Scholarship -

Katelyn Geditz - Ipswich

FEM \$500 Scholarships –

Peyton Melius - Faulkton

Ally Cunningham - Faulkton

Touchstone Energy Scholar of the Week \$250 –

Josh Hoffman - Leola

Matthew Hettich, 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

The members of FEM Electric Association, Inc. will be held at the Ipswich School Theatre in the City of Ipswich, State of South Dakota, **at six-thirty p.m. on Tuesday, June 29, 2021** 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 5 - Kelly Melius

District 5 - Ryan Nelson

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

The year 2020 I would not say was a bad year, but a year of uncertainty. If you are a very structured individual, you may have found the year somewhat difficult to operate in. There were some sad moments as we had friends that lost loved ones in the past twelve months due to COVID-19. Our elderly have spent the past twelve months in isolation; making for a long and lonely 2020. Employers and employees of essential businesses have had to adapt to keep businesses open and to get needed work completed. I do believe most everyone has stepped up. In rural

South Dakota you have two choices, lay down and quit, or stand up and move forward; we stood up and pushed forward.

In 2020, FEM Electric was no different than other businesses. We had to go outside the policy manual to keep our employees and members safe. We had some employees work from home for a short time, some employees stay home for several days to get an all-clear and some employees that needed to quarantine for the fourteen days. The secret was getting some good accurate information on the COVID virus, which we received from our local medical clinic, and not the news stations. Our goal was to keep the doors open and keep the power flowing to our member's operations, while staying safe at work and home. Everyone needs to accept the challenges; adapt to some changes to keep South Dakota's economy strong and healthy.

FEM Electric has had a great 2020 in many areas. In operations, we have completed work that has been on the back burner for several years; but do not worry, there is always more to do. Members saw the service trucks after January 1, 2021, patrolling the electric lines and doing an annual meter reading. Crews also installed red and white candy cane markers on all underground equipment, opened each underground cabinet, inspected and placed mouse poison in the cabinet. The markers will help members identify a hazard when mowing in tall grass or moving snow. Crews also installed tin bans on power poles to help reduce outages due to raccoons and squirrels. Material for the 2021 work schedule has been ordered, but once again, we will need to be flexible. The supply chains have been interrupted in 2020 and it will take some time for manufacturers to catch up with back orders. During 2020, we replaced meters in the Newtown substation and first quarter of 2021, we replaced all existing Cannon AMR (Automatic Meter Reading) meters, served by the Leola and Onaka substations, with Verizon meters that send data over the cellular system. It will be around 2023 before all locations have Verizon meters installed. Our first AMR system, Cannon, is fifteen years old and has become outdated and labor intensive. Financially, FEM Electric finished strong in 2020 even with small load growth and flattened kilowatt sales. Kilowatt hour sales were down in November and December, due to the warm fall and reduced crop drying, but we went into the fall with strong margins. After the fall of 2019 and first quarter of 2020, our members needed a break. It was nice to see our members get good yields and low moisture, along with increased commodity prices.

The office also had a great year with completing work. We started in December 2019 with a computer conversion which turned into many virtual training courses and working with NISC to get

converted. The office had their daily, weekly, and monthly duties to keep caught up on the old system while learning the new system. Computer conversions can get stressful and overwhelming for employees, if not organized and managed. My hats off to all FEM Electric employees for stepping up, working as a team, and staying focused to get this project completed under uncertain times. NISC is a software company owned by electric and phone cooperatives and should serve FEM Electric into the future. The decision to convert was not made lightly as FEM Electric past management has looked at converting several times over the last twenty years. Director of Finance and Benefits, Rhonda Tuscherer along with myself, felt we had a group of employees in place to make the computer conversion successful.

Moving forward, FEM Electric continues to work at offering reliable power to this region. East River Electric has in place an aggressive transmission and substation work plan. East River in 2020, along with FEM Electric and Northwestern Energy, tied our electrical systems together at Faulkton allowing emergency backup. This is good for FEM members and Faulkton residents.

On the west side, in 2021, Montana Dakota Utilities (MDU) is planning to replace the existing transmission line from Bowdle to near Greenway with a new 69kv transmission line. MDU replaced their substation several years ago at Bowdle and is planning a new breaker station near Greenway. This transmission line serves FEM's Hillview and Newtown substations; our plans are to increase service reliability in these areas.

In 2021, East River will build a new transmission line from Frederick to FEM Electric's Leola Substation and rebuild the Leola Substation. By building this line, FEM Electric will not be relying on MDU for transmission service in this area. In 2022, East River will build a new transmission line from Leola down to the Wetonka substation creating a loop feed.

A project started in 2020 will be completed in 2021. A new high voltage substation, Richmond Substation, located four miles north of Mina Ethanol. From Richmond Substation a new transmission line was built east to a connection by Aberdeen tying into Northwestern Energy's 115kv line. From the Richmond substation north to the Wetonka substation the transmission line will also be replaced and built once again creating a loop feed to our substations.

It is and has been FEM Electric's mission and goal to get reliable transmission service in our service territory. With some load growth and East River joining Southwest Power Pool (SPP), it helps make these transmission upgrades possible.

Starting in 2021 FEM will begin to develop a new four-year work plan and looking to get board approval in 2022. We will be completing our current four-year work plan by the end of 2022. These work plans are like our annual budget, they are a road map of work/improvements that need completed.

As I look at 2021 and moving forward, it looks like we have a positive future with a chance to improve electric service and grow electric demand. FEM Electric has a full house of young, but seasoned, employees with leadership skills and stability in our communities. Your employees are always willing to step outside their safety zone and tackle new duties. In today's world, employees continued education is a must to lay a foundation for the next generation of employees, management, and members growth.

We look forward to serving this area with quality power and helping our members and communities to grow and continue a strong rural economy.

2020 FEM Electric Annual Meeting Minutes

The 72nd Annual Meeting of the members of FEM Electric Association, Inc. was held at 6:30 p.m. at the FEM Electric headquarters in Ipswich, SD on Tuesday, June 30, 2020 with 94 members registered.

Two area food trucks and a local baker, two of which are 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 presented the invocation. Gary Bachman welcomed special guests, retired directors and retired employees. The National Anthem was sung by Paula Petersen.

Secretary Larry Bowar declared that there was a quorum present to do business and he read the “revised” official notice of the meeting and proof of mailing. Larry announced the minutes for the 2019 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 2019 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 director Districts 2 and 3 that were up for election. He introduced the Nominating Committee: Justin Davis, Lee Kindelspire, Kevin Lapka, Greg Preszler and Jonathan Rohrbach. The following candidates were nominated for election in District 2 – Tom Thorpe and District 3 – Gary Bachman. No petitions for nominations were turned in. Attorney Beck asked for a motion and a second to cast a unanimous vote to officially elect Tom Thorpe for District 2 and Gary Bachman for District 3, motion carried.

President Gary Bachman gave the President’s report. He started by quoting First Lady Eleanor Roosevelt, “do one thing every day that scares you”. He expanded on that by saying the first four months of 2020 have proven to be a time that could fit in to the “scary” category and that most of us have had to do something scary while dealing with the Covid-19 pandemic or other issues that have arisen. Gary reflected on the statement “surprise situations seem to make us work better together, farther apart”. We have learned through the last several months that there are many things that we can do remotely, if necessary, and still get the business of our

Cooperative done correctly and efficiently. From having meetings remotely by WebEx to having the office doors locked for an extended period, our necessary business got done, timely and correctly, to ensure that there was no disruption of service to our members. He reminded members that FEM Electric is here for them through both easy and hard decisions at the board meetings. Nothing worth doing is ever easy, from the board room to the people getting the job done, all hard work is for the members.

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.

General Manager/CEO Scott Moore gave a few remarks regarding the activity and progress in the rural counties FEM serves. He believes the area is moving in a good direction; which means FEM is busy. Scott announced the employees with 10 and 20 years of service. He thanked all the employees for their hard work this year. He also thanked the members for attending their meeting and gave them instructions regarding depositing their attendance ticket to receive a \$40 annual meeting attendance credit and how to safely leave the parking lot.

Eric Odenbach announced, and Tom Thorpe presented the \$1,000 Member Basin Scholarship to Lexi Stafford of Ipswich; Avery Sylte of Ipswich and Turner Bowar of Faulkton were presented the \$500 FEM Scholarships. Eric announced that Zach Mueller of Leola and John Bowar of Faulkton 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 – Kenneth Kilber, Ipswich; \$100 – Gerald and Patricia Haupt, Eureka; \$100 – Tim and Susan Braun, Mina; \$50 – Harry and Phyllis Kirschenmann, Hosmer.

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 eight Juniors/Seniors in attendance. Kaitlyn Preszler, daughter of Jason and Heidi Preszler, was drawn for the \$500 scholarship.



Treasurer Report



Paula Petersen, Treasurer

It is my pleasure to provide you with the financial statements for 2020. All records were audited by the firm of Eide Bailly, LLP, of Sioux Falls in March 2021 which resulted in a clean audit.

FEM's total utility plant at the end of 2020 was \$37,392,117 and we have depreciated \$10,266,170 which leaves \$27,125,947 in un-depreciated plant. We had investments and cash on hand in the amount

of \$12,051,247 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 \$1,985,823. **Total assets for 2020 were \$41,163,017.**

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 \$23,336,043. Accrued tax expense, customer deposits, notes payable and deferred credits were \$1,423,067. Patronage capital and other equities, which are primarily the margins generated by your cooperative since 2008, were \$16,403,907. **The total liabilities and equities were \$41,163,017.**

On page 9, you will find the Income and Expense Statement for 2020. **Total operating income for 2020 was \$16,110,715** which is increased \$369,589 from 2019. Revenue from residential customers was \$4,664,687 and revenue from commercial customers was \$11,271,307.

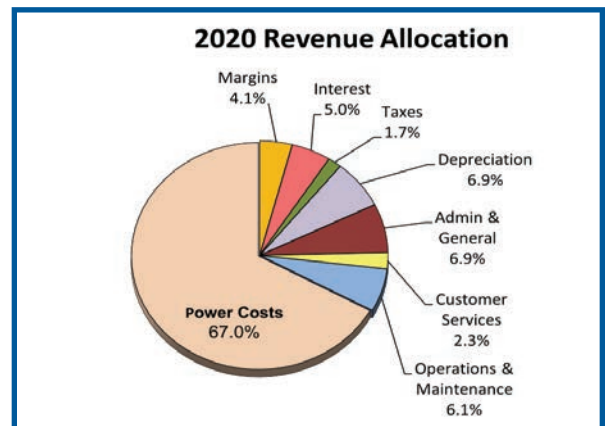
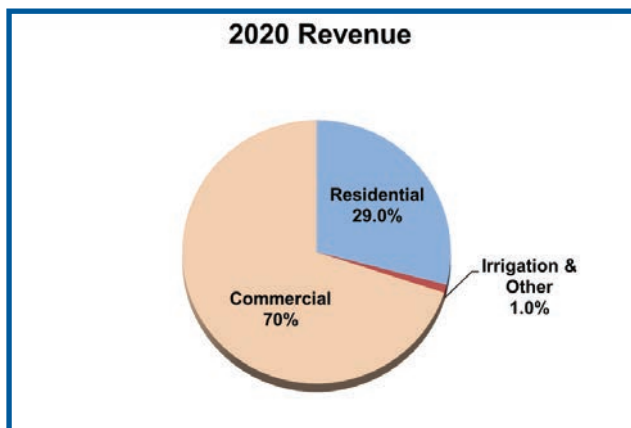
Total expenses were \$15,446,219, which included power costs of \$10,790,694 at an increase of \$26,212. Operations and maintenance expenses were \$986,513, a decrease of \$176,130. Customer services, sales, and office expense was \$1,474,143, a decrease of \$12,734. Depreciation expense was \$1,108,845, which was an increase of \$82,082. Tax expense was \$276,931, which was a decrease of \$836. Interest expense was \$808,635 which was a decrease of \$28,496. 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 \$664,496. Non-operating margin and income is \$29,367. East River/Basin Electric and other margins, which are capital credit allocations from other cooperative organizations which we do business with were \$888,611. The total margins were \$1,582,474.

In 2020, the Commercial revenue increased and is 70% and residential decreased and is 29% of the total revenue. On page 7 and 8, you will find a comparison of various operating statistics for the calendar years 2019 and 2020. **Sales were decreased 499,376 kWhs and the number of connected meters increased by 25 for a total of 2,106.** The average monthly residential usage decreased 72 kWh and the average monthly residential bill increased by \$1.17. Also included are graphs that show the breakdown of revenue and expenses for 2020 and chart our history for the last five years.

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

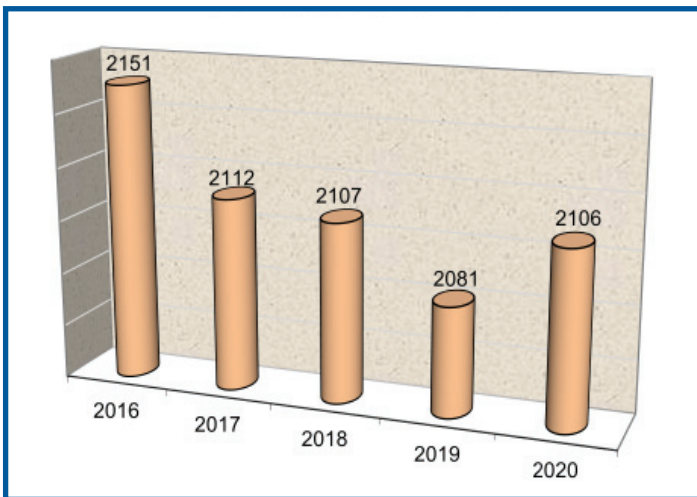
Respectfully submitted, **Paula Petersen, Treasurer**



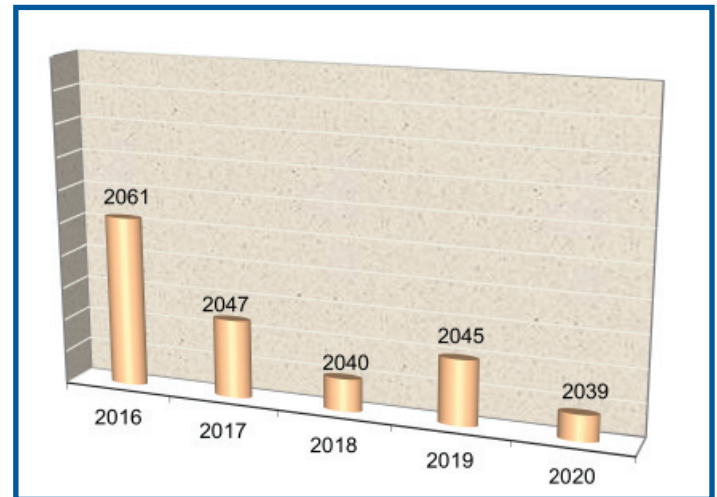
Comparative Operating Statistics

STATISTICS			
	2018	2019	2020
kWhs Purchased	172,374,375	178,258,756	176,978,339
kWhs Sold	167,215,499	172,615,725	172,116,349
Estimated kWhs Used in December Sold in January	1,928,241	994,550	427,825
kWhs Unaccounted for (Line Loss, etc.)	5,158,876	5,643,031	4,861,990
Percent of kWhs Unaccounted for	2.99%	3.17%	2.75%
Number of Connected Consumers	2,107	2,081	2,106
Number of Idle Services	41	23	0
Average Monthly kWh (All)	6,613	6,912	6,811
Average Monthly kWh (Residential)	1,660	1,775	1,703
Average Monthly Bill (All)	\$613.62	\$622.30	\$634.90
Average Monthly Bill (Residential)	\$201.09	\$212.75	\$213.92
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	2,040	2,045	2,039
Consumer Density Per Mile (Energized)	1.03	1.02	1.03

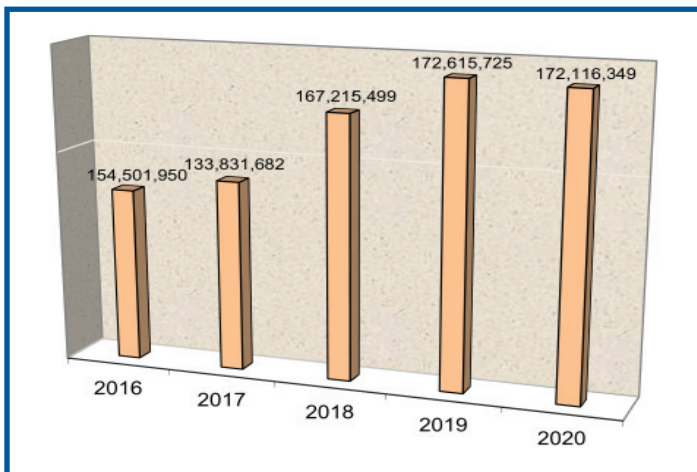
Connected Consumers



Miles of Line



Total kWh Sales

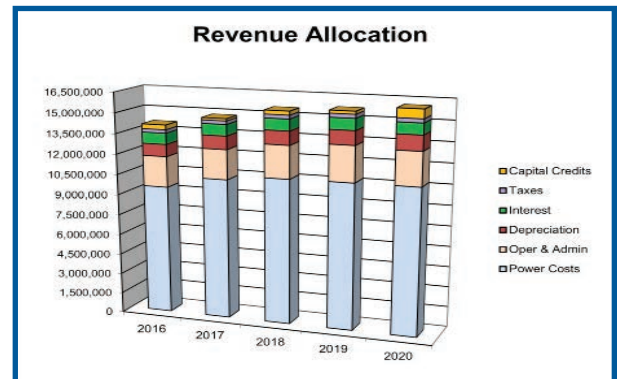
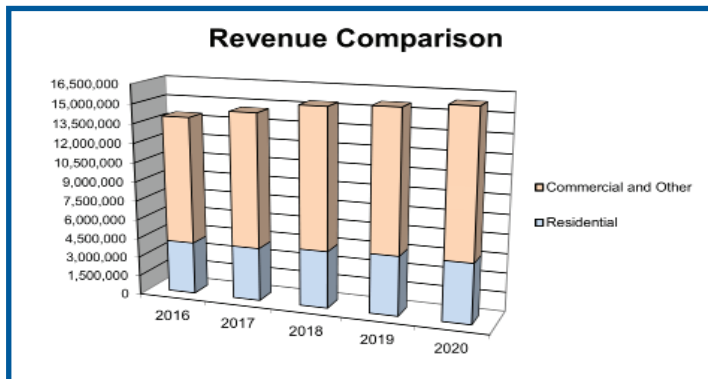


2020 kWh Generation Tax By School District

School District	Total
Hoven 53-2	2,086
Northwestern Area 56-7	10,837
Faulkton Area 24-3	55,803
Edmunds Central 22-5	33,508
Ipswich 22-6	331,771
Bowdle 22-1	31,475
Warner 6-5	74
Eureka 44-1	16,899
Leola 44-2	51,244
Total	\$533,697

Financial Statements

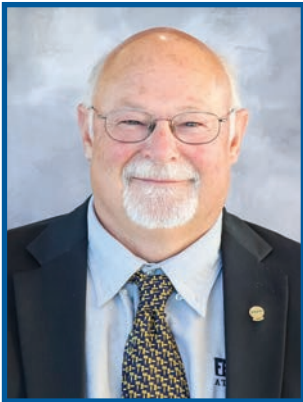
ASSETS		
What We Own		
Current Assets	2019	2020
Cash	-25,098	257,941
Short Term Investments	2,403,688	1,142,866
Patronage Capital - Associated Cooperatives	8,493,244	9,193,010
Investments in Associated Organizations	877,643	877,512
Non-Utility Property - Golf View Acres	64,000	64,000
Investments in Partnerships	0	0
Investments in Economic Development Projects	545,500	475,500
Investments in Member Programs	46,118	40,418
Receivables	1,383,516	1,001,540
Material and Supplies	578,974	483,711
Prepaid Insurance	29,898	29,978
Deferred Debits	601,524	470,594
TOTAL CURRENT ASSETS	14,999,007	14,037,070
Fixed Assets		
General Plant	6,047,024	6,256,077
Electric Distribution Plant	29,821,368	31,136,040
Less: Depreciation Reserve	-9,587,041	-10,266,170
TOTAL FIXED ASSETS	26,281,351	27,125,947
TOTAL ASSETS	\$41,280,358	\$41,163,017
LIABILITIES		
What We Owe		
Current Liabilities	2019	2020
Notes and Accounts Payable	1,205,106	947,742
Consumer Deposits	8,619	9,619
Current and Accrued Liabilities	437,641	465,706
TOTAL CURRENT & ACCRUED LIABILITIES	1,651,366	1,423,067
Long-Term Debt		
Long Term Debt - RUS/FFB	18,618,025	18,050,530
Long Term Debt - CFC	5,138,458	4,807,205
Long-Term Debt – USDA Rural Development Loan	548,316	478,308
TOTAL LONG-TERM DEBT	24,304,799	23,336,043
Equities		
Patronage Capital Assigned	10,917,174	11,226,000
Unassigned Capital	894,472	1,446,085
Other Margins and Equities	3,223,283	3,595,433
Non-Operating Margins	289,264	136,389
TOTAL EQUITIES	15,324,193	16,403,907
TOTAL LIABILITIES	41,280,358	41,163,017



Statement of Operations

STATEMENT OF OPERATIONS		
	2019	2020
Revenue		
Residential Sales	4,639,683	4,664,687
Irrigation Sales	91,875	106,147
Commercial Sales	10,939,788	11,271,307
Street Lights	3,054	3,054
Other Electric Revenues – Wind Energy/Solar	157	143
Sale of Renewable Energy Credits (RECs)	30,130	25,585
Rent from Electric Property	6,600	6,100
Other Operating Revenue	29,839	33,692
TOTAL REVENUE	15,741,126	16,110,715
Expenses		
Cost of Power	10,764,482	10,790,694
Line Operations	678,824	432,305
Line Maintenance	483,819	554,208
Consumer Accounting and Collecting	292,988	288,144
Customer Service and Sales Expense	63,033	86,750
Administrative and General Expenses	1,105,388	1,099,249
Depreciation	1,026,763	1,108,845
Property and KWH Taxes	277,767	276,931
Interest Expense - Long Term Debt	837,131	808,635
Interest Expense – Storm Line of Credit	0	0
Interest Expense - Member Service Programs	0	458
TOTAL EXPENSES	15,530,195	15,446,219
Margins/Patronage Capital Credits		
FEM Operating Margins	210,932	664,496
Non-Operating Margins	87,417	29,367
Income/Loss from Investments-North Star/Rural Dakota	70,476	0
East River/Basin Margins	683,541	781,589
Other Margins	131,371	107,022
TOTAL MARGINS	1,183,737	1,582,474
WHERE THE DOLLARS CAME FROM:		
	2019	2020
Residential	29.47%	29.00%
Commercial	69.50%	70.00%
Others	1.03%	1.00%
WHERE THE DOLLARS WENT:		
Cost of Power	68.38%	67.00%
Operations and Administration	16.67%	15.30%
Depreciation	6.52%	6.90%
Taxes	1.76%	1.70%
Interest	5.32%	5.00%
Margin	1.34%	4.10%

Board President's Report



Gary Bachman, President

I love my old dictionary..... The Dictionary of The English Language by Noah Webster, 1828. It is clear and concise. It is from the old days when language was more of an art than it is today.

The word for today is disruption which is defined as “the act of rending asunder; the act of bursting and separating”.

Disruption is something that we do not like, it is best when things run smoothly, and everything goes as planned. It is, however; not always our choice to have

everything proceed as we want or expect.

Disruption can come in many forms. A pandemic can instantly change the way our business operates and throws our personal lives into chaos. Mother Nature can throw our best laid plans asunder in a matter of days, hours or even minutes. Business

improvements such as a software upgrade or changeover are good moves, but also cause stress levels to rise. Simply upgrading service and infrastructure can cause distress and disruption.

I, personally, have been on the FEM Electric Board of Directors for over 20 years and know from experience that there is always some sort of disruption or controversy. Each one of them is as important as the one before or after, and each one is dealt with at the same level of importance.

Disruption, whether planned or not, happens all the time and at different levels of intensity. We try our best to deal with each event as it crosses our plate and influences our activities and lives. Our response to the extraordinary events in our lives, personally and in our workplace, defines who we are.

At FEM, we have experienced all the above events within the last year. Through teamwork and dedication to our cooperative we have managed to continue to provide electricity to you, the member. We always have and always will have the best interest of our member-owners forefront and foremost.

Respectfully, Gary Bachman

FEM Electric Employees



FEM Electric employees: In truck box, l to r, Gregg Zwart, Perry Ptacek, Dan Feldhaus, Josh Weigel; in front l to r, Rhonda Tuscherer, Carol Schaffner, Barb Schaefer, Angie Sieh, Crystal Thorson, Valette Horst, General Manager Scott Moore, Justin Larson, Ryan Holien, Chad Dutenhoffer, Sean Christiansen, Jesse Brown, Rob Vetch

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
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	Sangamon	North Bryant	Adrian	Rosette	Belle	Pembrook
	District 3			District 4				
	Bowdle	Cottonwood	Glen	Bryant	Huntley	Ipswich	Fountain	Cortlandt
	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	
	District 5							
	Elroy	O'Neil	Saratoga	Pulaski	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

Nominating Committee

FEM ELECTRIC ASSOCIATION, INC.
IPSWICH, SOUTH DAKOTA
April 1, 2021

We, the Nominating Committee, in session on April 1, 2021, at the Beck Law Office in Ipswich, South Dakota, hereby nominate the following:

District 5 -
Kelly Melius
Ryan Nelson

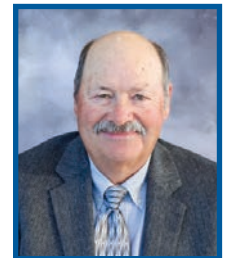
[Signature]
Secretary

[Signature]
Chairman

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

[Signature]
[Signature]
[Signature]

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



LARRY BOWAR
District 5
Secretary

Investing In Our Youth

Scholarships



Basin \$1,000

KATELYN GEDITZ

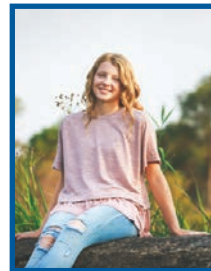
Katelyn Geditz of Ipswich High School was chosen to receive a \$1,000 Basin Electric Power Cooperative scholarship. Katelyn plans to double major in Psychology/Criminal Justice at the University of South Dakota. Her parents are David and Teri Geditz of Ipswich.



\$500 FEM

Ally Cunningham of Faulkton High School was chosen to receive a \$500 FEM Electric scholarship. Ally plans to attend Northern State University to major in Elementary/Special Education. Her parents are Brice and Nicole Cunningham of Faulkton.

ALLY CUNNINGHAM



\$500 FEM

Peyton Melius of Faulkton High School was chosen to receive a \$500 FEM Electric scholarship. Peyton plans to attend Northern State University and major in Elementary/Special Education. Her parents are Ryan and Nikki Melius of Faulkton.

PEYTON MELIUS

Matthew Hettich of Ipswich High School was selected as Scholar of the Week for the week of October 25-31, 2020. He received a \$250 scholarship and was featured on KSFY.



MATTHEW HETTICH

Touchstone Energy
Scholar of the Week!



JOSH HOFFMAN

Josh Hoffman of Leola High School was selected as Scholar of the Week for the week of March 1 - 7, 2021. He received a \$250 scholarship and was featured on KSFY.

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*

FEM Electric's Co-ops in the Classroom



JENNIFER GROSS TEACHES A LESSON IN ELECTRICITY



STUDENTS EXPERIENCE STATIC



A HAIR-RAISING EXPERIMENT

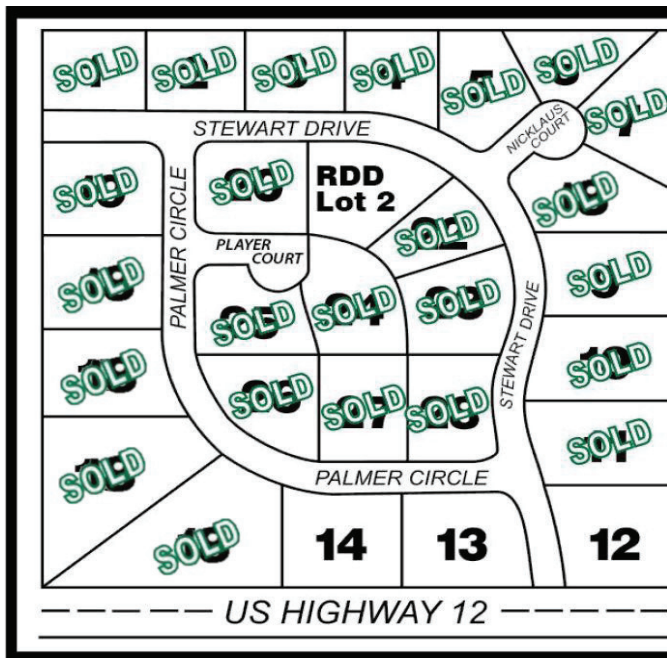
FEM values the time we get to spend in the classroom with the children. We feel it is important to teach electrical safety; to help them understand electricity as well as the cooperative way. By learning these concepts from an early age, the kids will be better prepared to make wise energy decisions 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.

In 2020, the Covid-19 pandemic unfortunately affected our ability to visit the area schools and colonies in person. As health and safety guidelines allow, 'Coops in the Classroom' looked forward to in school visits which began in the spring of 2021.

Golf View Acres

At the end of 2020, FEM was serving fourteen 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.



GOLF VIEW ACRES



A Touchstone Energy Cooperative®

**Realtor: Beck Law Office
Call 605-426-6319**

New East River Richmond Substation

East River Electric Power Cooperative has built a new 115/69-kV transmission substation located approximately four miles north of the Aberdeen Energy Ethanol Plant, along county highway 15N. East River Electric is the wholesale power provider to FEM Electric and 23 other distribution electric cooperatives, as well as one municipal electric system in eastern South Dakota and portions of western Minnesota. The substation ties four 69-kV lines together and brings in 115-kV sources to provide support for the electric loads west of Aberdeen in FEM's territory.

The primary 115-kV source will come from Northwestern Energy's new 115-kV A-Tap switching station on the west edge of Aberdeen. This project is part of the \$35 million transmission buildout for the FEM Electric and Northern Electric Cooperative systems which will move member load in the area from the Montana Dakota Utilities (MDU) system to the East River transmission system. The Richmond substation will be the southern interconnection point of the major transmission buildout within Brown, Edmunds and McPherson counties.

Using planning studies and outage reports, East River and FEM identified the northwest transmission area as being at risk for reliability. The area has seen sustained growth that is becoming increasingly difficult to reliably serve with the power provider's existing system. The area consists of a variety of electric consumers including large industrial loads, residential consumers and rural agricultural consumers.

The majority of physical construction in the substation is complete. The protection, control and communication work was scheduled to start the first week of April, with commissioning activities commencing toward the end of May. All of the transmission line work will be complete in early July and the substation will be ready for service sometime toward the middle of July.



Promotions & Services

Water Heater Rebates

Consumers installing electric water heaters will receive the following rebates: standard water heater, 50 gallons or larger, \$3.00 per gallon; 10 year warranty 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.

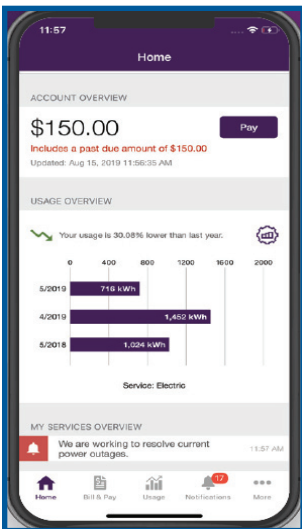
Safety Presentations



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 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 Hollen



Crystal Thorson



Sean Christiansen



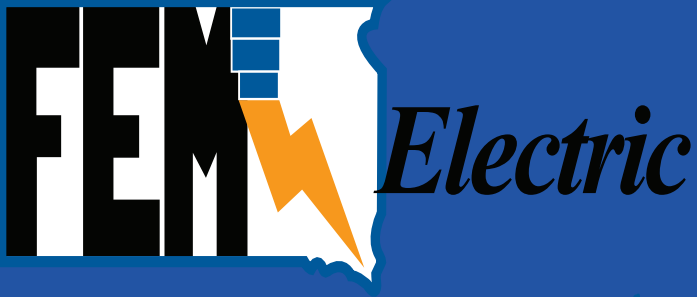
Gregg Zwart



Chad Dutenhoffer



Jesse Brown



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FUTURE