

2024 ANNUAL REPORT



Your Touchstone Energy® Cooperative 



Board of Directors



Kent Haugland
Vice President
District 1



Lynn Jacobson
Secretary/Treasurer
Statewide Director & NRECA Director
District 1



Lane Titus
District 2



Steven Overlee
Asst. Secretary/Treasurer
District 2



Kurt Koppelsloen
District 2



David Sigloh
President
District 3



Jeff Dahlin
District 3

PRESIDENT AND MANAGER’S REPORT



David Sigloh
President



Jerry King
General Manager

You are invited! Please make plans to attend the 80th Annual Meeting of Burke-Divide Electric Cooperative, Inc. (BDEC) on Wednesday, June 11, at the cooperative’s headquarters located at 9549 Highway 5, Columbus, North Dakota.

This year, we are elevating our Annual Meeting to new heights! For the first time, we are excited to introduce the Touchstone Energy hot air balloon at the event. Rides will begin at 5 p.m. and will continue as long as the pilot has fuel and weather conditions allow. It’s a first-come, first-served opportunity! Don’t miss out!

2024 was another good year for your cooperative. We had net margins of \$1.826 million which we have allocated to our membership. We continue to maintain a strong and stable financial equity position of capital credits with you, our members, while also keeping a very good working relationship with our bankers—USDA’s Rural Utilities Service (RUS), National Rural Utilities Cooperative Finance Corporation (CFC) and CoBank.

We experienced an 8.8% growth in energy sales in 2024 and see that trend continuing into 2025. The growth is in agricultural services and heavily in the commercial oil sector of the cooperative. It is good to see growth in our membership.

Below is a comparison of how the Cooperative has changed since the first member was energized on June 15, 1948.

FAST FACTS	2024	2014	1948
Total Utility Plant	\$104,244,607	\$ 70,700,232	\$483,765
Total Operating Revenue	\$24,414,171	\$ 27,607,824	\$2,645
Capital Credits Allocated	\$1,825,888	\$9,250,178	\$1,098
Capital Credits Retired	\$1,750,073	\$1,533,482	-
Total kWh Sold	212,999,992	228,942,744	31,444
System kW Demand	38,373	45,666	47
Number of Meters	3,562	3,121	93
Number of Members	1,391	1,449	110
Miles of Line	2,587	2,683	108
Number of Employees	34	35	4

We are progressing with recovery from the April 2022 storm. Our goal is to complete construction of 2 new miles of 115 kV transmission line and rebuild the Twin Butte Substation located in Twin Butte Township, 10 miles Southwest of Crosby, as well as the retirement of 11 miles of 60 kV transmission line, by the end of 2025. The total expenses incurred due to the storm in April 2022 reached nearly \$10.8 million. We have submitted a request for reimbursement to the Federal Emergency Management Agency (FEMA) for approximately \$9.1 million and have, to date, received close to \$5.4 million.

We are working on our next 4-year construction work plan. Much of this work plan focuses on tie-lines between substations, rebuilding transmission lines and conversion of overhead power lines to underground. Our goal with these projects is to provide our members with a higher level of reliability.

In anticipation of rate increases from our power suppliers, we completed a cost-of-service study with our engineers in late 2024 to determine what was needed to fairly allocate a necessary rate increase across our membership. Rates were adjusted beginning January 1 and were reflected on the bills you received in February.

We expect that our wholesale power costs from suppliers will increase, once again, in 2026. The Western Area Power Administration (WAPA) has experienced reduced hydro-electric generation output due to continued drought conditions and low snowpack as well as increases in dam improvement expenses and personnel costs. At Basin Electric Power Cooperative, the load growth within the Upper Missouri Power Cooperative (UMPC) family has been unprecedented, challenging Basin to add generation capacity at an equally unprecedented scale.

In January 2025, the UMPC load peak was 2,066 megawatts. By 2030, the UMPC family is forecast to be at 3,500 megawatts. To meet rising demand, Basin Electric is investing nearly \$8 billion over the next decade in new and existing power generation and transmission. One major project is the Bison Generation Station, a nearly \$4 billion natural gas power plant in Williams County, near Epping. Once completed, this facility will generate approximately 1,470 megawatts of electricity to support growth in our region. Additionally, the proposed twin 230 kV transmission line project between the U.S. and Canada will provide export and import capabilities of up to 650 megawatts, strengthening the local and regional electric system. BDEC has been fortunate to be a member of this very diverse group historically helping us keep our rates low. We will do our best to minimize future rate increases while maintaining reliability.

Material supply chain continues to be a challenge for us. If you have a project coming up, please contact us as soon as possible to ensure we have the proper materials and time to help you complete your projects.

This year we will be hiring 3 seasonal apprentice lineworkers, one at each of our locations. The extra employees will help us complete our summer projects within our short construction season.

As a part of our commitment to our communities, Burke-Divide works in partnership to offer grants for community projects and organizations through our Operation Round Up program, CoBank's Sharing Success Grant program and Basin Electric Power Cooperative's matching donation fund. Information on these grants is available on our website and in the *North Dakota Living* magazine.

Cooper Svangstu and Audrey Kihle are our 2025 Basin Electric Power Cooperative scholarship recipients. If you get the opportunity to meet these young folks, congratulate them and wish them well as they prepare for the future.

We will award our \$500 BDEC Memorial Scholarship through a “Luck-of-the-Draw” process at the Annual Meeting. Detailed information regarding the scholarship can be found on page 9 of this report.

In recognition of the cooperative’s 80th annual meeting, this year’s progressive cash drawing will be \$800. One member will be drawn from the entire membership list and must be present to win. And don’t forget about the Touchstone Energy hot air balloon!

The Directors and Employees take great pride in and are dedicated to our mission: Burke-Divide Electric Cooperative strives to provide reliable, high-quality electricity at a competitive cost, to strengthen the area economy and to lead in improving the region’s quality of life through innovative, state-of-the-art products and services while operating within cooperative principles.

We encourage you to review the information provided in this report and bring any questions you have to the Annual Meeting on June 11 at our headquarters in Columbus. We would be happy to answer them before, during, or after the meeting. We look forward to seeing you soon and please travel safely!

ANNUAL MEETING AGENDA

- Call to Order
- Quorum Report
- Appointment of Parliamentarian and Tellers
- Notice of Annual Meeting
- Minutes of 2024 Annual Meeting
- Financial Report
- President and Manager’s Report
- Operation Round Up, Scholarships and Youth Tour Report
- Election of Directors
- Old Business
- New Business
- Questions & Comments
- Adjourn

Planning a trip to Medora this summer?

As a member of Burke-Divide Electric Cooperative, your local Touchstone Energy® Cooperative, you are eligible for discounts on tickets, lodging and golf in Medora.

- Medora Musical and pitchfork steak fondue
- Bully Pulpit Golf Course
- Gospel Brunch
- Old Town Hall Theater shows
- Lodging at Elkhorn Quarters, Badlands Motel, Rough Riders Hotel and Medora Campground

Call 800-MEDORA-1 or book online at medora.com.
Use the discount code: TOUCH2025



The 79th Annual Meeting of the members of Burke-Divide Electric Cooperative, Inc., was held at the Burke-Divide Electric Crosby Outpost in Crosby, North Dakota, on June 12, 2024.

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

INVOCATION: Becky Knudson led the group in the invocation.

NATIONAL ANTHEM: The group stood and saluted the flag during the National Anthem.

QUORUM: Vice President Kent Haugland reported that 78 members were registered for the meeting and that a quorum was present.

PARLIAMENTARIAN: President David Sigloh appointed the cooperative's attorney, Ashleigh Ensrud, to act as parliamentarian for the meeting.

ELECTION TELLERS: President David Sigloh announced the appointment of election tellers: District 1 – Art Schilke; District 2 – Lielan Grote; and District 3 – Ronald Boughton.

NOTICE OF MEETING: President David Sigloh reported that the Notice of Meeting was mailed to the membership. It was moved, seconded and carried to dispense with the reading of the Notice of Meeting.

MINUTES: President David Sigloh reported that the 2023 Annual Meeting minutes are printed in the 2023 Annual Report. It was moved, seconded and carried to dispense with the reading of the minutes of the 2023 Annual Meeting. It was moved, seconded and carried to approve the 2023 Annual Meeting Minutes in the form presented.

INTRODUCTION OF BOARD OF DIRECTORS: President Sigloh introduced the Board of Directors and General Manager of the cooperative. Jerry King presented a service award to Director David Sigloh for 35 years of service.

FINANCIAL REPORT: Business Manager Brooke Watterud presented the cooperative's financial report. Eide Bailly, LLP, of Fargo, North Dakota, audited the financial statements for the year ending December 31, 2023. The cooperative received an unmodified ("clean") audit opinion. Burke-Divide's financial statements have been prepared using accounting principles generally accepted in the United States of America and do not contain material misstatements and are fairly presented. The cooperative had no compliance findings. Watterud discussed assets, liabilities, revenues, expenses and financial ratios. Watterud answered questions from the membership. It was moved, seconded and carried to approve the 2023 Audited Financial Statement.

PRESIDENT & MANAGER'S REPORT: President David Sigloh and Manager Jerry King presented a report on the past year of operations. Sigloh and King updated the membership on the status of FEMA and North Dakota Department of Emergency Services matters. Manager King reported that the April 2022 storm recovery is in its final phases and Burke-Divide continues to work on the rebuild of the Twin Butte substation and associated 115kV transmission lines. President Sigloh discussed the new 4-year work plan, which will have an emphasis on overhead to underground conversion in areas that have historically been prone to frost damages and outages. Sigloh noted that there are planned substation and transmission line upgrades as well. Manager King discussed supply chain, rising material costs, rising labor costs and timeline to acquire fleet vehicles. President Sigloh announced that \$1.5 million of cooperative capital credits from 2013 and 2014, \$111,000 of generation and transmission cooperative capital credits and all inactive member capital credits with a balance of \$250 or less were retired in 2024. Manager King provided a ten-year lookback of Burke-Divide, noting increases in total utility plant, operating revenue and kWh sold. President Sigloh discussed power purchased from Upper Missouri Cooperative, with generation coming from Western Area Power Administration and Basin Electric Power Cooperative. Sigloh noted that the electric power is 23% hydro-electric, 35% coal, 26% wind and 16% natural gas. President Sigloh highlighted potential EPA rule changes and potential impacts

on the electric cooperative industry. Sigloh noted that 27 states have filed lawsuits relating to the EPA power plant rule. President Sigloh discussed rates, noting that the Basin Electric Power Cooperative and Western Area Power Administration will increase. Sigloh discussed the factors that affect rates, including supply chain issues, federal regulations, increased cost of new power generation sources and increased costs of materials and labor. President Sigloh and Manager King answered questions from the membership.

BASIN ELECTRIC POWER COOPERATIVE REPORT: Jeremy Severson, Vice President of Transmission at Basin Electric Power Cooperative addressed the Burke-Divide membership. Severson discussed member load growth, generation projects and transmission projects. Severson highlighted Basin's member sales, load forecast and timelines for construction projects. Severson answered questions from the membership.

OPERATION ROUND UP REPORT: Member Services Manager Heidi Grohs reported on the Operation Round Up Program, a charitable giving program. Grohs introduced the members of the Operation Round-Up Board and thanked them for their service. The Operation Round Up Program awarded seven grants, totaling \$7,200 to area organizations and projects in 2023. Grohs noted that the list of recipients was included in the Annual Report. Operation Round Up has awarded over \$103,000 to area organizations since the program began in 2010. Grohs thanked members and employees for their participation in the program. Grohs announced grant opportunities for area community and non-profit organizations as follows: Rural Development Finance Corporation (RDFC) and CoBank's Sharing Success Matching Grant program. Grohs noted that information for the grants is available on BDEC's website and that the application deadline is September 1.

SCHOLARSHIPS: Member Services Manager Heidi Grohs reported on scholarship programs sponsored by Burke-Divide and Basin Electric Power Cooperative. Kyra Bakken and Billi Fortier are the 2024 recipients of the \$500 Basin Electric Power Cooperative Scholarships.

YOUTH TOUR: Grohs noted that Avah Bullinger will represent Burke-Divide on the 2024 Youth Tour and that she and her husband are the chaperones this year.

INTRODUCTION OF EMPLOYEES: Manager King introduced the Burke-Divide employees. King and Sigloh thanked the employees for their work at the cooperative and for its members.

ELECTION OF DIRECTORS: Attorney Ashleigh Ensrud conducted the election of directors.

District 1: Ensrud noted that the members were to elect a director for District 1. Ensrud noted that Lynn Jacobson has filed a petition for the District 1 Director Seat, which he currently holds. No other petitions for the District 1 Director Seat were filed. It was moved, seconded and carried to direct the Secretary to cast a unanimous ballot for Lynn Jacobson as District 1 Director.

District 2: Ensrud noted that the members were to elect a director for District 2. Ensrud noted that Steve Overlee has filed a petition for the District 2 Director Seat, which he currently holds. No other petitions for the District 2 Director Seat were filed. It was moved, seconded and carried to direct the Secretary to cast a unanimous ballot for Steve Overlee as District 2 Director.

OLD BUSINESS: President Sigloh called on members for old business. There was none.

NEW BUSINESS: President Sigloh called on members for new business. There was none.

QUESTIONS AND COMMENTS: President David Sigloh called for questions or comments from the membership. The members gave a round of applause for the cooperative's employees.

LUCK-OF-THE-DRAW SCHOLARSHIP: President David Sigloh announced Kiah Nelson as the 2024 \$500 Burke-Divide Electric Memorial Luck-of-the-Draw Scholarship winner.

PROGRESSIVE CASH PRIZE: President Sigloh announced the \$250 Progressive Cash Prize winner. The member was not present.

ADJOURNMENT: There being no further business to conduct, it was moved, seconded and carried to adjourn the meeting at 7:27 p.m.

BALANCE SHEETS AS OF DECEMBER 31, 2024 and 2023
ASSETS

ELECTRIC PLANT	<u>2024</u>	<u>2023</u>
In service	\$ 100,981,871	\$ 98,684,372
Under construction	3,262,736	968,882
Total electric plant	104,244,607	99,653,254
Less accumulated depreciation	28,745,447	26,125,419
Electric plant – net	75,499,160	73,527,835
OTHER PROPERTY AND INVESTMENTS		
Investments in associated companies	10,095,601	9,706,954
Other investments	278,650	267,550
Revolving loan pool	144,714	143,674
Special funds	861,250	812,500
Total other property and investments	11,380,215	10,930,678
CURRENT ASSETS		
Cash and cash equivalents	3,087,112	3,475,784
Temporary investments	4,463,182	7,843,513
Accounts receivable, less allowance for uncollectable accounts (2024 - \$797,414; 2023 - \$734,518)	1,824,175	2,260,909
Other accounts receivable—FEMA	325,631	1,170,681
Current portion of other investments	-	27,778
Materials and supplies	3,399,486	3,553,002
Prepayments	350,878	349,537
Interest receivable	164,767	104,687
Total current assets	13,615,231	18,785,891
	<u>\$ 100,494,606</u>	<u>\$ 103,244,404</u>

BALANCE SHEETS AS OF DECEMBER 31, 2024 AND 2023

EQUITIES AND LIABILITIES

EQUITIES	2024	2023
Patronage capital	\$35,928,473	\$35,852,659
Other equities	6,931,448	6,831,870
<u>Total equities</u>	<u>42,859,921</u>	<u>42,684,529</u>
LONG-TERM DEBT,		
<u>LESS CURRENT MATURITIES</u>	<u>50,612,786</u>	<u>52,481,921</u>
CURRENT LIABILITIES		
Current maturities of long-term debt	2,086,999	2,069,470
Accounts payable	1,931,534	1,459,329
Customer deposits	95,360	101,497
Taxes accrued	158,670	147,807
Accrued interest	15,420	16,324
<u>Accrued compensated absences</u>	<u>200,800</u>	<u>185,590</u>
<u>Total current liabilities</u>	<u>4,488,783</u>	<u>3,980,017</u>
DEFERRED CREDITS		
Customer energy prepayments	14,361	16,463
Uncashed capital credit checks	235	344
Customer construction prepayments	939,871	2,512,276
Deferred gain on disposition of allowances	35,663	107,063
Deferred revenue	400,000	400,000
Deferred compensation	461,250	412,500
Estimated installation costs		
<u>-special equipment</u>	<u>681,736</u>	<u>649,291</u>
<u>Total deferred credits</u>	<u>2,533,116</u>	<u>4,097,937</u>
	<u>\$100,494,606</u>	<u>\$103,244,404</u>

INDEPENDENT AUDITOR'S REPORT

We have audited the financial statements of Burke-Divide Electric Cooperative, Inc., which comprise the balance sheets as of December 31, 2024 and 2023 and the related statements of operations, changes in equities and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Burke-Divide Electric Cooperative, Inc., as of December 31, 2024 and 2023 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Eide Bailly, LLP
March 18, 2025

STATEMENT OF OPERATIONS & PATRONAGE CAPITAL

OPERATING REVENUES	<u>2024</u>	<u>2023</u>
Electric	\$24,216,355	\$22,957,301
Other	197,816	198,700
Total operating revenues	24,414,171	23,156,001
OPERATING EXPENSES		
Cost of Power	12,035,170	10,813,376
Transmission-operation and maintenance	95,085	78,971
Distribution – operation	2,245,641	1,907,480
Distribution – maintenance	1,194,614	1,622,284
Customer accounts	134,471	127,163
Customer service and informational	95,679	77,123
Sales expense	146,831	146,400
Administrative and general	2,456,957	2,249,501
Depreciation	2,906,320	2,821,350
Depreciation –plant retirement reserve	542,859	523,371
Taxes	197,725	184,659
Interest on long-term debt	1,552,133	1,580,205
Other	66,734	58,465
Total operating expenses	23,670,219	22,190,348
OPERATING MARGINS		
BEFORE CAPITAL CREDITS	743,952	965,653
OTHER COOPERATIVE CAPITAL CREDITS	721,567	788,789
NET OPERATING MARGINS	1,465,519	1,754,442
NONOPERATING MARGINS (LOSSES)		
Merchandising, less costs and expenses	(246,074)	(98,194)
Interest income	506,972	266,970
Other income	99,471	56,170
Total nonoperating (losses) margins	360,369	224,946
NET MARGINS	<u>\$1,825,888</u>	<u>\$1,979,388</u>

2025 Scholarship Winners



Cooper Svangstu

Basin Electric Power Cooperative—\$500

Cooper Svangstu is a 2025 graduate of Divide County High School and plans to attend North Dakota State College of Science to pursue a degree in Precision Agriculture. Cooper is the son of Lee and Brent Svangstu of Noonan.



Audrey Kihle

Basin Electric Power Cooperative—\$500

Audrey Kihle is a 2025 graduate of Kenmare High School and plans to attend Minot State University to pursue a bachelor's degree in nursing. Audrey is the daughter of Megan and Matt Kihle of Lignite.

Luck-of-the-Draw Scholarship

Burke-Divide Electric Cooperative will award its \$500 Memorial Scholarship through a random drawing held at the conclusion of the cooperative's annual meeting Wednesday, June 11, in Columbus.

The requirements to enter the scholarship drawing are listed below:

- 1. The student or parent/legal guardian must be an active member of Burke-Divide Electric Cooperative at the time of the drawing.**
- 2. Both the student and parent/legal guardian must be present at the Annual Meeting when the drawing is held.**
- 3. The student must be enrolled in a full-time vocational/technical, undergraduate or graduate degree program in the 2025 Fall term.**
- 4. The student must submit a "Luck-of-the-Draw" Scholarship application form at the meeting. The application form is available at bdec.coop and may be completed prior to the meeting. The student must bring the printed application form to the meeting. Forms will also be available at the meeting.**



2024 OPERATION ROUND UP REPORT

In 2010, Burke-Divide Electric Cooperative began a charitable giving program called Operation Round Up intended to benefit organizations and communities across the cooperative's service territory.

Through Operation Round Up, cooperative members "round up" their electric bills to the next whole dollar each month with the extra pennies going to the Operation Round Up fund. Burke-Divide Electric employees also contribute by "rounding down" their paychecks each month.

7 grants totaling \$7,400 were awarded to the following organizations in 2024:

Bowbells Country Club

\$1,000—community building at golf course

Columbus Community Club

\$2,500—basketball court

Crosby Country Club

\$1,000—greens mower

Divide County Roughriders 4H Club

\$700—Little free libraries in Noonan and Fortuna

Kenmare Fire Department

\$1,000—self-contained breathing apparatus filling station

Kenmare Park District

\$700—First Lego League Robotics Team equipment

Powers Lake High School

\$500—Robotics Club equipment

Non-profit and community organizations in Burke-Divide Electric's service area are eligible to apply for Operation Round Up funds.

A board of five trustees manages the distribution of Operation Round Up funds. Grants are awarded in March and September each year.

128 grants totaling over \$111,000 have been awarded to area organizations since the program began.

OPERATION ROUND UP BOARD OF TRUSTEES

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