



2025 ANNUAL REPORT

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're invited! Please plan to join us for the 81st Annual Meeting of Burke-Divide Electric Cooperative, Inc. (BDEC) on Wednesday, June 10, at the cooperative's Kenmare Outpost located at 45400 506th St NW, Kenmare, North Dakota.

2025 was another successful year for your cooperative. We recorded net margins of \$2.99 million, all of which have been allocated back to you, our members, as capital credits. BDEC continues to maintain a strong financial position, supported by a stable equity base and solid partnerships with our lenders—USDA's Rural Utilities Service (RUS), National Rural Utilities Cooperative Finance Corporation (CFC), and CoBank.

We experienced 13.9% growth in energy sales in 2025, with similar trends expected into 2026. This increase is largely driven by increased demand in the agricultural sector and continued activity in the commercial oil sector. It is encouraging to see continued growth across our membership.

Below is a snapshot of how your cooperative has evolved since energizing its first member on June 15, 1948:

<u>FAST FACTS</u>	<u>2025</u>	<u>2015</u>	<u>1948</u>
Total Utility Plant	\$108,414,325	\$ 66,280,648	\$483,765
Total Operating Revenue	\$28,602,534	\$ 28,444,472	\$2,645
Capital Credits Allocated	\$2,990,520	\$5,358,222	\$1,098
Capital Credits Retired	\$1,561,623	\$461,726	-
Total kWh Sold	242,553,998	259,485,607	31,444
System kW Demand	44,574	43,994	47
Number of Meters	3,566	3,620	93
Number of Members	1,396	1,461	110
Miles of Line	2,578	2,681	108
Number of Employees	33	39	4

In 2025, we completed key system improvements tied to the April 2022 storm, including construction of two miles of new 115 kV transmission line, rebuilding the Twin Butte Substation located 10 miles southwest of Crosby, and retiring 11 miles of 60 kV transmission line.

With these projects complete, storm-related repairs and upgrades across the system have been finalized. Total storm-related expenses reached \$11.4 million. We submitted reimbursement requests to the Federal Emergency Management Agency (FEMA) totaling approximately \$9.1 million and, to date, have received just over \$8 million.

We are now in the first year of our new four-year construction work plan. Much of this plan focuses on upgrading transmission lines, substations, and switchyards to enhance system reliability and meet growing demand.

We saw increased wholesale power costs from our power suppliers in January 2026. Basin Electric, our major power supplier, implemented a 10% increase and the Western Area Power Administration (WAPA) increased rates by 6%. Through growth and good stewardship, we have been able to absorb these costs to the members without raising rates; however, Basin Electric has already announced an additional 10% rate increase in January 2027. WAPA has indicated it will also implement another rate increase in 2027 but has not yet announced its rate structure for 2027. We expect these increases to have a financial impact on the membership, and we will evaluate rates later this year. Our priority remains minimizing increases while maintaining the high level of reliability our members expect.

To meet rising demand, Basin Electric is investing nearly \$11 billion over the next decade in generation and transmission infrastructure. A key project is the Bison Generation Station, a nearly \$4 billion natural gas facility near Epping in Williams County, expected to generate approximately 1,490 megawatts (MW).

Additionally, a proposed twin 230 kV transmission line between the U.S. and Canada will allow for up to 650 MW of import and export capacity, strengthening regional grid reliability. BDEC benefits from being a member of this very diverse power supply network, historically helping us keep our rates low.

Material supply chain continues to be a challenge for us. If you are planning a project, please contact us early to ensure we have the proper materials and time to help you complete your projects.

This summer, we will hire two seasonal apprentice lineworkers—one at each outpost—to support construction projects during our limited building season.

BDEC remains committed to supporting our communities through partnerships and grant programs, including Operation Round Up, the Rural Development Finance Corporation, CoBank's Sharing Success program, and Basin Electric's matching donation fund. Information about these opportunities is available on our website and in the *North Dakota Living* magazine.

Elydie Johnson and Stockton Nelson are our 2026 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.

Our \$500 BDEC Memorial Scholarship will be awarded through a "Luck-of-the-Draw" process at the Annual Meeting. Details are on page 9 of this report.

This year's progressive cash drawing will be \$500. One member will be drawn from the entire membership list and must be present to win.

The Directors and Employees take great pride in and are dedicated to our mission: Burke-Divide Electric strives to provide reliable, high-quality electricity to 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 10 at our Kenmare Outpost. We would be happy to answer them before, during, or after the meeting.

We look forward to seeing you on June 10—please travel safely!

ANNUAL MEETING AGENDA

- Call to Order
- Invocation
- National Anthem
- Quorum Report
- Appointment of Parliamentarian and Tellers
- Notice of Annual Meeting
- Minutes of 2025 Annual Meeting
- Introduction of Board of Directors
- Financial Report
- President and Manager's Report
- Operation Round Up, Scholarship and Youth Tour Reports
- Introduction of Employees
- Election of Directors
- Old Business
- New Business
- Questions & Comments
- Luck-of-the-Draw Scholarship
- Prize Drawings
- 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.

15 percent discount:

- Medora Musical
- Pitchfork Steak Fondue
- Gospel Brunch
- Old Town Theater shows
- Lodging at Elkhorn Quarters, Badlands Motel, Rough Riders Hotel and Hotel 1883
- Bully Pulpit Golf Course (*discount applied at tee time check-in*)



**Call 1-800-MEDORA-1 or book online at medora.com.
DISCOUNT CODE: TOUCH2026**

MINUTES OF THE 80th ANNUAL MEETING OF BURKE-DIVIDE ELECTRIC COOPERATIVE, INC.
JUNE 11, 2025

The 80th Annual Meeting of the members of Burke-Divide Electric Cooperative, Inc., was held at the Burke-Divide Electric Cooperative Headquarters in Columbus, North Dakota, on June 11, 2025. **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 94 members were registered for the meeting and that a quorum was present.

PARLIAMENTARIAN: President Sigloh appointed the cooperative's attorney, Debra L. Hoffarth, to act as parliamentarian for the meeting.

ELECTION TELLERS: President Sigloh announced the appointment of the Election Committee. The tellers include: District 1–Wayne Pulvermacher; District 2–Darrell Dihle; and District 3–Mark Zeltinger.

NOTICE OF MEETING: President 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 Sigloh reported that the 2024 Annual Meeting minutes are printed in the 2024 Annual Report. It was moved, seconded and carried to dispense with the reading of the minutes of the 2024 Annual Meeting. It was moved, seconded and carried to approve the 2024 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. Sigloh thanked the Board of Directors. Sigloh presented Director Lane Titus with a service award to Lane Titus for 15 years of service.

FINANCIAL REPORT: Business Manager Brooke Watterud, presented the cooperative's financial report. Eide Bailly, of Fargo, audited the balance sheets for the year ending December 31, 2024. The cooperative received an unmodified ("clean") audit opinion. The cooperative had one significant Government Auditing Standard finding regarding financial statement footnote presentation. Watterud discussed assets, liabilities, revenues, expenses and financial ratios. It was moved, seconded and carried to approve the 2024 Audited Financial Statement.

PRESIDENT & MANAGER'S REPORT: President David Sigloh and Manager Jerry King presented a report on the past year of operations. King reported that the April 2022 storm recovery is in its final phases and Burke-Divide's goal is to complete construction of 2 new miles of 115kV transmission line and rebuild of the Twin Butte substation, as well as the retirement of 11 miles of 60kV transmission line in 2025. King noted that the total expenses due to the April 2022 storm reached nearly \$10.8 million and the cooperative has requested from FEMA for approximately \$9.1 million and to date has received \$5.4 million. Sigloh discussed the new 4-year work plan, which will focus on tie-lines between substations, rebuilding transmission lines and converting overhead power lines to underground. Sigloh reported that the cooperative's goal is to provide members with a higher level of reliability. King discussed supply chain, rising material costs, rising labor costs and timelines to acquire fleet vehicles. Sigloh announced that \$1.44 million of capital credits, which includes a portion of cooperative capital credits allocated for 2014; generation and transmission cooperative capital credits allocated in 2009, 2010 and a portion of 2011; and all inactive member capital credits with a balance of \$250 or less. King provided a ten-year lookback of Burke-Divide, as well as a comparison to 1948 when Burke-Divide first energized distribution lines. King noted that the first member was energized on June 15, 1948. King discussed total utility plant, operating revenue and kWh sold. King reported an 8% growth in energy sales in 2024 and that the cooperative is trending at a growth rate of 11% in 2025. King noted that the growth is primarily in agricultural and commercial oil sectors. 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. Sigloh discussed rates, noting that the Basin Electric Power Cooperative and Western Area Power Administration rates will continue to increase. Sigloh reported that the rate adjustment effective January 1, 2025, should be adequate to absorb any increase in wholesale power costs in 2026.

OPERATION ROUND UP REPORT: Member Services Manager Heidi Haugen-Grohs reported on the Operation Round Up Program, a charitable giving program. Haugen-Grohs introduced the members of the Operation Round-Up Board and thanked them for their service. Operation Round Up Program awarded seven grants, totaling \$7,400, to area organizations and projects in 2024. Haugen-Grohs noted that the list of recipients was included in the Annual Report. Operation Round Up has awarded over \$111,000 to area organizations since the program began in 2010. Haugen-Grohs thanked members and employees for their participation in the program.

SCHOLARSHIPS: Member Services Manager Heidi Haugen-Grohs reported on Scholarship programs sponsored by Burke-Divide Electric Cooperative, Inc. and Basin Electric Power Cooperative. Audrey Kihle and Cooper Svangstu are the 2025 recipients of the \$500 Basin Electric Power Cooperative Scholarships. Haugen-Grohs noted that the 2025 \$500 Burke-Divide Electric Memorial Scholarship would be selected through the Luck-of-the-Draw process and announced at the end of the annual Meeting.

YOUTH TOUR: Haugen-Grohs noted that no students applied for the 2025 Youth Tour. Haugen-Grohs shared her experience chaperoning the 2024 Youth Tour and encouraged students to apply.

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

ELECTION OF DIRECTORS: Attorney Debra L. Hoffarth conducted the election of directors.

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

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

District 3: Hoffarth noted that the members were to elect a director for District 3. Hoffarth noted that David Sigloh has filed a petition for the District 3 Director Seat, which he currently holds. No other petitions for District 3 Director Seat were filed. It was moved, seconded and carried to direct the Secretary to cast a unanimous ballot for David Sigloh as District 3 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 Sigloh called for questions or comments from the membership. There were none.

LUCK-OF-THE-DRAW SCHOLARSHIP: President Sigloh revealed the Luck-of-the-Draw Scholarship winner, which requires a student and parent to be present at the Annual Meeting to be awarded the scholarship. Sigloh announced that Ann Crosby is the 2025 recipient of the \$500 Burke-Divide Electric Memorial Scholarship.

PROGRESSIVE CASH PRIZE: President Sigloh announced the \$800 Progressive Cash Prize winner, who was not present to win. The 2026 Progressive Cash Prize will be \$500.

ADJOURNMENT: There being no further business to conduct, it was moved, seconded and carried to adjourn the meeting at 7:05 p.m.

BALANCE SHEETS AS OF DECEMBER 31, 2025 and 2024
ASSETS

ELECTRIC PLANT	<u>2025</u>	<u>2024</u>
In service	\$106,448,943	\$ 100,981,871
Under construction	1,965,382	3,262,736
Total electric plant	108,414,325	104,244,607
Less accumulated depreciation	32,040,848	28,745,447
Electric plant – net	76,373,477	75,499,160
OTHER PROPERTY AND INVESTMENTS		
Investments in associated companies	10,632,036	10,095,601
Other investments	294,167	278,650
Revolving loan pool	145,553	144,714
Special funds	2,317,300	861,250
Total other property and investments	13,389,056	11,380,215
CURRENT ASSETS		
Cash and cash equivalents	1,940,010	3,087,112
Temporary investments	4,156,419	4,463,182
Accounts receivable, less allowance for uncollectable accounts (2025 - \$829,159; 2024 - \$797,414)	2,558,176	1,824,175
Other accounts receivable—FEMA	1,094,974	325,631
Materials and supplies	4,329,664	3,399,486
Prepayments	393,528	350,878
Interest receivable	68,807	164,767
Total current assets	14,541,578	13,615,231
	<u>\$104,304,111</u>	<u>\$ 100,494,606</u>

BALANCE SHEETS AS OF DECEMBER 31, 2025 AND 2024

EQUITIES AND LIABILITIES

EQUITIES	2025	2024
Patronage capital	\$37,357,368	\$35,928,473
Other equities	6,931,448	6,931,448
<u>Total equities</u>	<u>44,288,816</u>	<u>42,859,921</u>
LONG-TERM DEBT, LESS CURRENT MATURITIES	49,214,346	50,612,786
CURRENT LIABILITIES		
Current maturities of long-term debt	2,315,657	2,086,999
Line of credit	1,250,000	-
Accounts payable	2,539,183	1,931,534
Customer deposits	92,665	94,765
Taxes accrued	184,887	159,265
Accrued interest	20,746	15,420
<u>Accrued compensated absences</u>	<u>174,235</u>	<u>200,800</u>
<u>Total current liabilities</u>	<u>6,577,373</u>	<u>4,488,783</u>
DEFERRED CREDITS		
Customer energy prepayments	16,174	14,361
Uncashed capital credit checks	-	235
Customer construction prepayments	1,316,986	939,871
Deferred gain on disposition of credit losses	16,486	35,663
Deferred revenue	1,800,000	400,000
Deferred compensation	517,300	461,250
Estimated installation costs <u>-special equipment</u>	<u>556,630</u>	<u>681,736</u>
<u>Total deferred credits</u>	<u>4,223,576</u>	<u>2,533,116</u>
	<u>\$104,304,111</u>	<u>\$100,494,606</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, 2025 and 2024, 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.

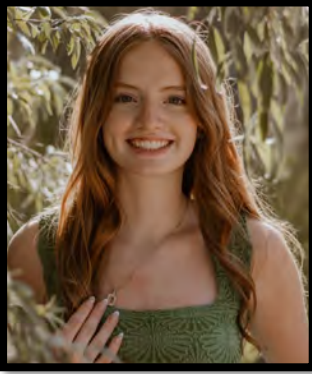
In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Burke-Divide Electric Cooperative, Inc., as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Eide Bailly, LLP
March 20, 2026

STATEMENT OF OPERATIONS & PATRONAGE CAPITAL

OPERATING REVENUES	<u>2025</u>	<u>2024</u>
Electric	\$28,391,926	\$24,216,355
Other	210,068	197,816
Total operating revenues	28,602,534	24,414,171
OPERATING EXPENSES		
Cost of Power	14,527,738	12,035,170
Transmission-operation and maintenance	89,211	95,085
Distribution – operation	2,560,509	2,245,641
Distribution – maintenance	1,042,992	1,194,614
Customer accounts	220,203	134,471
Customer service and informational	78,276	95,679
Sales expense	162,912	146,831
Administrative and general	2,562,599	2,456,957
Depreciation	2,961,651	2,906,320
Depreciation – plant retirement reserve	583,237	542,859
Taxes	221,857	197,725
Interest on long-term debt	1,544,786	1,552,133
Other	44,936	66,734
Total operating expenses	26,600,907	23,670,219
OPERATING MARGINS		
BEFORE CAPITAL CREDITS	2,001,627	743,952
OTHER COOPERATIVE CAPITAL CREDITS	814,242	721,567
NET OPERATING MARGINS	2,815,869	1,465,519
NONOPERATING MARGINS (LOSSES)		
Merchandising, less costs and expenses	(164,511)	(246,074)
Interest income	322,430	506,972
Other income	16,732	99,471
Total nonoperating (losses) margins	174,651	360,369
NET MARGINS	\$2,990,520	\$1,825,888

2026 Scholarship Winners



Elydie Johnson

Basin Electric Power Cooperative
\$1,500

Elydie Johnson is a 2026 graduate of Divide County High School and plans to attend the University of North Dakota, where she will pursue a degree in social work. She is the daughter of Nicole and Rodney Johnson of Crosby.



Stockton Nelson

Basin Electric Power Cooperative
\$1,000

Stockton Nelson is a 2026 graduate of Divide County High School and plans to attend Bismarck State College or another trade school to study electric technology, with the goal of becoming a licensed electrician. He is the son of Lacey and Troy Nelson of Columbus.

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 10, in Kenmare.

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 2026 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.



2025 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.

6 grants totaling \$8,600 were awarded to the following organizations in 2025:

Bowbells Senior Citizens Club

\$2,500—senior center roof replacement

Columbus Roughriders 4-H Club

\$1,000—flower beds at Burke County Fairgrounds & Columbus Park

Donnybrook Rural Fire District

\$1,000—grass fire fighting gear

Powers Lake School

\$2,300—football scoreboard

Powers Lake School—Gearheads Robotics

\$500—FIRST Tech Challenge robot & registration

Powers Lake School—Music Department

\$1,300—purchase rental instruments for 5th & 6th grade band

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.

134 grants totaling nearly \$120,000 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