

2021 Annual Meeting Report

BY ELECTRIC

A Touchstone Energy® Cooperative 



Tuesday, August 10, 2021

134 S. Lidice St. • Tabor, SD • 605-463-2507 • byelectric.coop

2021 Annual Drive-Thru Meeting

A Message from your Cooperative Leadership

On behalf of the board of directors and your electric co-op, Bon Homme Yankton Electric Association, Inc., we welcome you to your 77th annual meeting Drive-Thru style on August 10th beginning at 5:30 p.m.

When initially planning the annual meeting, the board of directors' top priority was the safety of not only our employees but the members that would be attending. The Covid-19 Pandemic was still uncertain, so we leaned on the CDC guidelines at that time for public gatherings to determine how to go forward with the 2021 annual meeting. The guidelines did not support large in person public gatherings.

There were a few ways to have our meeting and since the Drive-Thru style has been successful with electric cooperatives throughout South Dakota, we decided to do a Drive-Thru annual meeting.

How will it work? As you drive into Tabor off Highway 50 on Lidice Street, keep going north. In front of our main office will be the first station to stop and register, and then you will proceed through the next stations to vote and receive a meal voucher. We will also be going live on Facebook throughout the meeting. At about 7:40pm we will do the prize drawings and air it via Facebook Live. We are excited to provide some of the same elements of a "normal" annual meeting with meal vouchers and prize drawings. More details can be found in this publication.

The Pandemic certainly was a disrupter in 2020. With the world essentially shut down, we still lived by our mission to provide safe-reliable electricity to our members. It was essential that our employees stayed healthy to fulfill that mission. For a while, our office employees rotated working from home and our operations employees worked in separate crews to minimize the chance of an employee outbreak. All



Paul Voigt
President
District #1



Stephanie Horst
General Manager

the employees did a remarkable job of being flexible and resilient through the ever-changing CDC recommendations.

As the Pandemic evolved, B-Y Electric stayed focused on you, the members. We were sensitive to what financial burdens you may be facing due to the Pandemic. One of the first things the board of directors did was loosen collection policies by extending payment plans, suspending late fees and disconnections.

As the year went on, our expenses were coming in lower than budgeted because of halted activities and our sales were higher creating unbudgeted excess margins. The board of directors recognized that these unbudgeted excess margins should not be allocated for a future payout and approved two bill credits totaling \$600,000.

In addition to the bill credits on the November and December billing, members also received their 2020 capital credit refund on their August billing statement. The 2020 total capital credit retirement was \$420,000. A grand total of \$1.2 million went back into the pockets of our members.

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The Pandemic did not stop our crews from constructing new services and tackling large line construction projects due to SD State Highway road moves and East River Electric upgrading transmission in our area. Because of the low interest environment created by the Pandemic we secured our long-term construction loans totaling \$1.96 Million at average of only 1.32%.

The large underground line construction projects needed for the road moves and transmission upgrades posed a depreciation issue with our poles. Once we place the underground line, the overhead facilities are retired. Under a regular construction plan, that system works perfect because we are retiring old line that is fully depreciated, but these projects converted newer overhead construction that was not fully depreciated when retired.

2021 Annual Drive-Thru Meeting

Cooperative Leadership Cont. & Petitions

Our auditors helped guide us through correcting our pole depreciation with Rural Utility Service (RUS) approval. The total depreciation adjustment is \$800,000 which will be recognized as an adjustment over a few years. \$400,000 was expensed in 2020 and \$200,000 in both 2021 and 2022. This is an example of an unforeseen event that was weathered because of our margin stabilization plan that Treasurer Robert Ruppelt explains in his report on page 6.

The political climate has changed in the last year. The Biden Administration continues to push an aggressive environmental agenda. The good news is that as a member of B-Y Electric, you can be proud that your power suppliers (East River Electric and Basin Electric) are responsibly securing more renewables in our energy generation portfolio. In 2020, 25.20% was wind generation, and 17.5% was hydro generation. Over 40% of the energy provided to our members is renewable.

Amid a heavy Pandemic year, there have been some silver linings that we have recognized. Thank you for your patronage, and we look forward to seeing you at the Drive-Thru Annual Meeting.

Paul Voigt, Board President

Stephanie Horst, General Manager

Petitions for Director Election

An election for the Bon Homme Yankton Electric Board of Directors will be held at the Drive-Thru Annual Meeting in Tabor on August 10, 2021 from 5:30-7:30 PM. Director Districts 3 and 5 have terms expiring this year. Incumbent directors Dave Sykora and John Lillevold have filed petitions for re-election for Districts 3 and 5 respectively. Both incumbent directors are running unopposed.

District 3: Dave Sykora has petitioned for re-election of District 3 which is in central part of our service area and straddles Bon Homme and Yankton counties north of Tabor. He has served on the board for 6 years and is currently serving as Vice President of the board. Dave farms north of Tabor.



Dave Sykora
Vice President
District #3

District 5: John Lillevold has petitioned to continue to serve District 5 which consists of two townships south of Tabor including the west end of the Lewis & Clark Lake area. He has served on the board for 6 years. John is a retired electrical engineer.



John Lillevold
District #5

2021 Annual Drive-Thru Meeting Agenda & Ballot Sample

2021 Annual Meeting Agenda

- 5:30 PM Meeting Begins *broadcast via Facebook Live*
 - Call to Order *Paul Voigt Board President*
- 5:30-7:30 PM Drive-Thru Meeting
 - Registration of Members
 - Election & Democratic Member Participation
- 7:40 Meeting Resumes *broadcast via Facebook Live*
 - Official Business *Paul Voigt*
 - Secretary Business *Dave Sternhagen Board Secretary*
 - Election & Seating of Directors *Shelia Woodward*
 - Other Business *Paul Voigt*
 - Adjournment of Meeting *Paul Voigt*
 - Door Prize Drawing

Drive-Thru Meeting Instructions

- 5:30-7:30 PM Drive-Thru Meeting on Lidice St. in Tabor
- Remain in your vehicle and drive through 3 stations
- Station 1: Meeting Registration & Enter for Door Prizes
- Station 2: Pick up Ballot & Receive Member Gift
- Station 3: Submit Ballot & Collect \$20 Meal Certificate
- Leave meeting by continuing down Lidice St. or turning onto Chicago St.
- We will resume official Annual Meeting business at 7:40 PM via Facebook Live
- We will draw door prize winners via Facebook Live after the Annual Meeting has been adjourned
- Over the next few days after the meeting, we will contact the door prize winners and deliver their prizes

See the August 2021 Cooperative Connections Issue for a map of the event.



OFFICIAL ELECTION BALLOT

Bon Homme Yankton Electric Association. Inc
2021 Annual Meeting
August 10th, 2021
134 S. Lidice St., Tabor, SD 57063

Ballot for election of One Director per District for a three-year team,
You may cast one vote for each district nominee

Directors running unopposed for 2021 are:

- Dave Sykora, District #3
- John Lillevold, District #5

OFFICIAL 2020 ANNUAL MEETING MINUTES APPROVAL

Accept 2020 Annual Meeting Minutes as printed in the Annual Report included in the August 2021 Issue of Bon Homme Yankton Electric Cooperative Connections mailed on July 20th, 2021.

- YES
- NO

OFFICIAL 2020 ANNUAL MEETING FINANCIAL REPORT APPROVAL

Accept 2020 Annual Financial Reports as printed in the Annual Report included in the August 2021 Issue of Bon Homme Yankton Electric Cooperative Connections mailed on July 20th, 2021.

- YES
- NO

\$20 Meal Certificate Choices:
The Keg, Tabor
Country Drive In, Tyndall
Dairy Dock, Yankton
JoDean's Steak House & Lounge, Yankton

2021 Annual Drive-Thru Meeting

2020 Annual Meeting Minutes (unapproved)

The annual meeting of the members of Bon Homme Yankton Electric Association was held at the Leonard Cimpl Baseball Field in Tabor, South Dakota on August 11, 2020. Due to the Coronavirus Pandemic, indoor gatherings were not allowed. In order to conduct a pandemic safe annual meeting, a Drive In meeting was conducted around the baseball field. The members tuned in on their car radios to hear the meeting being conducted from the outfield.

The meeting was called to order by President Paul Voigt at 10:25 AM. He led the members in the Pledge of Allegiance and provided the invocation. President Voigt welcomed the members to the unprecedented annual meeting amidst the Coronavirus Pandemic. He explained that in the registration bags a voting paddle was provided. At the time of the vote, they are to either show him the green “yes” side or the red “no” side of the paddle to cast their vote. He announced the designated official vote counters as Rick Koupal and Susan Shrader and then guided everyone in a couple practice votes.

Quorum: President Voigt announced that 59 members had registered at the time the meeting started and declared a quorum was present.

Proof of Mailing of the Notice of the Annual Meeting: President Voigt reported that the official notice of the 2020 Bon Homme Yankton Electric annual meeting was mailed via United States Post Office on July 23, 2020, in the August 2020 issue of the Cooperative Connections.

Minutes of the Previous Annual Meeting: President Voigt indicated that a copy of the previous annual meeting minutes had been printed in the August 2020 issue of the Cooperative Connections. It was moved and seconded to approve the previous annual meeting minutes as presented. Motion carried.

Audited Financial Report: President Voigt indicated that the 2019 Financial Report was published in the August 2020 issue of the Cooperative Connections for the members to review. He reported that Eide Bailly conducted the audit of the 2019 financials, and a clean audit was received. A motion was made and seconded that the audited report be approved as presented, motion carried.

Election and Seating of Directors:

Attorney Sheila Woodward conducted the election and seating of the directors. Director seats were available in Districts 1, 4 and 7. Paul Voigt filed the only petition for the board seat in District 1, Dean Sternhagen filed the only petition for the board seat in District 4 and Rick Cheloha filed the only petition for the board seat in District 6. Pursuant to the Bylaws, a motion was made and seconded to appoint Paul Voigt as the director for District 1, Dean Sternhagen as the director for District 4, and Rick Cheloha as the director for District 6. Motion carried.

Attorney Woodward presented the summary of the bylaw changes that were published in the July and August 2020 Cooperative Connections and posted on the Bon Homme Yankton Electric website. She also indicated that the full redlined version of the changes was available for members and posted on the Bon Homme Yankton Electric website. After each article summary she sought questions from the membership. No questions or concerns were brought up.

President Voigt entertained a motion for the Bylaw revisions. A motion and a second was obtained. Motion carried.

President Voigt indicated that there was no new business at the 2019 annual meeting or unfinished business to address. President Voigt then asked if there was any new business and there was none brought forward. With there being no further business, a motion was made and seconded to adjourn the meeting at 10:44 AM, motion carried.

Paul Voigt, Board President

Dave Sternhagen, Board Secretary

2021 Annual Drive-Thru Meeting

Treasurer's Report

This Bon Homme Yankton Electric Association, Inc. (B-Y Electric) financial report is for the year 2020.

The financial records have been audited by Eide Bailly and a clean audit was received. The financial statement is on page 7 which this report will explain.

Our Assets show a net value of our utility plant after depreciation of \$23.4 Million. This increased the value by \$238,372 from the previous year. Our other assets include plant materials, supplies, cash, investments, and other funds. Our Total Assets ended the year at \$34.8 Million.

The Rural Utility Service (RUS) is our main lender having a vested interest in our financial position and authorized B-Y Electric to fund a Margin Stabilization plan. The Margin Stabilization fund allows us to weather unforeseen events that could impact our financial position, maintain financial ratios determined by our mortgage requirements, and stabilizes rates. Our Margin Stabilization funds amounted to \$638,398 at 2020-year end. This reflects a decrease of \$376,580 from the previous year. This decrease is explained in the Leadership report on page 4 of this annual report.

Our Total Liabilities, or what we owe, are \$34.8 Million. Patronage Capital and Other Equities were \$12.4 Million at



Robert Ruppelt
Treasurer
District #2

year end. The amount we owed to our lenders RUS, CFC and CoBank was \$19.7 Million, along with other accounts at the end of the year was \$2.7 Million. The Members' Equity or Share of Assets is 35.6% of the total assets.

Revenues received in 2020 were \$10.8 Million which includes the Margin Stabilization Funds left from previous year which is an increase of \$478,468 over 2019.

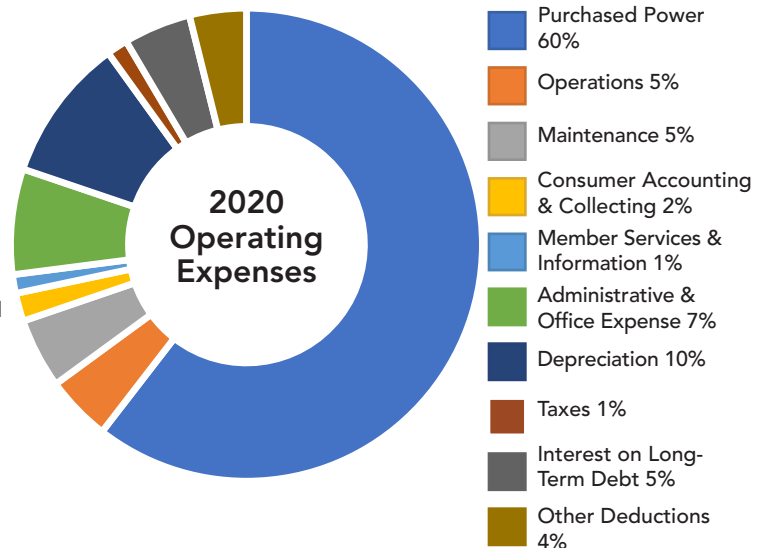
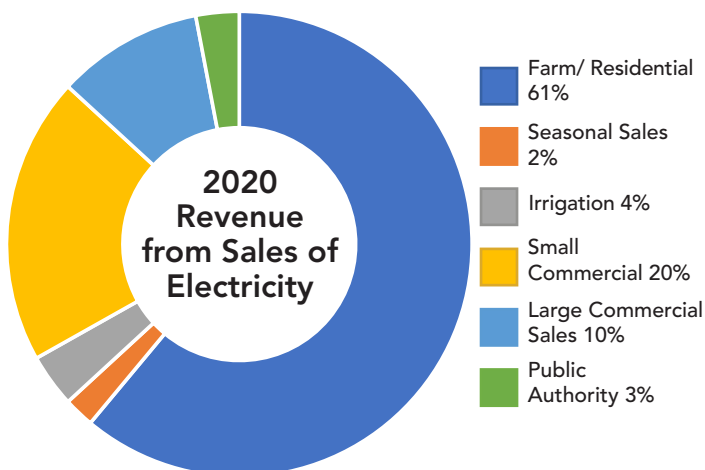
Operating Expenses totaled \$10.4 Million and our Wholesale Power Costs were \$6.3 Million or 60.84% of total operating expenses. This was an increase of \$146,040 while the other operating expenses were \$221,082 higher than last year.

Total Margins for 2020 were \$853,408 which gets allocated to the members in the form of capital credits and refunded at a later date. Of this total, \$350,238 was Operating and Non-operating Margins. The G&T and Other allocations amounted to \$503,170 which is not cash but are allocation amounts shown as margins on our books for the year. These funds come from our memberships in other cooperatives such as East River Electric and Basin Electric and are returned to our members as we receive them.

This concludes my report. If you have questions regarding the financial statement, contact the B-Y Electric office.

Respectfully Submitted,

Robert Ruppelt, Board Treasurer



2021 Annual Drive-Thru Meeting

Financial Report

Financial Report					
For the Years Ending December 31, 2019 and 2020					
Income Statement			Balance Sheet		
Operating Revenue	2019	2020	Assets (What We Own)	12/31/19	12/31/20
Farm/Residential Sales	\$6,834,342	\$6,321,377	Investment in Lines, Buildings and Equipment	\$34,752,989	\$36,105,001
Seasonal Sales	239,883	218,737	Less Accumulated Provision for Depreciation	11,629,110	12,742,750
Irrigation Sales	173,742	381,488	Net Value of Plant	23,123,879	23,362,251
Commercial Sales	1,970,026	2,069,619	Investments in Associated Organizations	6,910,894	7,160,869
Large Commercial Sales	1,072,761	1,051,804	Margin Stabilization Fund	1,014,978	1,038,398
Public Street Lighting	12,072	12,072	Non-Utility Plant	1,102	-
Other Sales to Public Authorities	307,962	311,138	Cash and Cash Equivalents	4,922	1,065,776
Other Revenues	66,912	42,366	Accounts Receivable	1,131,621	817,149
Deferred Revenues	(370,987)	376,580	Materials and Supplies	672,796	898,959
Total Operating Revenue	10,306,713	10,785,181	Prepayments	12,764	11,680
Operating Expenses			Deferred Debits	18,770	412,514
Purchased Power	6,186,806	6,332,846	Total Assets	33,408,306	34,767,596
Operations	479,798	470,331	Liabilities (What we Owe)		
Maintenance	532,139	501,975	Patronage Capital	10,538,925	10,972,148
Consumer Accounting & Collecting	217,015	201,648	Other Equities	1,349,507	1,405,241
Member Service and Information	192,209	133,907	Long-Term Debt	18,647,286	19,688,811
Administrative and Office Expense	769,344	755,566	Current Maturities of Long Term Debt	788,582	905,105
Depreciation	990,262	1,031,252	CFC Line of Credit	0	0
Taxes	150,928	151,459	Accounts Payable	692,355	700,237
Interest on Long-Term Debt	513,177	484,477	Customer Deposits	68,048	72,076
Other Deductions	8,930	407,269	Taxes Accrued	160,450	195,562
Total Cost of Electric Service	10,040,608	10,470,730	Other Current Liabilities	129,483	122,255
Margins			Customer Prepayments	18,692	67,763
Operating Margins	266,105	314,451	Deferred Revenues-Margin Stabilization	1,014,978	638,398
Non-Operating Margins	90,484	35,787	Total Equities & Liabilities	\$33,408,306	\$34,767,596
East River Electric, Basin Electric and Other Capital Credits	433,010	503,170			
Total Margins	\$789,599	\$853,408			

Comparative Statistics		
	2019	2020
Kilowatt Hours Sold	94,329,901	94,661,944
Average Monthly Use Farm/Rural Residential	1,710	1,594
Average Number of Consumers	3,847	3,882
Miles of Line	1,298	1,296
Consumers per Mile of Line	3.00	3.03

2021 Annual Drive-Thru Meeting Board of Directors & Staff



Paul Voigt
President
District #1



Dave Sykora
Vice President
District #3



Stephanie Horst
General Manager
18 years of service



Nicole Einrem
Office Manager
32 years of service



Ken Carda
Operations Manager
28 years of service



Jaclyn Arens
Communications/Marketing Coordinator
1 year of service



Robert Ruppelt
Treasurer | District #2
5 years of service



Dave Sternhagen
Secretary
District #7



Teresa Holland
Billing Clerk
22 years of service



Kara Zomer
Accounting Work Order Clerk
14 years of service



Jennifer Boska
Member Services Representative
2 years of service



Linda Schenkel
Part Time Office Assistant
7 years of service



Dean Sternhagen
District #4



Travis Gause
Lead Lineman
17 years of service



Nathan Kloucek
Lead Lineman
9 years of service



Alex Caba
Apprentice Lineman
2 years of service



Sean Kafka
Apprentice Lineman
1 year of service



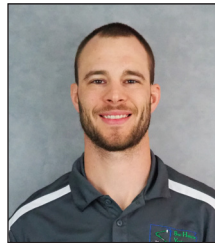
Aaron Melichar
Materials/Facilities Coordinator
4 years of service



John Lillevold
District #5



Kevin Meyer
Electrical Contractor
22 years of service



Wes Kloucek
Journeyman Electrician
6 years of service



Rick Cheloha
District #6

**The B-Y Electric
Board of Directors and Staff
Thank You for being
a member of your
cooperative!**

We would like to recognize Travis Zomer, Tyler Suess, Gunnar Dally, and Robert Ruppelt for their Milestone Anniversaries.

Congratulations and **Thank You**
for your Dedication!



Travis Zomer
Line Foreman
20 years of service



Tyler Suess
Lead Lineman
10 years of service



Gunnar Dally
Journeyman Lineman
5 years of service