

President's/CEO Report

Allen Thiessen/Jason Brothen

With so many aspects of our lives being disrupted in 2020, one thing has stayed consistent, electricity.

We knew as the COVID-19 pandemic started that we must be a stable part of our member's lives. The state and federal government asked cooperatives to take every precaution necessary to protect our employees and members. The overall fear was that if electrical companies lost workers to the COVID-19 illness, our power grid could be compromised if a storm situation arose, or in the event of a major outage. LYREC employees work closely daily; LYREC has implemented several safety protocols and taken the necessary precautions to keep our employees safe. Regardless of your views on the COVID-19 pandemic, we must continue to follow the direction given by our national organization along with the local, state, and federal agencies and decide what is best for our cooperative staff and members.

This year the board has proposed some changes to the bylaws. It is important that we continue to update our governing document with the evolution of our cooperative. This year we are proposing changes that also align with Montana law. It was apparent in the past legislative session that our state representatives wanted to see the coops evolve with their overwhelming approval of a bill that will allow flexibility in voting and meetings. These changes will not take anything away from our cooperative model, but

they will allow us to expand our reach and involvement to the membership.

As you can see from the financial statements, LYREC is in a sound financial condition. Our board and staff have put a lot of effort into detailing the budget over the years, and it shows by having a strong financial position. LYREC takes a proactive approach to ensure the cooperative is financially sound due to the uncertainty of the future energy market and mother nature. Our power supplier, Upper Missouri Power Cooperative, which blends our allocation of federal power from Western Area Power Administration with cooperative owned generation from Basin Electric Power Cooperative, continues to play a very large role in our rate design and future decisions. Our power suppliers are experiencing a shift in the industry that affects how LYREC plans. As part of the strategic discussion, we are looking at all aspects of our business, and the adjustments that will need to be made due to the changes with our power suppliers. As cooperatives, we have seen these challenges before and moving forward with our membership's support, we are confident that we will make the right decisions and continue to supply safe, reliable power at an affordable cost. As we adapt to our changing power market, the membership can rest easy that our power supply is adequate, reliable, and safe.

In 2020, our operations department continued the preventive maintenance such as pole replacements, underground replacements, updating old metering services that cause safety concerns, and

testing of protection devices throughout the system. The yearly maintenance we perform has paid off with a decline in system outages.

Along with the maintenance, we did complete the first part of our transmission line from our Marley substation to a new Sanderson substation. We also started the second phase of the project at our new Romo substation, which will be replacing our old Bainville and Buford substations. The new transmission line and substations are upgrading old facilities and will provide a good backbone for many years.

We take great pride in our reliability. We LOVE that you don't have to spend time worrying if your lights will come on when you flip the switch. Our mission is to improve your lives and our communities by delivering affordable, reliable, and safe electricity.

LYREC is committed to maintaining open communication with our members. We will be posting important information regarding cooperative business on social media, our website and our monthly magazine. We will also be looking for additional ways to meet with members. Thank you for your support and until we meet again, stay safe.

The LYREC logo features the letters 'LYREC' in a bold, sans-serif font. The 'L' and 'Y' are black, while the 'R' and 'E' are orange, and the 'C' is black. The letters are closely spaced and have a slight shadow effect.

Annual Meeting Notice & Report

Income Statement

Assets

Utility Plant

Electric Plant in Service	\$82,580,134
Construction Work in Progress	\$10,855,392
Total Utility Plant	\$93,435,526
Less Provision for Depreciation	<u>-\$31,551,403</u>
Net Utility Plant	\$61,884,123

Other Property, Investments & Special Funds

Non-Utility Property	\$7,600
Investments in Associated Utilities	<u>\$10,841,160</u>
Total Other Property & Investments	\$10,848,760

Current Assets

Cash-General Fund	\$807,954
Temporary Investments	\$3,010,746
Accounts Receivable (Energy)	\$2,538,435
Accounts Receivable (Other)	\$7,299
Material & Supplies	<u>\$1,655,164</u>
Total Current Assets	\$8,019,598
TOTAL ASSETS	\$80,752,481

Scholarships

LYREC will be awarding twenty (20) college scholarships. This year for a chance to win a scholarship, you will need to Create-A-Greeting-Card. You are already taking beautiful shots for your Snapchat and Instagram pages, so why not put your skills to work and snag a \$1,000 college scholarship with your photo?

The eligibility criteria and guidelines will be posted on www.lyrec.coop and on LYREC's social media sites.

The applications deadline is 5 pm on May 27th.

The scholarship recipients will be announced June 3rd on Facebook.

** An individual applicant can receive a maximum of two annual meeting scholarships.

Balance Sheet

Equities and Liabilities

Equities

Patronage Capital	\$39,742,220
Net Margins	\$1,700,870
Non-operating Margins	\$77,129
Other Equities	<u>\$2,959,675</u>
Total Equities	\$44,479,894

Long Term Debt

Total Long Term Debt	\$31,008,975
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Current Liabilities

Accounts Payable	\$1,719,699
Consumer Deposits	\$114,632
Current Maturities-Long Term Debt	\$727,926
Other Current Liabilities	<u>\$801,778</u>
Total Current Liabilities	\$3,364,035
Deferred Credits	<u>\$1,899,577</u>
TOTAL EQUITIES AND LIABILITIES	\$80,752,481

Property Taxes Paid in 2020

County

Richland	\$612,511
Roosevelt	\$16,202
Dawson	\$10,619
McKenzie	\$12
Williams	\$4,293
State of North Dakota	<u>\$55,073</u>
Total 2020 Property Taxes Paid	\$698,710

SmartHub

Manage your electric account right from your smart phone or tablet with SmartHub.

- View and pay bills
- Set up recurring & stored payments
- Manage your account
- Communicate directly with LYREC



Jim Vitt
DISTRICT 1

Jim Vitt is a lifelong resident of Richland County, growing up in the Sioux Pass community. He and his wife, Loretta, raised four children, have nine grandkids, and two great grandkids. They raise registered Angus cattle, along with son, Dale, and his wife Jill. Jim graduated from Fairview High School in 1970 and attended Dawson Community College for six months. He was in the U.S. Army National Guard for six years.

Jim is a member of St. Matthew's Catholic Church, the American Angus Association, Montana Angus Association and Eastern Montana Stockgrowers Association. He served three terms on the Fairview school board and a term on the St. Matthew's parish council.

Jim states, "I have learned a tremendous amount during the terms I have served on Lower Yellowstone Rural Electric Cooperative's board. I have completed my credentialed cooperative director courses, and am halfway through the board leadership courses, but I still have a lot to learn. I would appreciate your support to continue serving the members of LYREC."



Colin Gartner
DISTRICT 2

Colin Gartner is a Sidney native and graduated from Sidney High School. He attended Montana State University in Bozeman and received a bachelor's degree in agricultural education. He is currently farming and ranching northwest of Sidney. He is married to Sue, who is a nurse at the Sidney Health Center's Extended Care. They have two children: Marianne, 25, and Christopher, 22. Marianne is attending Dickinson State University and will graduate in May.

Colin was elected director of District 2 in 1996. He also serves as Chairman of the Montana Electric Cooperatives' Association ACRE committee. ACRE is the Action Committee for Rural Electrification, a bipartisan political action committee. Colin is a member of the Montana Grain Growers, Montana Stockgrowers, MonDak Area Stockgrowers Association, National Cattlemen's Beef Association, and Sidney FFA Alumni.

Annual Meeting

The Annual Meeting of members of Lower Yellowstone Electric Cooperative will be held virtually this year due to COVID-19 precautions. A meeting invite will be posted on LYREC's website and social media pages closer to the event. Members will be able to join the meeting via video or by phone. Each member account that joins the virtual event will receive a bill credit for \$25. The virtual meeting will be held in Sidney, Richland County, Montana, at 6:00 p.m. on Tuesday June 8, 2021.

- The reports of officers, trustees and committees.
- Results of proposed bylaw amendments

The following members have been nominated for trustee positions by the Nominating Committee.

- Jim Vitt - District 1
- Colin Gartner - District 2

The Nominating Committee met on March 3rd, 2021. Following the committee's work, they nominated only one candidate per district; accordingly, the election of trustees will be by acclamation. Jim Vitt will be re-elected to represent District 1, and Colin Gartner will be re-elected to represent District 2.

