


ANNUAL REPORT
& MEETING NOTICE

20
19

2020
Annual Meeting
CANCELLED
due to COVID-19



inc.com **LYREC**
LOWER YELLOWSTONE
RURAL ELECTRIC COOPERATIVE

Your Touchstone Energy® Cooperative 

The Lower Yellowstone Rural Electric Cooperative board of trustees voted unanimously to cancel the 2020 annual meeting of members scheduled for June 3 at the Richland County Event Center. This is in response to Governor Steve Bullock declaring a state of emergency in Montana and President Trump declaring a state of emergency in the nation due to the Coronavirus (COVID-19) pandemic. The decision to cancel was not made lightly, but LYREC board and management felt it was in the best interest for the health and safety of our members, employees, and communities.

OPERATION ROUND UP

As of December 2019, Operation Round Up has donated \$23,097 to non-profit and community organizations in the general service area of LYREC.

One might think a penny has lost its power in today's economy. However, we have found that a few pennies can make a real impact on our community. By agreeing to "round up" your electric bill to the next dollar, members can work together with other members to help organizations in our local area. On average, a member who chooses to participate in Operation Round Up will donate 50¢ a month or \$6 a year.



BRORSON FARMHANDS

The Brorson Farmhands 4-H Club was awarded \$250 to purchase flannel fabric to make receiving blankets to be donated to the Sidney Health Center Obstetrics Department, Sunrise Pregnancy Support Center and emergency services.



RAU SCHOOL

Operation Round Up Trustee Vonnie Van Hook presents Rau School a check for \$750 to assist with the cost of the handicapped swing sets.



FAIRVIEW VOLUNTEER FIRE DEPARTMENT

Operation Round Up Trustee Crystal Wyman presents a check for \$1,000 to Corey Wheeler for the Fairview Volunteer Fire Department. The funds will assist with the purchase of a new tanker truck.



The prepay meter is read daily and your account balance is reduced by the previous day's usage. The member is responsible for monitoring their account balance and will not be receiving a monthly bill. Once the account balance is \$25 or less, the member will receive alerts by e-mail and/or text message. If the account balance reaches zero, power is automatically disconnected until payment on the account is received. Once the account has a credit balance of \$25 the meter will automatically be reconnected.

LYREC will be offering members with a standard single-phase service a new way to pay for their electricity. Prepay metering does not use the traditional billing process where you pay for the electricity after you use it; instead you pay for your electricity before you use it. It's like filling your car with gasoline. You monitor the fuel level and decide when you should re-fill.

There are several benefits to the prepay metering program. As a new member, the member may choose prepay metering in lieu of paying a security deposit. A member may make several payments throughout the month rather than one lump sum; however, the minimum payment must be at least \$25. If an existing member opts to switch to prepay, any deposit fee previously paid by the member will be applied to the member's outstanding balance. There are no extra fees associated with prepay metering or disconnect/connect fees.

To establish a new account with the prepay metering option, the member must sign a Prepay Service Agreement and make a minimum payment of \$25. For existing members, the balance up to the current reading must be paid in full and a \$25 credit must be applied to the account prior to switching to prepay metering.

Due to the way the disconnect meters work, not all meters are eligible for the prepay metering service. If you would like more information on prepay metering, please call our office at 406-488-1602.

smart hub

THERE ARE MANY WAYS TO PAY YOUR BILL OR CONNECT WITH US

- Download the SmarthHub app
- lyrec@lyrec.coop
- Pay by Phone 24/7 1-844-209-7159
- Auto Payment Plan
- Drop Boxes

LAST YEAR'S MEETING MINUTES

Minutes of the 83rd Annual Meeting of the Lower Yellowstone Rural Electric Cooperative Richland County Event Center June 5, 2019

The 83rd Annual Meeting of Lower Yellowstone Rural Electric Cooperative was called to order by President Allen Thiessen. Director John Redman led the assembly in the Pledge of Allegiance and Director Dennis Schmierer provided the invocation.

Attorney Jean Faure reported that there was a quorum of 228 members present, which was sufficient for the transaction of any business to come before the assembly. Attorney Faure read the Notice of Annual Meeting and the Verification by the Sidney Postmaster of the mailing of the Notice to LYREC members.

President Thiessen asked for approval of the minutes from the 2018 Annual Meeting which were provided in writing to the members prior to the meeting. A motion was made to amend the 2018 Annual Meeting minutes showing that Bill Rehbein made a comment regarding Operation Round Up. The motion was seconded and unanimously carried.

President Thiessen introduced the Directors and the special guests. Jami Propp introduced the hosts and hostesses for the evening.

Jason Brothen gave the Manager's Report. He reported on LYREC's commitment to the cooperative principals. He also updated the members on the projects the cooperative is currently working on and will be doing for the membership in the coming year. Jason introduced the employees to the membership and gave out employee service awards.

President Thiessen asked if there were any questions on the financials or audit report that was provided to the members prior to the meeting. Thiessen reported that the cooperative is in good financial condition. Thiessen reported that the cooperative will be paying out \$1.7 million in capital credits this year. Thiessen reported on the increase of the facility charge and that the board has been meeting with several other cooperatives in the area to discuss shared services.

Operation Round Up board member, Mary Sundheim, updated the members on the program.

Allysa Hill, 2018 Washington, D.C. Youth Tour participant talked about her experience on the youth tour and thanked LYREC for the opportunity.

President Thiessen reported that the nominating committee consisting of two members from each of the two Districts involved had nominated John Redman for District 3 and Dennis Schmierer for District 4. Thiessen called for nominations from the floor for Districts 3 & 4. After no floor nominations were made, motions were made, seconded and unanimously carried to close nominations. John Redman was re-elected for District 3 and Dennis Schmierer was re-elected for District 4.

Gary Wiens, CEO of Montana Electric Cooperatives' Association (MECA), gave an overview of the state and federal legislative issues.

President Thiessen called upon Attorney Faure to explain the proposed changes to Lower Yellowstone's By-Laws which were previously mailed to the membership.

Attorney Faure called for a motion to accept Article I Section 1, 2 and 3 as proposed. A member asked a question regarding Section 2 in Article 1. Another member called for Point of Order and requested to have President Thiessen asking for the motions.

President Thiessen called for a motion to accept Article I Section 1, 2 and 3 as proposed. A motion was made, seconded, and unanimously carried to accept all changes proposed in Article I.

Attorney Faure explained Section 4 and called for any questions. A discussion was held on easements. Charles Larson made a motion to strike number one (1) and four (4) in Section 4, seconded by Bill Rehbein. President Thiessen acknowledged the motion and called for question. He then answered the question of solar and wind power or any electric facility built on member land. There was a question regarding solar installments and easements for future land use if possible. Attorney Faure made a clarification on Section 4 number one (1). Charles Larson amended his motion to strike only Section 4 number four (4), and Bill Rehbein withdrew his second on the original motion, and seconded the amended motion. President Thiessen then called for question on that motion. A vote was taken and the motion to strike Section 4 number four (4) failed. President Thiessen called for a motion to accept Section 4 as proposed, seconded, carried.

Attorney Faure described Section 5 and the termination of membership, then called for discussion. President Thiessen called for a motion to accept Section 5 as proposed. A motion was made, seconded, and carried.

Attorney Faure described Article 3, Section 7 and 8 and asked for any comments. A discussion was held on removing nominations from the floor at the annual meeting. President Thiessen called for a motion to accept Article III Section 7 and 8 as proposed. A motion was made, seconded, and carried. President Thiessen called for a question. Bill Rehbein called for a division of the house. A vote by voice was made and undecided. Then the vote was taken by show of hands. The motion was carried to accept the changes to Article III Section 7 and 8.

President Thiessen called for a motion to accept proposed changes to Article IV. A motion was made, seconded, and unanimously carried to accept all proposed changes in Article IV.

Attorney Faure described Article 5, Section 1 and 2 and asked for any comments. A member asked a question regarding the location the meetings will be held. President Thiessen asked for a motion to accept proposed changes in Article 5. A motion was made and seconded. During the question a member commented on the word director and recommended it be changed to trustee for continuity. President Thiessen then asked for a motion to amend the motion to change the last line to trustee. A motion was made, seconded, and carried. President Thiessen then called for a motion to accept Article 5, Section 1 and 2 as amended. A motion was made, seconded, and carried.

President Thiessen asked for a motion to accept proposed changes in Article XI. A motion was made, seconded, and carried unanimously.

A motion was made, seconded, and carried unanimously to amend the word "director" and change to "trustee" throughout the entire By-Laws.

A member inquired where the unclaimed capital credit funds originate from and President Thiessen responded.

There were 41 Luck of the Draw scholarships awarded. Several prizes were awarded to members including children's bicycles, and a grand prize of the Medora Musical package.

There being no other business or discussions to come before the body, a motion was duly made, seconded and unanimously carried, and the meeting was adjourned at 8:04 p.m.

Respectfully Submitted,


Jean Faure, Acting Secretary and Attorney for LYREC

*When the identity of the member was known or stated, their names were used.

BOARD OF DIRECTOR CANDIDATES



Dennis Nelson
DISTRICT 5

Dennis Nelson is a farmer and rancher from Bainville, MT. He and his wife, Tami, have three children, Lindsey, Drue and Drae. Drae is a freshman at Bainville School, and Drue is studying chemical engineering at Montana State University. Lindsey and her husband, Chantz Buxbaum, have two children, Aubrey and Carter.

Prior to his election to the LYREC board, Dennis served on previous boards and community organizations, including the Bainville fire board, Bainville school board and Bainville Dollars for Scholars.

Dennis is completing his second term on the LYREC board. He has attended numerous training and educational workshops. At the state level, he serves on the Audit Committee and the Legislative Committee. He also represents LYREC on the Montana Electric Cooperatives' Association board of directors.

Dennis states, "I have enjoyed representing LYREC and I will continue to serve our members and our cooperative to the best of my abilities."



Greg Rauschendorfer
DISTRICT 6

Greg Rauschendorfer is a native Montanan with European roots. He was educated in Richland County and later attended Montana State University-Bozeman. The knowledge he received from both his schooling and mentoring prepared him for his family ranching operation.

"You, the membership of LYREC, have given me the privilege to serve you since 1993 as director and currently as vice president. After hours of National Rural Electric Cooperative Association educational seminars and hands-on experience, I have learned my full responsibilities as director and how complex the electric grid is. As a director, I must be knowledgeable in all aspects of the industry, including, but not limited to, the generation of electricity, all the way to how the electricity is distributed to your homes and businesses," he said.

Greg added, "As electric consumers and members of this cooperative, we all have an individual footprint of how we use our electric energy, which is reflected in our cost of power. I, along with the rest of the board and staff, work hard to keep the system stable and reliable so that we can ensure fairness in pricing of the products we consume."



Allen Thiessen
DISTRICT 7

Allen Thiessen was born in Sidney and raised on a farm south of Lambert. He graduated from Lambert High School, attended Montana State for two years, and worked in Manhattan, MT, for a year before returning to Lambert to start his own business. He and his wife, Sue, have two children, Anthony Thiessen and Angela Olson, and are blessed with six grandchildren.

Al's civic involvements include past president of the Lambert Sewer and Water Association, former member of the Lambert Volunteer Fire

Department, founding board member of the Lion's Den (teen center), and former board member of the Foundation for Community Care.

Al is serving his 33rd year as a LYREC board member and is currently serving as president. He served 10 years on the board of the Montana Electric Cooperatives' Association in Great Falls, with six years as president. He also served on the board of the Mid-West Electric Consumer's Association in Denver, CO, for eleven years. For the past nineteen years, Al has represented LYREC on the board of Upper Missouri Power Cooperative. In 2012, he was elected to the board of Basin Electric Power Cooperative in Bismarck, ND, representing the 11 cooperatives in Upper Missouri Power Cooperative. He also represents Basin Electric on the boards of the Dakota Gas Company and Dakota Coal Company.

Al said, "It is a real honor to represent the members of Lower Yellowstone on the board of directors, as well as on the power supply sector of the industry. I really appreciate everyone's support and input as we work together in dealing with the changing world we are all experiencing."

The Nominating Committee met on March 3. Following the committee's work, they nominated only one candidate per district; accordingly, the election of trustees will be by acclamation. Dennis Nelson will be re-elected to represent District 5, Greg Rauschendorfer will be re-elected for District 6, and Allen Thiessen will be re-elected for District 7.

PRESIDENT AND CEO MESSAGE



Area Power Administration with cooperative owned generation from Basin Electric Power Cooperative, continue 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.

Regretfully, we will not be holding our annual meeting this year due to the safety precautions that have been put in place because of the COVID-19 pandemic. However, there are a few topics we would like to highlight for you.

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

In 2019, LYREC's focus was identifying the older parts of our system and replacing the facilities that are at the end of life. Our operations department has been utilizing technology to identify and track the areas that need attention so that LYREC can provide our members with the reliable power they expect. LYREC is continuously working on maintenance such as pole replacements, updating old metering services that cause safety concerns, and testing of protection devices throughout the system.

In the last 6 months we have started a few projects to increase the reliability of our system.

We are connecting substation feeders between the Iversen and Sioux Pass substations. This project will allow LYREC to reroute power in this area when maintenance is required or in the case of an extended power outage. In the fall of 2019, LYREC started planning a new transmission project in our Trenton to Bainville area. It will be a lengthy project, but it will ensure our transmission grid is updated and built to handle the future power requirements for the area.

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 later this fall. If you have questions or concerns, please feel free to contact LYREC's office. Thank you for all your support and understanding as we move through this unprecedented time.

LUCK OF THE DRAW SCHOLARSHIPS

Several \$1000 scholarships will be announced June 10, 2020 via Facebook.

Eligibility Guidelines:

- 1) The applicant or parent/guardian must be a member who is currently receiving electric service from LYREC.
- 2) The applicant must be a student who is enrolled or planning to enroll in a full-time undergraduate course of study at an accredited two- or four-year college/university or vocational technical school for the upcoming fall term.

An individual applicant can receive a maximum of 2 Luck of the Draw scholarships.

To apply go to www.lyrec.coop then click on the scholarship icon located on the home page. All required material must be emailed to scholarships@lyrec.coop no later than June 5, 2020.

Follow LYREC on Facebook and Instagram for more information.

2020 EMPLOYEE SERVICE AWARDS

A special thanks goes to the following employees who reached milestones at Lower Yellowstone Electric.



Kevin Goff
20 YEARS



Eric McPherson
15 YEARS



Jami Propp
15 YEARS



Kelly Keysor
15 YEARS



Margo Zadow
15 YEARS



Jesse Obergfell
5 YEARS



Kyle Kavanagh
5 YEARS



Tiffani Hentges
5 YEARS

Assets	2018	2019
Utility plant:		
Electric plant in service	74,617,300	77,608,566
Construction work in progress	(127,923)	1,727,517
Total utility plant	74,489,377	79,336,083
Less provision for depreciation	(27,571,216)	(28,731,586)
Net utility Plant	\$ 46,918,161	\$ 50,604,498
Other property, investments & special funds:		
Nonutility property	7,600	7,600
Investments in associated utilities	8,532,015	10,542,229
Total other property and investments	\$ 8,539,615	\$ 10,549,829
Current assets:		
Cash-general Funds	730,833	1,020,984
Temporary Investments	7,470,034	4,438,635
Accounts receivable (Energy)	1,865,281	2,681,727
Accounts receivable (Other)	14,919	44,966
Material and supplies	1,581,757	2,231,550
Prepayments	-	(6,464)
Total current assets	\$ 11,662,824	\$ 10,411,398
Deferred debits	-	-
Total assets	\$ 67,120,600	\$ 71,565,725

Equities and Liabilities	2018	2019
Equities:		
Memberships	24,490	0
Patronage capital	36,671,045	37,116,775
Net margins	2,193,688	3,554,869
Non-operating margins	176,864	195,565
Other equities	2,886,496	2,960,900
Total equities	\$ 41,952,583	\$ 43,828,109
Long-term debt:		
Other long-term debt	21,174,084	22,294,277
Total long-term debt	\$ 21,174,084	\$ 22,294,277
Current liabilities:		
Accounts payable	1,589,419	2,020,869
Consumer deposits	246,175	170,165
Current maturities - long-term debt	611,997	612,030
Other current liabilities	270,095	751,610
Total current liabilities	\$ 2,717,686	\$ 3,554,674
Deferred credits	1,276,247	1,888,665
Total equities & liabilities	\$ 67,120,600	\$ 71,565,725

Property Taxes Paid in 2019

County	Amount
Richland	607,921
Roosevelt	15,410
Dawson	9,906
Mckenzie	12
Williams	4,099
State of North Dakota	56,681
Total 2019 Property Taxes Paid (5 counties)	\$ 694,030

Balance Sheet as of December 31, 2019 (unaudited)





**LOWER YELLOWSTONE
RURAL ELECTRIC COOPERATIVE**

Your Touchstone Energy Cooperative 

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