

# 2020

## ANNUAL REPORT

FOCUSED ON



**Bayfield Electric  
Cooperative**

Your Touchstone Energy® Cooperative



**VIRTUAL ANNUAL MEETING**

**MONDAY, JUNE 7TH AT 6:00 PM**

# 2021 VIRTUAL Annual Meeting Agenda

1. Call Meeting to Order – Quorum
2. Pledge of Allegiance
3. Invocation
4. Safety Message
5. Mark Santikko, President
  - Procedure of Meeting
  - Reading of the Official Notice of Annual Meeting
  - Reading of Proof of Mailing/Publishing
  - Approve the Minutes of 2020
  - Approve Bylaw Updates
6. President's Report – Mark Santikko
7. CEO's Report – Christopher Kopel
8. Financial Report- Jim Halvorsen, CliftonLarsonAllen, LLP
9. Election of Directors in District 1, 4 & 7
10. New Business
11. Adjourn

## MISSION STATEMENT

*Committed to provide safe, reliable and affordable electricity to rural areas through superior customer service, along with values of;*

**INTEGRITY-INNOVATION-ACCOUNTABILITY  
COMMITMENT TO COMMUNITY**

## VISION STATEMENT

*Provide a secure energy future through an excellent level of service in the areas in which the cooperative serves.*

**Adopted by the Board of Directors 2/07/2013**



# Directors & Employees

## BOARD OF DIRECTORS

Mark Santikko, President (8)	District 2	2022
Robert Kretzschmar (46)	District 8	2022
Jeffrey Moravchik (15)	District 4	2021
Barry Radloff (36)	District 7	2021
Curtis Berweger, Secretary/Treasurer(23)	District 6	2023
James Kinzie (23)	District 3	2022
Michael Nelson (1)	District 9	2023
Carl Schutte (13)	District 5	2023
Russell Bailey, Vice President (9)	District 1	2021

## CEO and Staff

Christopher Kopel (1)	Chief Executive Officer
Sara Anderson (23)	Chief Financial Officer
Robert Lahti (21)	Operations Manager
Jacob Hipsher (7)	Director of Member Services

## OFFICE PERSONNEL

Jennifer Koivisto (15)	Billing Supervisor
Fred Stoll (13)	Warehouse Maintenance Supervisor
Amanda Kavajecz (6)	Billing Specialist
Briana Green (5)	Accounting Assistant
Troy Guderian (4)	Accounting Assistant

## OPERATIONS AND MAINTENANCE PERSONNEL

Troy Seeger (28)	Journeyman/Line Foreman
Frank Polkoski(25)	Journeyman/Line Foreman
Kenneth Koosmann (24)	Journeyman/Lineman
Keith Klobucher(22)	Journeyman/Lineman
Adam Waddle (14)	Journeyman/Lineman
Dustin McKay (9)	Journeyman/ Lineman
Elliot Powers (7)	Journeyman/ Lineman
Keith Kavajecz (7)	Journeyman/ Lineman
Blake Reijo (5)	Apprentice Lineman
Matt Tarasewicz (2)	Apprentice Lineman

## This year service awards will be given to:

5 year	Briana Green
5 year	Blake Reijo
15 year	Jennifer Koivisto
15 year	Jeffrey Moravchik
25 year	Frank Polkoski

# Message From Your President

I would like to start with a summary of 2020. 2020 was an exceptionally trying year for management, office staff and line crews because of the pandemic. CEO Diane Berweger initiated a plan where office staff worked from home and took turns coming into the office to perform necessary monthly duties that could only be performed at the office. Linemen dispatched from their homes with their line trucks and came to the warehouse individually to replenish supplies needed for their work. All staff members practiced social distancing, masking, and disinfecting. All employees needed to stay healthy in anticipation of large-scale outages due to storms. With that being said, all did a great job and had to sacrifice a great deal to keep our lights on. Thanks to you all.

Last year we had a total of 109 new services and were able to pay out \$383,998.24 in capital credits to active members.

The line crew in 2020 fixed or replaced 174,431 ft of primary cable and 104,859 ft of secondary cable. They removed 222,111 ft of old cable. They were busy.

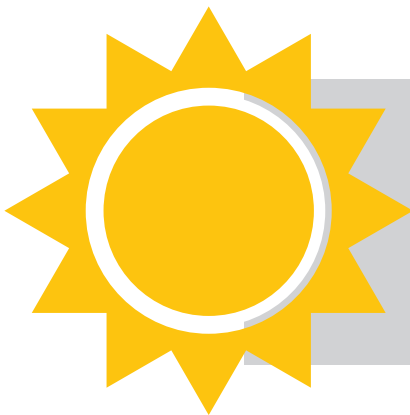
We also decided to move forward replacing our old, unreliable metering system. After much research, BEC decided on the purchasing of Vision brand metering system. Great product, American made, proven reliable in remote areas with great product support.

And last but certainly not least we reached a milestone in regards to our brushing program. Bob Lahti, our operations manager says we have to brush, spray and mow 200 miles of right of way each year to stay on a 6-year rotation. Last year due to a hybrid model of right of way maintenance designed between BEC and Northern Clearing, they achieved just that. They actually doubled their miles of maintenance and still remained at budget. Brushing is our single most, highest expense. And over the years has been the single most unachievable goal. Just goes to show you what a **TEAM** effort can achieve when you work together.

All of these accomplishments are put in place to provide safe, reliable and affordable electricity. It's part of our commitment to you, our members.

Thank you,

Mark Santikko, Board of Director President



**Bayfield Electric Cooperative is securing green power to offset 100% of the electric usage of its headquarters and outlying facilities. This renewable energy comes from regional solar, wind, biogas and hydro resources and is above and beyond state requirements. Renewable energy credits (RECs) from these resources have been retired on behalf of the Cooperative.**



# Message From Your CEO

Hello,

I am Chris Kopel. I have been the CEO at Bayfield Electric for a about a month. I am pleased and excited that your Board of Directors selected me to be your CEO.

So, just a little about me. I grew up on a farm in western Minnesota, and I have lived most of the last 30 years in the twin cities. I have been married to my wife, Megan, for nearly 30 years, and we have two adult daughters, Ellen and Grace.

I have been in the power industry for more than 30 years. Prior to joining Bayfield Electric, I was the CEO at Central Municipal Power Agency & Services, which is a member based municipal power supplier. Prior to the Agency, I served in various leadership and business development roles at NextEra Energy Resources, Avangrid Renewables, and NRG Power Marketing, as well as various regulatory, operations, and planning roles at Xcel Energy.

My technical, planning, and operating background will help with the number two priority at Bayfield Electric, which is “keeping the lights on.” The first priority is, and always will be, safety. In today’s society, reliable electric service is critically important. Everyone wants to know that the lights will come on when I flip the switch.

My background in the renewable industry is also one to the reasons the board selected me as your CEO. I spent more than a decade working for NextEra Energy Resources and Avangrid Renewables, which are the two largest developers, owners, and operators of renewable resources in the world. I have been involved in renewable contract negotiations as both a buyer and a seller. I have personally help develop, acquire, operate, and manage renewable projects which have and will produce billions a kWh of clean energy over decades.

I do NOT oppose renewable energy. However, I also know the truth about the limitations and economics of renewable energy. I also know as a planner and operator of the power grid, that the intermittent nature of renewable energy means sometimes they help the grid and at other times they do not. Finally, I also know from personal experience that sometimes claims are made which can be overly optimistic, or just plain wrong.

I will personally meet every member that wants to discuss renewable energy. I can talk the issues in whatever level of detail that interests you. We can talk at the proverbial “30,00” foot level, or we can get into the weeds using various models for residential solar developed by the National Renewable Energy Laboratory and others, which specialize in things such as the research and development of renewable energy, energy efficiency, energy systems integration.

If you have questions, please reach out to me. My door is open to any member. I will meet by phone, at my office, at your home, or anywhere else. The reason Bayfield Electric exists is to serve the membership. I look forward to serving you, the members.

Thank you,  
Chris Kopel, CEO

**PLEASE MOVE  
OVER FOR  
EMERGENCY  
AND UTILITY  
CREWS**

**If you see police,  
firefighters, utility crews  
or other emergency  
personnel on the side  
of the road, please slow  
down and move over  
when possible.**

**Together, we can  
keep our crews safe.**



# BEC 2020 Annual Meeting Minutes

The 80th Annual Meeting of the Membership of Bayfield Electric Cooperative was held via Zoom on Monday, June 15th, 2020.

Meeting was called to order by President Santikko at 6:04 p.m.

Quorum was present.

Pledge of Allegiance.

Invocation was given by James Kinzie, BEC Board Member.

Safety Message was given- tips on what to do if you encounter a down power line.

President Santikko gave the procedures of the meeting, followed by appointing Sara Anderson as Active Secretary.

President Santikko announced the reading of the official notice of the 2020 meeting by Diane Berweger.

Motion made and seconded to approve the minutes of the previous meeting by members as printed in the WEC News Magazine. Motion carried.

## **President's report by Mark Santikko:**

Mark gave members some personal background on his associations with the cooperative and their past/current employees throughout his life which made him want to become a director on the Bayfield Electric board. He spoke about the strategic plan the board has in place, which included a brushing program, switching troubled lines from overhead to underground, all to reduce outages to provide reliable service. Mark gave recognition to the line crew on their impressive report of miles driven and hours worked with no loss time incidents. Another accomplishment the board has is in the energy efficient building which was built 5 years ago, with members in mind, and keeping the building as "green" as can be to keep costs down.

## **Financial Report by Jim Halvorsen of CliftonLarsonAllen, LLP: Auditing firm for Bayfield Electric**

Jim Halvorsen, CPA, via zoom, explained the auditing process. Slides were shared describing financial statuses and assured the members the cooperative is currently in good standing.

## **CEO's Report by Diane Berweger:**

Diane Berweger gave recognition to board members and employees for milestone anniversaries: Robert Kretzschmar, board Vice-President- 45 years. Barry Radloff, Dairyland Power board of director-35 years, Robert Lahti, Operations Manager-20 years and Amanda Kavajecz, Billing Specialist-5 years. With 1,995 miles of line, 58% are overhead lines and 42% are underground. Trees and squirrels are the main culprits of outages in overhead lines, where lightning will cause most outages in underground. The cooperative compares the benefits of whether to brush right of way of overhead lines vs. burying wire. A workplan project in the near future will be upgrading one of Bayfield Electric's oldest line from overhead 2 phase to underground 3 phase line, which will be beneficial to all members, as Bayfield Electric will then tie all but 2 substations together, meaning less outages for all. Because of COVID19, the headquarters office is closed to the public, open by appointment only. With today's technology, making your electric payment can be by SmartHub, pay by phone, drop box, or putting your payment in the mail, has made many things easily accessible. In 2020, we are celebrating 80 years this year of bringing safe, reliable electricity to your home. Thank you to all the board of directors and staff of Bayfield Electric, it is what we are, A TEAM.

## **Election results:**

Attorney, Mary Beth Peranteau announced positions up for election followed by the procedure of the elections. Ballots were mailed out to all members in the two contested districts. Ballots were returned to auditors, CLA, for Districts 5 and 9.

Results were announced by auditor Jim Halvorsen, CPA as follows:

District 5: Carl Schutte re-elected over Mike Berlin by vote from ballots mailed in by members. 108 vs 62 votes.

District 6: Curtis Berweger re-elected unopposed.

District 9: Kenneth Clement re-elected over Mike Nelson by vote from ballots mailed in by members. 123 vs 100 votes.

## **New Business:**

Mark Santikko asked if there were any questions by members to use the chat feature on zoom. There were many comments in the chat referring to the new net metering policy for solar generated by members. BEC's response will be posted on the website.

Meeting motioned and seconded to adjourn at 6:38 p.m.

# Dairyland Director Report 2021

The world changed in many ways during 2020. Dairyland's six **Strategic Priorities** support their overarching goal of **SUSTAINABILITY**. Dairyland's leadership team and the Board of Directors continue to address ongoing changes in the energy industry known as the "Four Ds": Decarbonization, Deregulation, Digitalization and Decentralization. To be sustainable, Dairyland must address these challenges and create long-term value for Dairyland's members.

One thing that hasn't changed is the value of our **Cooperative Principles** and relationships. Dairyland has demonstrated commitment to transparent governance and strong relationships with members. Dairyland staff are focused on improving communities and the quality of life in Dairyland's four-state region. As a cooperative, Dairyland makes positive impacts in its local communities and by supporting organizations that assist those facing economic challenges.

**Asset Reliability & Diversification** are a priority as Dairyland transitions its energy resources to a lower carbon future. In 2020, Dairyland's Board of Directors approved a goal of 50 percent reduction in carbon dioxide intensity rate by 2030. The Sustainable Generation Plan provides a framework for energy diversification, considering the economic impact on members, technological feasibility, social implications and environmental responsibility.

## Dairyland's Mission & Vision

### **Mission:**

***To power our communities and empower cooperative members to improve the quality of their lives.***

### **Vision:**

***To grow, innovate and deliver value as a premier member-driven energy cooperative through safe, reliable and sustainable solutions.***

***Bayfield Electric Cooperative is one of 24-member distribution cooperatives that receive power from Dairyland Power Cooperative, which is headquartered in La Crosse, Wis. The Dairyland system serves over 255,000 meters across our region providing the benefits of electricity to nearly 600,000 consumers.***

The retirement of Dairyland's coal-fired Genoa Station #3 (G-3) is scheduled for June 1, 2021. Dairyland has owned and operated the coal-fired power plant, located on the banks of the Mississippi River in Genoa, Wis., since 1969. Employees remain focused on safe and reliable operation of the unit.

Dairyland has a long history of recycling coal-combustion byproducts (CCB). In 2020, they achieved a significant sustainability milestone by recycling 100 percent of the fly ash captured by precipitators at G-3 and the John P. Madgett Station (Alma, Wis.). Dairyland's fly ash is most commonly recycled as a replacement for Portland cement in concrete. Adding fly ash into concrete contributes to a stronger, less permeable product at a lower price.

Dairyland established a Business Development Fund in 2021 to seek opportunities for new revenue opportunities, while managing environmental and social risks. Dairyland and its members are also implementing strategies to support electric vehicle growth through the creation of CHARGE EV, LLC. CHARGE EV will help to lead the installation of more electric vehicle chargers in the rural areas served by Dairyland members in Iowa, Illinois, Minnesota and Wisconsin.

Dairyland has demonstrated its agility and commitment to safety, while reliably providing critical power throughout this unexpected pandemic journey. As your representative on the Dairyland Board of Directors, I am confident that Dairyland will continue to provide our cooperative with reliable, affordable and sustainable power today and for future generations.

# BALANCE SHEETS

## December 31, 2020 and 2019

	2020	2019
<b>ASSETS</b>		
<b>UTILITY PLANT</b>		
Electric Plant in Service	\$ 58,812,448	\$ 57,492,183
Construction Work in Progress	223,620	1,042,597
Total	59,036,068	58,534,780
Less: Accumulated Provision for Depreciation	(28,340,672)	(26,648,587)
Net Utility Plant	30,695,396	31,886,193
<b>OTHER ASSETS AND INVESTMENTS</b>		
Investments in Associated Organizations	5,762,936	5,713,270
Other Investments	376,741	439,445
Total Other Assets and Investments	6,139,677	6,152,715
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	1,149,019	649,842
Temporary Investments - Restricted	600,000	830,000
Accounts Receivable, Net	2,035,506	1,577,666
Materials and Supplies Inventory	421,396	371,538
Prepaid Expenses	98,234	97,537
Current Portion of Notes Receivable	17,000	62,000
Other Current and Accrued Assets	78,803	80,303
Total Current Assets	4,399,958	3,668,886
<b>DEFERRED DEBITS</b>	159,338	263,787
Total Assets	<u>\$ 41,394,369</u>	<u>\$ 41,971,581</u>
	2020	2019
<b>EQUITIES AND LIABILITIES</b>		
<b>EQUITIES</b>		
Memberships	\$ 41,410	\$ 41,085
Patronage Capital	13,281,549	13,216,176
Other Equities	39,520	39,520
Accumulated Other Comprehensive Margins	542,515	702,938
Total Equities	13,904,994	13,999,719
<b>LONG-TERM DEBT, LESS CURRENT MATURITIES</b>	22,770,804	21,747,224
<b>OTHER POSTRETIREMENT BENEFITS</b>	372,410	339,831
<b>CURRENT LIABILITIES</b>		
Current Maturities of Long-Term Debt	1,320,000	1,568,000
Accounts Payable	847,521	819,370
Line of Credit	1,000,000	2,100,000
Consumer Deposits	71,397	77,474
Other Current and Accrued Liabilities	505,211	485,553
Total Current Liabilities	3,744,129	5,050,397
<b>DEFERRED CREDITS</b>	602,032	834,410
Total Equities and Liabilities	<u>\$ 41,394,369</u>	<u>\$ 41,971,581</u>



# STATEMENTS OF COOPERATIVE MARGINS

December 31, 2020 and 2019

	2020	2019
<b>OPERATING REVENUES</b>	\$ 14,515,674	\$ 14,234,530
<b>OPERATING EXPENSES</b>		
Cost of Power	6,315,983	6,483,564
Distribution Expense - Operations	714,370	870,008
Distribution Expense - Maintenance	2,020,724	1,946,005
Consumer Account Expense	310,976	356,951
Customer Service and Informational Expense	350,352	289,374
Administrative and General Expense	1,093,906	1,082,918
Depreciation	2,436,776	1,555,660
Taxes	253,994	331,144
Other Deductions	24,895	104,839
Total Operating Expenses	13,521,976	13,020,463
<b>OPERATING MARGINS BEFORE FIXED CHARGES</b>	993,698	1,214,067
<b>INTEREST ON LONG-TERM DEBT</b>	809,261	855,344
<b>OPERATING MARGINS AFTER FIXED CHARGES</b>	184,437	358,723
<b>GENERATION AND TRANSMISSION AND OTHER CAPITAL CREDITS</b>	326,358	329,672
<b>NET OPERATING MARGINS</b>	510,795	688,395
<b>NONOPERATING MARGINS</b>		
Interest Income	18,199	18,329
Other Nonoperating Income	(11,690)	27,671
Total Nonoperating Margins	6,509	46,000
<b>NET MARGINS</b>	517,304	734,395
<b>OTHER COMPREHENSIVE MARGINS (LOSS)</b>		
Defined Benefit Plan:		
Net Actuarial Gain (Loss)	(26,605)	(41,913)
Amortization of Loss	19,682	17,138
Amortization of Prior Service Credit	(153,500)	(153,500)
Other Comprehensive Margins (Loss)	(160,423)	(178,275)
<b>COMPREHENSIVE MARGINS</b>	\$ 356,881	\$ 556,120

# STATEMENTS OF CASH FLOWS

December 31, 2020 and 2019

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Margins	\$ 517,304	\$ 734,395
Adjustments to Reconcile Net Margins to Net Cash Provided by Operating Activities:		
Depreciation	2,436,776	1,555,660
Patronage Capital Allocation	(326,358)	(329,672)
Loss (Gain) on Disposition of Property	6,675	(27,608)
Interest Income Credited to Cushion of Credit	(29)	(110)
Impairment of Other Assets and Investments	-	52,940
Changes in Assets and Liabilities:		
Accounts Receivable	(457,840)	160,807
Materials and Supplies Inventory	(49,858)	749,919
Other Current and Accrued Assets	803	10,847
Deferred Debits	104,449	106,921
Increase (Decrease) in:		
Accounts Payable	28,151	117,650
Other Current Liabilities	13,581	10,711
Other Postretirement Benefits	(127,844)	(125,399)
Deferred Credits	(2,378)	(4,775)
Net Cash Provided by Operating Activities	2,143,432	3,012,286
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Other Investments	32,169	-
Construction and Acquisition of Plant	(1,276,559)	(1,726,620)
Cash Received from Economic Development Notes	75,535	59,482
Cash Received from Investments in Associated Organizations	276,692	156,309
Proceeds on Sale of Assets	23,905	35,219
Net Cash Used by Investing Activities	(868,258)	(1,475,610)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Change in Memberships	325	170
Retirement of Capital Credits	(451,931)	(361,931)
Payments into Cushion of Credit	-	28
Principal Payments on Long-Term Debt	(1,424,391)	(1,457,411)
Proceeds from Issuance of Long-Term Debt	2,200,000	-
Net Borrowings under Line-of-Credit Agreements	(1,100,000)	525,000
Net Cash Used by Financing Activities	(775,997)	(1,294,144)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	499,177	242,532
Cash and Cash Equivalents - Beginning of Year	649,842	407,310
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,149,019</u>	<u>\$ 649,842</u>
<b>SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Payments for Interest	<u>\$ 819,737</u>	<u>\$ 857,137</u>
<b>SUPPLEMENTARY DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Margin Stabilization	<u>\$ (230,000)</u>	<u>\$ 30,000</u>
Principal Payments on Long-Term Debt Paid by Cushion of Credit	<u>\$ -</u>	<u>\$ 55</u>

# 2021 Scholarship Recipients

Since 1990, Bayfield Electric has provided over \$150,900 in scholarships to high school students as a result of unclaimed capital credits.

This year, Bayfield Electric has awarded 8 scholarships in the amount of \$1,000 each.

Congratulations to our scholarship recipients!



<u>Ashland High School</u> Mara Pierce	<u>Drummond High School</u> Breanna Kinnunen	<u>Mercer High School</u> None	<u>Washburn High School</u> Caroline Ray
<u>BayfieAdam Weber</u> Philip Lapointe	<u>Hurley High School</u> Ty Manzanares	<u>Northwestern High School</u> Josie Maki	<u>Lineman Scholarship</u> Braden Stegmann
	<u>Mellen High School</u> None	<u>South Shore High School</u> Lilly Tapani	

## Rules of the Annual Meeting

Published in May, 2021 REC News

These rules are set in accordance with Bayfield Electric Cooperative Bylaws, Article III, Section 6. Bayfield Electric Cooperative's annual meeting will be held Monday, June 7, 2021.

1. The meeting will be conducted in accordance with Roberts Rules of Order Newly Revised edition.
2. Any speaker must be recognized by the Chair before speaking.
3. Only members and duly registered guests will be recognized by the Chair; each person so recognized must give his or her name.
4. Unless otherwise approved by the Chair, those recognized are to limit their questions and comments to three minutes, with any rebuttal limited to two minutes.
5. Questions and comments from members and duly registered guests will be in order during old and new business sessions, and at the conclusion of the officer reports, if invited.
6. No signs or handouts will be permitted within the building of the place of the meeting, except such handouts as required for the official conduct of the Annual Meeting
7. No demonstrations shall be held within the building of the place of the meeting.

## **The Seven Cooperative Principles**

1. VOLUNTARY & OPEN MEMBERSHIP
2. DEMOCRATIC MEMBER CONTROL
3. MEMBERS' ECONOMIC PARTICIPATION
4. AUTONOMY AND INDEPENDENCE
5. EDUCATION, TRAINING, & INFORMATION
6. COOPERATION AMONG COOPERATIVES
7. CONCERN FOR COMMUNITY



**Bayfield Electric  
Cooperative**

Your Touchstone Energy® Cooperative 

### **Bayfield Electric Cooperative**

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