

# REPORT TO THE MEMBERS



**John Lund**, Board Chair (left)  
**Jared Echternach**, President and CEO (right)

We are pleased to provide you with an update on your cooperative.

## ANNUAL MEETING

We will conduct our annual meeting in conjunction with the Beltrami County Fair on Wednesday, Aug. 7, at the Beltrami County Fairgrounds. The annual business meeting will be held at the Marilyn Shutter Stage beginning at 5 p.m. We will have food vouchers for members, provide a safety demonstration, offer bucket rides for kids and host the grandstand musical entertainment. We hope you can join us.

## SAFE AND RELIABLE

Safety is our number one priority and we continue to strengthen our safety culture. We're proud to report we experienced zero lost-time injuries in 2023, and our employees and directors have a strong commitment to safety. We also have excellent reliability. On average, our members experience about one outage per year and our average response time was 80 minutes – excellent considering we maintain more than 3,500 miles of line within a 3,000-square-mile service area. We did not experience a major storm in 2023 and we continue to be leaders in underground line construction with more than 75% of our system underground. We are extremely proud of our employees for their commitment to safety and for providing excellent service to our members.

## RATES

It has been more than six years since our members experienced a rate increase. That's remarkable considering the inflationary pressures of the last four years. Everything from your grocery bill, to the gasoline you buy, to the services you use, has seen double digit percentage increases over the last six years. We continue to see increases in material costs and longer lead times, and we are certainly not immune to the inflation of raw materials, fuel and equipment.

Our wholesale power rates remained flat in 2023 and 2024. Approximately 70% of every dollar you pay on your electric bill goes toward the cost of wholesale power. We expect wholesale power costs to increase in 2025 and a rate change is likely. We've experienced decreasing residential sales with our average residential member using less in 2023 than in the 10 previous years. While electric use has decreased for residential members, we've seen increases in demand placed on the system, resulting in increased demand charges from our wholesale power supplier. As a result, our independent cost-of-service study indicates a demand change component is needed. Your board of directors has been diligently evaluating rate structures to provide fair and reasonable rates to our members, and they will likely approve a rate change this fall with implementation in 2025.

## GROWTH SLOWS

While 2023 was another busy year for your cooperative with work plan projects designed to improve your distribution system, we saw a dip in residential and small commercial services. Crews constructed 260 new services and performed more than 80 service improvements for our membership. This is a decrease of approximately 40 services from our five-year average. We are fortunate to live in an area that continues to grow. This growth rate is manageable and appears it will be so for the foreseeable future.



## THINNING MARGINS

In 2023, we realized an operating margin of more than \$500,000 and a total margin of \$2.1 million, of which more than \$1 million was allocated and distributed patronage capital from other cooperatives of which we are members. We returned more than \$1.7 million in capital credits to current and former members. With continued system growth and managing operating expenses, we ended the year with a positive, but thinning, margin, meeting all of our loan covenants.

## THANK YOU FOR BEING A MEMBER

In closing, we would like to thank you for being a member and for your continued support. We would also like to thank our team of dedicated employees and directors, whom you have entrusted to care for your cooperative.

– John Lund, *Board Chair*  
Jared Echternach, *President and CEO*

# ANNUAL MEETING MINUTES – Aug. 9, 2023

The annual meeting of the members of Beltrami Electric Cooperative Inc. was held at the Beltrami County Fairgrounds in Bemidji, Minn., on Wednesday, Aug. 9, 2023, commencing at 5 p.m. John Lund presided as Chair.

The following directors were present:

Murl Nord	Charlie Perkins	Mike Monsrud
Craig Gaasvig	Bob Wallner	Rick Coe
John Lund	Sue Kringen	Sharon Lembke

Chair Lund called the meeting to order at 5:03 p.m.

Chair Lund asked all to stand for the Pledge of Allegiance and invocation.

Director Sharon Lembke gave the invocation and sang the national anthem.

Chair Lund announced a quorum with 600 registered voting members. Attorney Gerad Paul was appointed as Parliamentarian.

The reading of the official Notice of the Meeting and Proof of Mailing was dispensed without objection.

The minutes of the 2022 annual meeting were approved without objection.

Chair Lund introduced current directors and recognized members who previously served as directors.

Attorney Gerad Paul introduced the candidates for District 2, Charlie Perkins; District 4, Craig Gaasvig; and District 6, Rick Coe.

Attorney Gerad Paul called for a motion by voice vote to declare all three uncontested candidates elected to serve their respective districts. A motion was made by voice vote and seconded. Motion carried.

Attorney Gerad Paul then announced Charlie Perkins, Craig Gaasvig and Rick Coe as directors of Beltrami Electric Cooperative.

Communications Specialist Angela Lyseng presented a report on Operation Round Up to the membership.

Elena Harmsen, Youth Tour delegate, reported on her recent trip to Washington, D.C.

Director of Finance and Corporate Services Arlene Hogquist presented the annual financial report.

President and CEO Jared Echternach introduced and recognized special guests Shelley Spears and Clayton Gubbels from North Star Electric and Kermit Jenson from Roseau Electric.

President and CEO Jared Echternach addressed the membership, reporting on the past year's performance, commitment to safety, strategic plan, cost-of-service study, Project Tundra, service reliability, and the importance of baseload generation and transmission.

Chair Lund called for any unfinished business. There was none. Chair Lund called for any new business. There was none. Chair Lund called for any questions. There were none.

Chair Lund declared the meeting adjourned at 5:32 p.m.