

LYON-LINCOLN ELECTRIC COOPERATIVE 84TH ANNUAL REPORT AND MEETING



**Lyon-Lincoln Electric
Cooperative, Inc.**

Your Touchstone Energy® Cooperative 

Wednesday, June 7, 2023

Lyon-Lincoln Electric Headquarters, Tyler, MN

Registration: 5PM

Business Meeting: 7:15PM

TOGETHER

TOWARDS

TOMORROW



OFFICIAL NOTICE OF ANNUAL MEETING

Lyon-Lincoln Electric Cooperative, Inc. Tyler, Minnesota

The Annual Meeting of the Stockholders (hereinafter referred to as “Members”) of Lyon-Lincoln Electric Cooperative, Inc. (Cooperative) will be held at the Lyon-Lincoln Electric Headquarters Building in Tyler, Minnesota at 7:15 PM on Wednesday, June 7, 2023, to take action upon the following matters:

- 1. The Report of Officers, Directors, and Committees.**
- 2. The election of Directors of the Cooperative.**
- 3. All other business which may come before the meeting or any adjournments thereof.**

In connection with the election of Directors scheduled for this meeting, the following members have been nominated for Directors by the membership within their respective voting districts. In accordance with the Bylaws of the Cooperative, the names have been arranged in order of preference indicated by the respective district vote.

<u>DISTRICT</u>	<u>ELECTION</u>	<u>CANDIDATES</u>
District I	For a 3 Year Term	Scott Johnson Kelly Sik
District II	For a 3 Year Term	Galen Grant
District II	For a 1 Year Term	Joel Buyck
District III	For a 3 Year Term	Dale Fier

Dated this 14th day of April, 2023

Kathleen Schreurs
Secretary-Treasurer

2023 ANNUAL MEETING AGENDA

Lyon-Lincoln Electric Cooperative, Inc.

Wednesday, June 7th, 2023

Lyon-Lincoln Electric Headquarters Building Tyler, Minnesota

- 5:00 – 7:00 PM Registration
- 5:30- 7:30 PM Dinner
Served by: Lincoln County Pork Producers and Country House
- 7:15- 8:15 PM CALL TO ORDER, Dale Fier, Vice President
National Anthem
Report of Quorum
Reading of Notice of Annual Meeting..... Kathy Schreurs, Secretary
Approval of Minutes of 2022 Meeting..... Kathy Schreurs, Secretary
Election of Directors..... Mike Cable, Attorney
Introduction of Nominees
Appointment of Tellers and Balloting
Financial Report.....Kristi Jensen, Finance Manager
Vice-President and Manager’s Report..... Dale Fier and Tim O’Leary
Operation RoundUp®..... Tim O’Leary, General Manager
Introduction of Operation RoundUp® & Basin Scholarship Winners
Balloting- Election Results
Adjournment
Prize Drawings-
*Must be present to win

Bring the family:
There’s something for everyone!
Adult & Kid’s Drawings,
and a bounce house!



MEET YOUR EMPLOYEES



Tim O'Leary
General Manager
21 years



Kristi Jensen
Finance Manager
2 years



Lyle Lamote
Line Superintendent
33 years



Brian Jeremiason
Manager of Marketing &
External Relations- 20 years



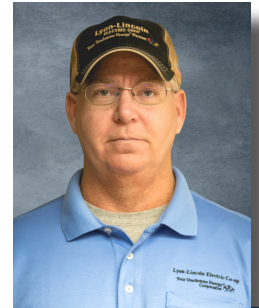
Rochelle Borresen
Accountant
8 years



Lisa Houswedell
Billing Clerk
6 years



Jessica Gums
Executive Assistant
1 year



Al Fisher
Warehouse Coordinator/
Work Order Clerk- 10 years



Wade Thooft
Operations Staff Assistant
22 years



Ross Birath
Journeyman Lineman
16 years



Dan Tutt
Journeyman Lineman
13 years



Tyler Blomme
Journeyman Lineman
10 years



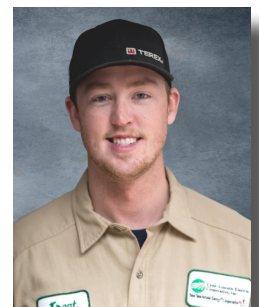
Tyler Sand
Journeyman Lineman
10 years



Nathan Pavek
Journeyman Lineman
8 years



Sam Rohde
Apprentice Lineman
1 year



Trent Skjette
Apprentice Lineman
9 months

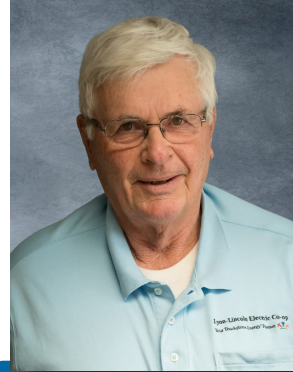
Lyon-Lincoln Electric Board of Directors



Dale Fier
Vice President
District 3



Kathy Schreurs
Secretary-Treasurer
District 1



Galen Grant
District 2



Jared Dritz
District 3



Scott Johnson
District 1



Mary Gunnink
District 1



Mike Longtin
District 3



Jim Rokeh
District 2



Mike Cable
Board Attorney

LYON LINCOLN ELECTRIC COOPERATIVE, INC.

2022 ANNUAL MEETING OF STOCKHOLDERS

The annual meeting of stockholders (hereinafter referred to as “members or member-owners”) of Lyon-Lincoln Electric Cooperative, Inc., was held at the Headquarters Building in Tyler, Minnesota, at 7:15 o’clock P.M., on Wednesday, June 1, 2022, pursuant to a notice mailed to each and every member personally not less than fifteen days prior to the date of the meeting and publication of said notice.

Sandy Ludeman, President, called the 83rd Annual Meeting of Lyon-Lincoln Electric Cooperative, Inc. to order at 7:15 o’clock P.M. and designated Cooperative Attorney, Michael W. Cable, to keep the minutes thereof.

At that time the members of the Cooperative stood and joined in the National Anthem.

President Ludeman indicated on behalf of the Board of Directors and employees of the Cooperative that he welcomed the members to the 83rd Annual Meeting indicating that said Annual Meeting was held once a year to give the members the Cooperative’s financial position, to elect directors to the Board, and to conduct other Cooperative business.

President Ludeman introduced the Board and spouses of the Board Members being Vice-President, Galen Grant, and his wife Marie; Secretary-Treasurer, Kathy Schreurs, and her husband David; Director James Rokeh and his wife Helen; Director Mary Gunnink and her husband Tom; Director Scott Johnson and his wife Rhonda; Director Dale Fier and his wife Heidi; and Director Jared Dritz and his wife Amber. President Ludeman then introduced his wife Peggy. President Ludeman recognized Director Merv Anderson as he decided not to run for reelection after serving 27 years on the Board of Directors and 10 years as Board President. Merv was not able to join the Cooperative in its business meeting, but President Ludeman indicated that Merv Anderson was recognized at the Board Meeting in May for his years of dedicated service to the membership with a plaque. President Ludeman also introduced Michael W. Cable who is the Attorney for the Cooperative.

President Ludeman introduced the following special guests that were in attendance and thanked them for joining the Cooperative in conducting its Annual Meeting: Chris Swedzinski, Representative for the Minnesota House; Joe Schomacker, Representative for the Minnesota House; Don DeGreef, Director at Sioux Valley Energy; Sebastian Schwing, former Board Member of Lyon-Lincoln Electric Cooperative, Inc.; Glen Sorensen, former Board Director of Lyon-Lincoln Electric Cooperative, Inc.; Chris Studer, Chief Member and Publication Relations Officer for East River Electric Power Cooperative, Inc.; Tom Boyko, CEO/General Manager for East River Electric Power Cooperative, Inc.; Rich Wiering, former Board Member for Lyon-Lincoln Electric Cooperative, Inc.; and Jim Johanssen, former Board Member for Lyon-Lincoln Electric Cooperative, Inc. President, Sandy Ludeman, also asked that all veterans or military members stand and be recognized.

President Ludeman recognized the employees of the Cooperative for another outstanding year of service and asked that the membership give them a round-of-applause for the work they do every day for the Cooperative and its members. President Ludeman indicated that the pictures and years of service for the employees is in the Annual Meeting Booklet and he wanted to recognize employees that

celebrated milestone years of service in 2020 and 2021. In 2020 Rochelle Borresen and Nathan Pavak celebrated 5 years of service; Dan Tutt celebrated 10 years of service; and Lyle Lamote celebrated 30 years of service. In 2021 Wade Thooft celebrated 20 years of service and Dan Houselog celebrated 35 years of service.

President Ludeman advised the membership that the registration list showed that 143 members were present and therefore declared there was a quorum.

Secretary-Treasurer, Kathy Schreurs, read the Notice of the Annual Meeting and in the Affidavit of Publication it was indicated that said notice had been mailed and published pursuant to Minnesota law and the rules of the Cooperative. A motion was made, seconded and unanimously carried to waive a roll call vote of the members and to substitute the registration list therefore. President Ludeman directed that the registration list be filed for the establishment of a quorum and to make it a part of the minutes of the meeting.

President Ludeman advised the membership that the minutes of the 2020 and 2021 Annual Meetings were printed in the Annual Report on pages 6 & 7. There was a motion to waive the reading of the minutes and to approve the minutes as presented and said motion unanimously carried.

President Ludeman advised the membership that in accordance with the Bylaws, the Board of Directors took action on December 27, 2021 to call a separate meeting of the members of each district for the purpose of selecting two persons as candidates for director in each District where a current director’s term had expired. Those meetings were held on April 4th, April 5th and April 7th of 2022. The certified copy of the minutes of each of the District Meetings was ordered annexed to the minutes of the meeting.

President Ludeman indicated that it was time to elect directors that would represent the membership on the Cooperative’s Board of Directors. He advised the members that the ballots were included in the material received when the member registered. President Ludeman indicated to the members that the members should vote for a director to represent each of the Districts on the ballot so the members will be voting for three individuals at the Annual Meeting to represent them on the Cooperative’s Board of Directors. President Ludeman pointed out that the members could learn more about each of the candidates by turning to pages 8 and 9 in the Annual Meeting Report which had been provided.

President Ludeman introduced Cooperative Attorney, Michael W. Cable, and indicated that Mr. Cable has been the Cooperative’s Attorney for the last 25 years and will be handling the voting portion of the business meeting.

Cooperative Attorney, Michael W. Cable, thanked President Ludeman for introducing him and advised the members that there were District Meetings held for District One, District Two, and District Three for the purpose of selecting candidates to be presented at the Annual Meeting to be elected to serve on the Board of Directors for a 3 year term.

Mr. Cable advised the members of the procedure for determining the candidates that were nominated by the Nominating Committee for each District, as candidates to serve on the Board of Directors. Mr.

Cable indicated that there was also a petition process to allow additional candidates to be presented at the District Meetings which would add additional candidates not presented by the Nominating Committee. Because of this procedure, the Bylaws were amended to prevent additional nomination for directors being made from the floor at the Annual Meeting.

The following individuals were nominated as candidates for the Board of Directors to serve for a three year term and to be elected at the Annual Meeting. Those individuals were asked to stand and were as follows:

DISTRICTS	CANDIDATES
DISTRICT ONE	
For Three Year Term	Josh Osland Kathy Schreurs
DISTRICT TWO	
For Three Year Term	James Rokeh Patrick Verly
DISTRICT THREE	
For Three Year Term	Mike Longtin

Mr. Cable asked that Secretary-Treasurer, Kathy Schreurs, place in nominations those persons as the official candidates for election as directors and the Secretary-Treasurer placed them in the nomination.

Mr. Cable indicated that printed ballots had been distributed to the members and asked that the members complete the ballots indicating the Directors they are voting for. He asked that after the ballots were completed, they be passed to the tellers who had been selected. Mr. Cable indicated that the tellers were as follows: District One Rich Wiering and Gary Heffele; District Two Gary Erdmann and Pam Bush; and District Three Ken Jeremiason and Dave Kimpe.

President, Sandy Ludeman, thanked Cooperative Attorney, Michael W. Cable, for assistance with this year’s election of directors. President Ludeman indicated that it was time for the Financial Report and introduced Kristi Jensen, Finance Manager.

Kristi Jensen, Finance Manager, gave the 2022 Financial Report by reviewing the 2021 Financial Statement and made reference to the annual report insert. There were also slides presented to the members for each area of discussion. Kristi Jensen indicated that the Cooperative’s Fiscal Year Audit covered the period of September 1, 2020 thru August 31, 2021. The Audit was performed by Eide Bailly – Certified Public Accountants, from Sioux Falls, South Dakota and the auditors gave a favorable report to the Board regarding the financial position of the Cooperative. The members were advised that the Cooperative this past year had a total of 91,923,000 in kWh sales. That was a decrease of 1,942,000 in kWh sales for 2021 as compared to 2020. The total operating revenue for 2021 was \$10,497,000.00. The operating margins for the year 2021 were \$379,000.00. This is the amount that the Cooperative earned providing electric service to the membership. The members were advised that the Cooperative had margins of \$392,000.00 allocated from East River Electric Power Cooperative, Inc. This is an allocation on the Cooperative’s books and it is not a cash payment received. When the Cooperative receives a cash payment from East River Electric Power Cooperative, Inc. those funds would be paid to the members at that time. The members

2022 ANNUAL MEETING MINUTES

were also advised that the Cooperative also had margins of \$51,000.00 allocated from other associated organizations such as CFC, CoBank, Federated Rural Electric Insurance, and RESCO. The total margins for the year 2021 were \$871,000.00. It was pointed out to the members that on page 13 of the Annual Report it was indicated that the Cooperative has a Net Utility Plant of \$25,368,000.00. The Cooperative also has a total Margin and Equity balance of \$16,218,000.00. This is the amount allocated, but not retired, to the membership and the member's balance appeared on the member's February Energy Bill that was mailed to them in March. The total Capital Credit Retired in December 2021 was \$429,300.00. Lyon-Lincoln Electric Cooperative, Inc.'s portion of this retirement was \$326,900.00 and East River Electric Power Cooperative, Inc.'s portion was \$102,400.00. The total Assets and Liabilities for the Cooperative was \$38,533,000.00. Kristi Jensen asked the members if they had any questions. President Ludeman thanked Kristi Jensen for giving the Financial Report.

President Ludeman advised the members that General Manager, Timothy O'Leary, and himself would be giving a joint report. He introduced General Manager, Timothy O'Leary, and indicated that Mr. O'Leary had been with the Cooperative since 2002. At that time General Manager, Timothy O'Leary, greeted the membership and thanked them for attending the Cooperative's 83rd Annual Meeting. President Ludeman indicated that this year's Annual Meeting theme was "Cooperatives, the Power of Working Together". He indicated that the Cooperative has experienced several changes since the last meeting of members was held for the 2019 Annual Meeting, but one thing remains the same and that is the commitment to the member-owners.

Mr. O'Leary indicated that at each Annual Meeting the directors and staff talk about the commitment to safety and this year was no different. In the May Newsletter there was a story shared about Mary Gehrig and what she did right when she encountered a downed power line. Mary Gehrig made sure that she stayed in the vehicle and called for help. Mr. O'Leary indicated that he wanted the members to know that all downed power lines, like the ones associated with the windstorm from a couple of weeks previous to the Annual Meeting, and accidents involving pad mount transformers or other utility equipment should be treated as though they are energized. The member should call 911 to report the downed line or damaged electrical equipment, but stay in the vehicle until an electric utility worker indicates that it is safe to exit and warn others involved in the accident to stay put and alert others who might approach to stay back. Exiting a vehicle or equipment must be the last resort and should only be attempted if the vehicle or equipment is on fire or giving off smoke. If this is the case, exit the vehicle by crossing your arms and jumping from the vehicle without touching it then hop with both feet together as far as you can. Mr. O'Leary has already heard of one fatality this year after a driver exited a vehicle after a car pole accident. The accident was not in the Cooperative's trade area so he wanted to share information with the members so that the information would be provided to family and friends to avoid this event happening to them.

General Manager, Timothy O'Leary, invited the members to visit the website, click the safety link under the education tab for more information, and to continue to read the Monthly Newsletter to learn more about being safe around electricity and about identifying hazards. It was further indicated to the members to remember to call 811 before the members dig or have someone else dig to get underground utilities located and slow down and move over when

driving through a utility work zone. He indicated that it is the law and could save lives.

President Ludeman indicated to the members that the Directors and Employees wanted a safe and reliable distribution system to serve the members and since it is the largest asset it will play a large roll in how the Cooperative plans for the future. Distribution system replacements and upgrades are identified through the four-year work plan and the administration and Board are working on its next plan. The planning process will allow the Cooperative to evaluate options as the Cooperative looks to speed up the replacement and/or upgrading the oldest lines on the distribution system.

President Ludeman indicated that as the Cooperative looks at speeding up the replacement upgrade process, it will continue to keep its retail rates, the rates that the members pay, in mind. The Cooperative has seen an average increase in prices around 12% and longer lead times over the last year on the materials that make up the distribution system and the Cooperative expects this to continue through 2023. The Cooperative will use the yearly budgeting process to monitor interest rates, wholesale power rates, and its costs to act as a balancing mechanism as the Cooperative works its way through this planning process. In addition, the Cooperative is looking at completing a Cost of Service and Revenue Study to identify if and when the Cooperative will need to make changes to its electric rates. The last change in rates was done on January 1, 2017, and the Board feels that it is good practice to update these studies as the studies provide a guide in making decisions on future rates that will be implemented.

General Manager, Timothy O'Leary, indicated that load growth is another factor that will play a role in how fast lines will need to be replaced or upgraded. When the Cooperative has thought about load growth in the past, the Cooperative thought about members adding a new grain dryer, shed or house. Over the last couple of years the Cooperative has been introduced to a new form of load growth called beneficial electrification. Beneficial electrification is both a load growth opportunity and an environmental opportunity. One example of beneficial electrification is the introduction of electric vehicles.

President Ludeman indicated that while the Cooperative believes it will take longer for electric vehicles to be purchased in rural Minnesota, the Cooperative leased a Tesla Model 3 and have decided to move forward and purchase a Tesla Model Y to replace an existing fleet vehicle. Over the last 3 years the Cooperative has been learning about range anxiety, how weather affects how far you can drive, charging times, and cost to charge and drive.

General Manager, Timothy O'Leary, indicated that studies have shown that on average, 85% of all charging will take place at home, so it will be important for the Cooperative to have the rate signals for electric vehicles to charge during off peak times. This will be a part of the Rate Study that will be done later in 2022. The Cooperative has been tracking all of charging that the Cooperative has done at the shop and have spent around \$500.00 over the last 3 years to charge the vehicle and another \$60.00 at public charging stations to drive 17,000 miles. The Cooperative expects that electric pickup trucks will change the game as Ford and Chevy have introduced the new F150 Lightning and Chevy Silverado. Mr. O'Leary encouraged the members to call the office if they are looking at purchasing an electric vehicle or if they would like to learn more about what the Cooperative has learned over the last few years.

President Ludeman indicated that the Cooperative will need power generation to supply this new load

and it looks like renewable energy resources will help with this transition. The Cooperative has seen the grid getting greener through the addition of more renewable projects and utilities and policy makers are looking for ways to electrify other sectors of the economy to take advantage of these generation resources. From a community perspective President Ludeman indicated that the Cooperative is fortunate that wind and solar projects continue to be built in the trade area for Lyon-Lincoln Electric Cooperative, Inc. The taxes paid to county governments and leases with local landowners provide great benefits to the local economy. Unfortunately, from a power generation perspective, the wind doesn't always blow, and the sun doesn't always shine, the Cooperative continues to be an advocate for an all of the above electric generation plan that will supply its membership with reliable electric power supply when needed.

General Manager, Timothy O'Leary, indicated that "all of the above" energy perspective doesn't always play well in the political arena and there are even some that say we don't support renewable energy enough. This could not be further from the truth. In fact, Cooperatives are normally the early adopters. Basin built the first Cooperative owned wind farms in the Nation back in 2011 and Basin's membership was the reason behind the building of the wind farms. The membership passed a Renewable Energy Resolution at the 2008 Basin Annual Meeting that set a 10% renewable energy goal for Basin. The goal has resulted in Basin growing their renewable energy resources owned and purchased to 29.2% in 2021. Once known for producing all its own power with fossil fuels, Basin is now recognized as the leader in renewable energy and continues to expand its purchases when and where it makes the most sense. When Basin's wind generation and purchasers are combined with its hydro allocation from Western Area Power Administration 46.2% of the Cooperative's 2021 power supply comes from renewable energy resources.

President Ludeman indicated to the Members that the Cooperative has several new employees and one new director since the last Annual Meeting. Vicki Rost, Dan Houselog, and Linda Johansen retired in 2021 with 115 combined years of service to the membership and the Cooperative welcomed Kristi Jensen, Jessica Gums and Sam Rhode to help replace them. On the Board, Jared Dritz was elected to represent District 3 after Director, Donna Stone, had represented the District for 11 years.

General Manager, Timothy O'Leary, indicated to the members that as the energy world changes the Cooperative wants to assure the members that the Cooperative will continue to be a trusted energy advisor by focusing on education, training and information, otherwise known as the Fifth Cooperative Principle. General Manager, Timothy O'Leary, indicated that when he thinks of what it means to be a trusted energy advisor it means that the energy advisor thinks of a business or someone that has the knowledge and ability to answer energy questions without trying to influence the member to purchase a certain brand or technology. Ultimately the Cooperative wants the members to have the information they need to make the decision and the Cooperative is working on finding more ways to provide this information when it fits into the members busy schedule and not just when the office is open.

President Ludeman indicated to the membership that as they have heard this evening there are quite a few things going on at the Cooperative and there are plenty of opportunities and challenges in this ever-changing energy sector. With the help of an engaged membership the Cooperative will be able to meet them head on. (Continued on page 14)

DIRECTOR CANDIDATES

DISTRICT 1



Scott Johnson

Scott Johnson, from rural Tyler, is the incumbent candidate for director for the Lyon-Lincoln Electric Cooperative Board from District 1. Scott and his wife Rhonda have four grown children: Gretchen, Brett, Sarah, and Bethanni.

Scott is a senior compliance advisor for NAU Country Insurance Co., covering Minnesota. In addition to his work in the crop insurance industry, Scott is currently the cemetery committee chairman and cemetery sexton for Danebod Lutheran Church in Tyler. He is also a member of the Arco Sportsmen's Club, board member and president of New Vistas Inc., past church council member and financial advisory committee member, and was also a Lions club member.

In his free time, Scott enjoys fishing, hunting, gardening, landscaping, motorcycling, and spending time with his family - especially their 10 grandchildren.

Scott believes that by being a good listener and engaging patrons on issues affecting the cooperative, he can strive to be a good director. His goal is to help the cooperative maintain reliable and affordable electricity which will help us to remain strong and viable.

Subjects of concern for the board as of late are electric vehicle charging infrastructure, renewable energy mandates, supply chain issues and the future of coal fired generation facilities. Keeping abreast of these and other issues will help him to make informed decisions to help our cooperative be the best. He embraces the opportunity to continue to show the patrons of LLEC that he can be open minded, trustworthy and dedicated to being a good director and would appreciate your vote.

Kelly Sik

Kelly Sik, from rural Lake Benton, is a candidate for director for the Lyon-Lincoln Electric Cooperative Board from District 1.

Kelly is a grain farmer as well as a Lake Benton Public school daily bus route driver. In addition to his work, Kelly sits on the Lincoln County Farm Service Agency Board and is a newly elected member to the Lincoln County 4H Board.

In Kelly's free time, he likes to spend time with his two daughters, Stella and Abby, and enjoys helping them with their love of horses.

When asked why Kelly would make a good Cooperative Director, he stated "Having an opportunity to be around more seasoned Directors would give me a chance to observe and learn, which would then help me make good decisions for our fellow consumers/members I'm working with and around."



DISTRICT 2



Galen Grant

Galen Grant, from Russell, is a candidate for director for the Lyon-Lincoln Electric Cooperative Board from District 2.

Galen and his wife Marie have a daughter, Laurie, two adult grandchildren, Matt and Rose, as well as 2 great grandchildren. Galen is a semi-retired farmer who raises grain and cattle in a partnership with his grandson. Galen is also a retired school bus driver for both the Lynd and RTR school districts.

Galen presently serves on the Lyon-Lincoln Electric Cooperative board and represents Lyon-Lincoln on the East River Electric board. Galen has also served on his church board and is also a former township supervisor.

Galen enjoys gardening, traveling, and spending time with his family. Galen feels that he has the time and experience to do a good job as your director. He is interested in keeping Lyon-Lincoln strong and responsive to customer needs.

DISTRICT 2



Joel Buyck

Joel Buyck and his wife Lynn live on the family farm in rural Garvin. They have 1 child, Bobbi Jo, who is married and lives in rural Marshall with her husband Ryan and two children.

Joel farmed for 30 years on the family farm. In the beginning in a partnership feeding cattle with his dad in the early 80's then after his dad's retirement Joel changed to finishing hogs and still operates a contract feeding operation today. Joel is also a retired Postal Service rural mail carrier.

Joel has been involved in the church for many years filling positions on every board in their church of which has been very educational. Joel and Lynn have been involved with Special Olympics for many years. Joel is an active member of the Tracy Lions Club taking the lead on projects like Soles for Souls shoe drive, Kids Sight Screening and the opening of the Lions Recovery room at the Tracy Hospital. They also started the free book giveaway - when children come in for their early screenings and vaccinations at the hospital they get a free book. He volunteers at the Tracy Food Shelf, and is a substitute Paraprofessional at Tracy Elementary. Joel was also on the Lyon-Lincoln Operation Roundup board for 2 terms.

"The reason I am submitting my name for the board is that I believe that electricity is the energy of the future and would like to be a part of that continuing. I believe in working with others, not against them, and I hope I can bring that to the board."

DISTRICT 3

Dale Fier



Dale Fier, from rural Taunton, and his wife, Amy (Heidi), have two children: Megan and Jacob.

Dale and his wife have restored the original family farm site and opened an event center that they have named the Heritage Event Center. Dale and his wife enjoyed working with their previous and present church groups as well as veterans organizations. Dale's wife, Heidi, is a veteran and they firmly believe in doing whatever they can to support the veterans and the disabled.

In his free time, Dale enjoys all types of restoration projects ranging from buildings to historic farm equipment. He also enjoys golfing, snow skiing and many other outdoor activities. Dale returned to this area because this is home and he enjoys the family-oriented rural farming community. He feels that this is the perfect opportunity to leverage his corporate experience in emerging technology, security and cyber security, as well as his desire to give back to the community he grew up in.

Throughout his corporate career, he has been exposed to a vast amount of technology, processes, procedures and relationships that he can call upon to benefit our community as a co-op director.

5 Key Duties of the Board of Directors

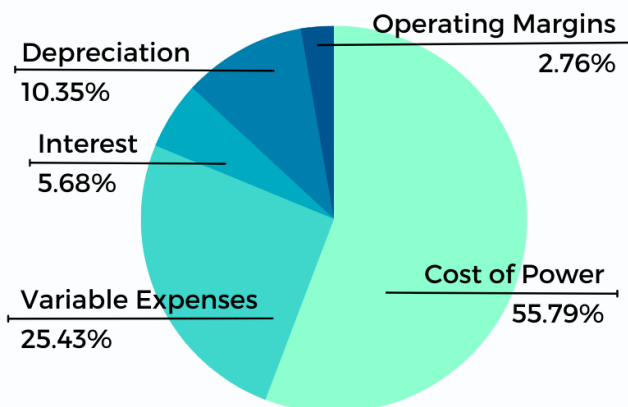
- 1. Define the mission and long term objectives of the business
2. Represent member-owners and serve as trustee of their interests
3. Select and appraise the Chief Executive Officer (CEO)
4. Determine Policy
5. Evaluate the performance of the business

REVENUE & EXPENSES

For Fiscal Years Ending Dec. 31, 2022 & 2021

REVENUE	2021	2022
OPERATING REVENUE	\$10,497,188	\$10,712,797
OPERATING EXPENSES		
Cost of Purchased Power	\$6,052,346	\$5,961,395
Operations Expense	\$351,216	\$553,746
Maintenance Expense	\$570,131	\$723,131
Customer Accounts Expense	\$157,605	\$147,463
Customer Service & Information	\$224,130	\$230,684
Administrative & General Expense	\$1,014,020	\$1,062,045
Depreciation Expense	\$1,105,243	\$1,105,851
Interest on Long-Term Debt	\$617,169	\$607,180
Other Deductions	\$26,444	\$26,448
TOTAL OPERATING EXPENSES	\$10,118,304	\$10,417,943
MARGINS		
Net Operating Margins	\$378,884	\$294,854
Non-Operating Margins	\$49,345	\$51,608
East River Capital Credits	\$391,633	\$803,773
Other Capital Credits	\$50,958	\$69,542
TOTAL MARGINS	\$870,820	\$1,219,777

WHERE YOUR DOLLAR WAS SPENT



CAPITAL CREDIT RETIREMENT

- Lyon-Lincoln is ranked #20 out of 700 Co-Ops nationwide
- 51.72 % of all allocated Capital Credits have been retired
- National Average is 28.99%



In total, LLEC has retired **\$18.14 MILLION** IN CAPITAL CREDITS to our members

COMPARATIVE BALANCE SHEET

December 30, 2022 (Unaudited)

ASSETS: WHAT WE OWN

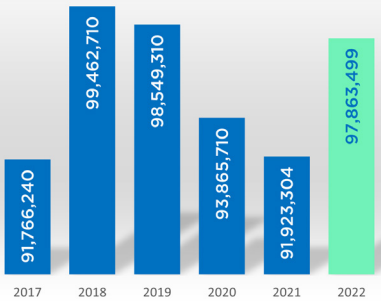
ASSETS	2021	2022
Utility Plant in Service	\$37,501,509	\$38,612,924
Less: Reserve for Depreciation	\$12,133,496	\$12,280,783
NET UTILITY PLANT	\$25,368,013	\$26,332,141
Investments in Subsidiary Companies	\$ -	\$ -
Investments in Assoc. Organizations	\$8,170,955	\$8,423,343
Investments in Eco. Develop. Projects	\$75,010	\$75,010
Other Investments	\$5,811	\$5,356
Special Funds	\$300,000	\$600,000
TOTAL OTHER PROPERTY/INVTs	\$8,551,776	\$9,103,709
Cash - General Funds	\$1,083,676	\$(86,944)
Temporary Investments	\$1,429,708	\$1,350,758
Accounts Receivable - Energy	\$768,688	\$838,979
Accounts Receivable - Other	\$79,183	\$72,467
Materials & Supplies	\$1,005,807	\$1,042,451
Interest Receivable	\$4,590	\$4,590
TOTAL CURRENT & ACCRUED ASSETS	\$4,371,652	\$3,222,301
Deferred Debits	\$241,281	\$214,151
TOTAL ASSETS & OTHER DEBITS	\$38,532,722	\$38,872,302

LIABILITIES: WHAT WE OWE

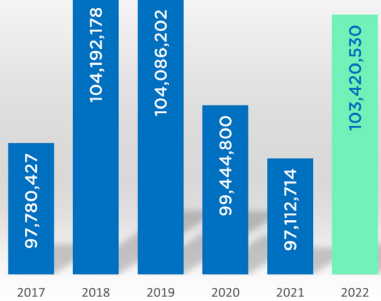
LIABILITIES	2021	2022
Membership Fees	\$19,790	\$19,730
Patronage Capital	\$15,304,737	\$15,755,111
Other Equities	\$893,043	\$958,327
TOTAL MARGINS & EQUITIES	\$16,217,570	\$16,733,168
Long Term Debt, RUS	\$16,486,897	\$16,242,836
Long Term Debt, CFC, CoBank, Other	\$4,430,933	\$4,062,992
Long Term Debt, RUS, Eco. Develop.	\$ -	\$ -
TOTAL LONG TERM DEBT	\$20,917,830	\$20,305,828
Accumulated Operating Provisions	\$6,340	\$51,295
TOTAL OTHER NONCURRENT LIABILITIES	\$6,340	\$51,295
Notes & Accounts Payable	\$668,774	\$725,564
Consumers Deposits	\$27,910	\$26,300
Other Current & Accrued Liabilities	\$394,298	\$430,147
TOTAL CURRENT & ACCRUED LIABILITIES	\$1,090,982	\$1,182,011
Deferred Credits	\$300,000	\$600,000
TOTAL LIABILITIES	\$38,532,722	\$38,872,302

2022 HIGHLIGHTS

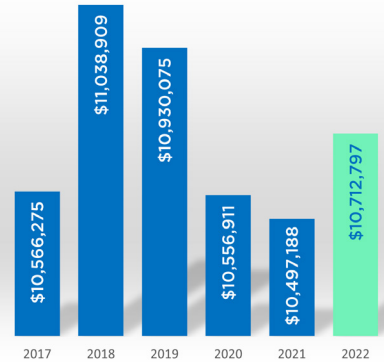
KWh-Hours Sold



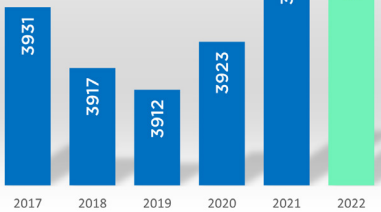
KWh-Hours Purchased



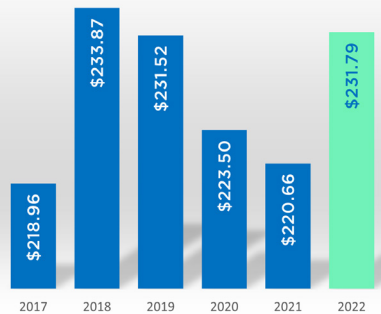
TOTAL KWh Revenue



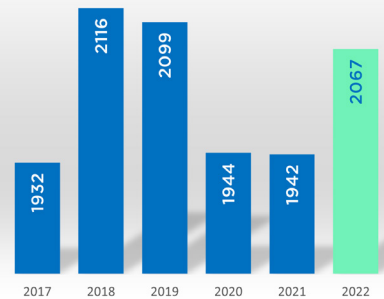
Average Total Consumers
Total Service Accounts



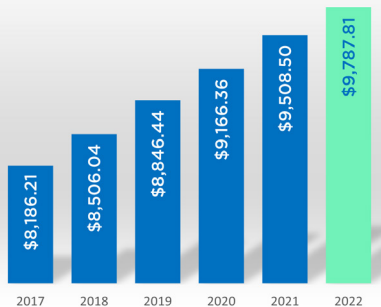
Average Billing
Per Member Per Month



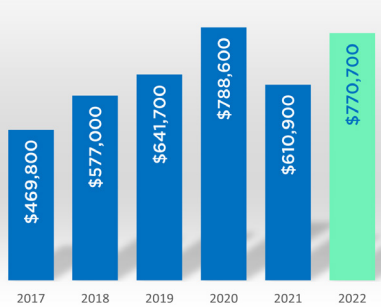
Average KWh Used
Per Member Per Month



Investment in Plant
Per Service



Capital Credits
Refunded



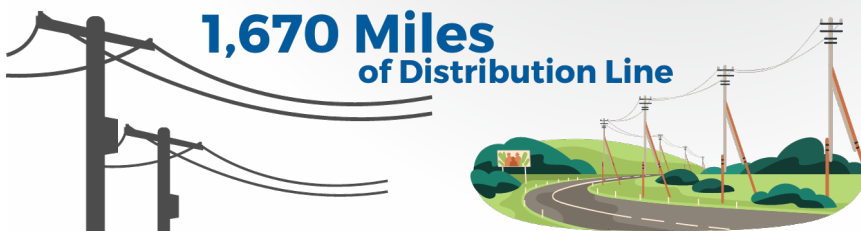
Average Number of
Members Per Month:



Average KWh
Price Paid By
Member



\$0.11



2022 GRANTEES

Avera Tyler
 Balaton Area Historical Society
 Balaton Fire Department
 Child Care & Nutrition, Inc.
 Junior Achievement North- Lincoln Co.
 Junior Achievement North- Lyon Co.
 Lincoln County Fair
 Lincoln County Horticultural Society
 Lincoln County Sheriff's Office
 Lutheran Social Services of Minnesota
 Lyon County Fair
 Lyon County Salvation Army
 Minneota Post Prom
 SWWC Found. for Innovation in Education
 Tracy Area Elementary School
 Tracy Area Medical Foundation
 True Friends
 United Way of Southwest Minnesota
 University of Minnesota Foundation
 Wheels Across the Prairie Museum
 WoMen's Rural Advocacy Programs, Inc.
 Yellow Medicine County Fair

2022 SCHOLARSHIP RECIPIENTS

Zachary Buchholz - Deubrook High School
 Garrett Callens - Home School
 Evan Greenfield - Marshall High School
 Taylor Lacek - RTR High School
 Logan Lamote - RTR High School
 Sheridan Ludeman - Tracy High School
 Jeren Rost - Minneota High School
 Casey Swanson - RTR High School
 Lane Thomas - Plum Creek Academy
 Blake Weedman - Marshall High School



TURN YOUR

COINS INTO CHANGE

HOW OPERATION ROUNDUP WORKS

Lyon-Lincoln Electric Cooperative members have participated in the Operation RoundUp® program since September 1998. Cooperative members allow their electric bills to be rounded up to the next dollar each month with the odd cents going to help fund community projects and charities. Our member-owners have responded with open minds and hearts to the Operation RoundUp® program.

The Operation RoundUp® funds are controlled through the Lyon-Lincoln Electric Trust, Inc., a nonprofit corporation governed by a nine-person Board of Trustees that is selected from the cooperative's member-owners. The trustees meet quarterly to review and approve qualifying grant applications.

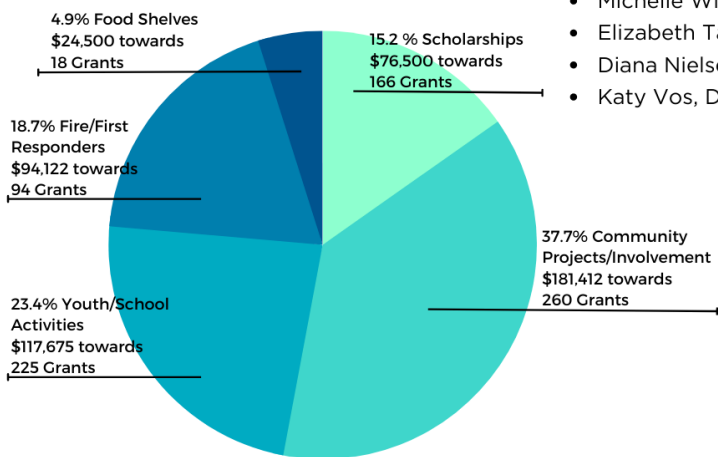
The generosity and community spirit of Lyon-Lincoln Electric Cooperative member-owners rounding up their bill each month makes this program work. For an average of 50 cents a month, or \$6.00 a year, participants are part of a very large community-wide program.

On behalf of the Operation RoundUp Board and the numerous grant recipients, thank you to the membership for their continued support of this program.

2022-2023 BOARD MEMBERS

- Heidi Fier, President
- Michelle Williams, Vice President
- Elizabeth Taylor, Secretary/Treas.
- Diana Nielsen, Director
- Katy Vos, Director
- Judy Hayes, Director
- Kayla Werkman, Director
- Ann Longtin, Director
- Greg Kohler, Director

TOTAL DISTRIBUTION OF ORU GRANTS SINCE 2000



2022 HIGHLIGHTS

2022 ANNUAL MEETING REPORT..... (Continued from page 7)

On behalf of the Board of Directors and employees of the Electric Cooperative he wanted to thank them for their continued support, trust and confidence.

General Manager, Timothy O'Leary, then indicated that he had allocated a few minutes to present an Operation RoundUp® report and answer questions if any. General Manager, Timothy O'Leary, indicated that Lyon-Lincoln Electric Cooperative, Inc. members have participated in the Operation RoundUp® Program since September 1998. Cooperative members allow their electric bills to be rounded up to the next dollar each month with the odd cents going to help fund community projects and charities. The Operation RoundUp® Funds are controlled through the Lyon-Lincoln Electric Trust, Inc., a non-profit corporation governed by a nine-person Board of Trustees that is selected from the Cooperatives member-owners. The current Board of Trustees include: President Heidi Fier; Vice-President Mike Longtin; Secretary/Treasurer Elizabeth Taylor; Diana Nielsen; Katy Vos; Greg Kohler; Kayla Werkman; Michelle Williams; and Judy Hayes. The Trustees meet quarterly to review and approve qualifying grant applications. Highlights for 2021 include the approval of 18 grants for a total of \$18,772.00 and awarding \$3,500.00 in scholarships. A list of 2021 grant recipients and scholarship winners can be found in the Annual Meeting Booklet on page 11. Since September 1998, the Trust Board has dispersed scholarships and grants totaling to \$488,772.00. The Operation RoundUp® Program has helped countless people in the Cooperative's service area. General Manager, Timothy O'Leary, then indicated that he wanted to take this opportunity to recognize the 2022 Operation RoundUp® and Basin Electric Scholarship recipients. First, the Operation RoundUp® recipients who each received a \$350.00 scholarship. He indicated that as he reads the area

students names he would ask that they come forward for their certificate and picture:

- Garrett Callens, from Marshall.
- Brady Gifford, from Arco.
- Evan Greenfield, from Marshall.
- Logan Lamote, from Tyler.
- Sheridan Ludeman, from Tracy,
- Jeren Rost, from Ivanhoe.
- Taylor Lacek, from Canby.
- Casey Swanson, from Lynd.
- Lane Thomas, from Russell.
- Blake Weedman, from Tracy.

The membership was also advised that the \$1,000.00 Basin Scholarship winner was Zachery Bucholz, from Hendricks. General Manager, Timothy O'Leary, congratulated this year's Scholarship winners and advised the membership that they would be able to read more about these students in an upcoming newsletter article. At that time Mr. O'Leary indicated that on behalf of the Operation RoundUp® Board and the numerous grant and scholarship recipients he wanted to thank the membership for their continued support of the Operation RoundUp® program.

President Ludeman thanked General Manager, Timothy O'Leary, for giving the Operation RoundUp® and Scholarship Report. He indicated that he wanted to give special thanks to the following groups and individuals for helping to make the 83rd Annual Meeting a success:

- Lincoln County Pork Producers for preparing the pork chops for the meal tonight.
- The Country House Supper Club of Lake Benton, Minnesota for preparing and serving the sides for tonight's meal.

- The Soil Conservation District for the use of its trailer for tonight's stage.
- East River Electric Power Cooperative, Inc. and Bob Gale for the Audio and Visual Equipment provided.
- The Cooperative Employees and Directors.
- And last but not least, all of the member-owners of Lyon-Lincoln Electric Cooperative, Inc.

President, Sandy Ludeman, asked for any Old Business and there was none.

President, Sandy Ludeman, asked for any New Business and there was none.

President, Sandy Ludeman, asked if there was a report on the election of directors. At that time the membership was advised that Kathy Schreurs was elected as Director for District No. 1 having received 80 votes, James Rokeh was elected as Director for District No. 2 having received 85 votes, and Mike Longtin was elected as Director for District No. 3 having received 116 votes.

President, Sandy Ludeman, congratulated Kathy Schreurs, James Rokeh and Mike Longtin on their election as directors of the Board of Lyon-Lincoln Electric Cooperative, Inc. for three year terms. President Ludeman indicated that there would be an Organizational Meeting that would take place at the regular Board Meeting to be held on June 27, 2022.

There being no further business to come before the Annual Meeting a motion was made, seconded and carried to adjourn.

Secretary/Treasurer

Approved:

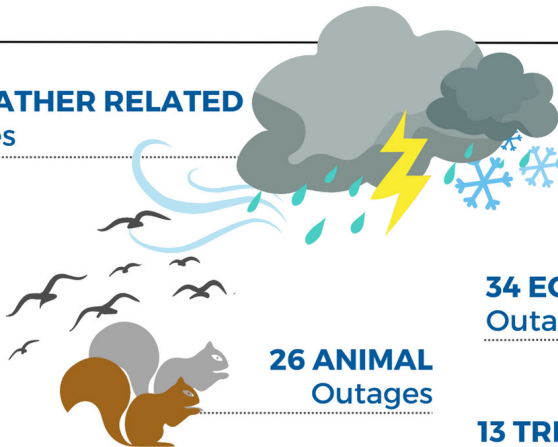
President

2022 OUTAGE COUNT

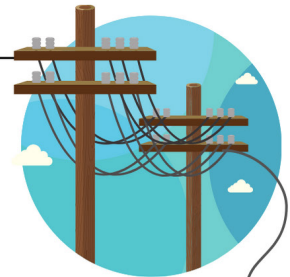
53 CAUSE NOT FOUND Outages



80 WEATHER RELATED Outages



34 EQUIPMENT FAILURE Outages



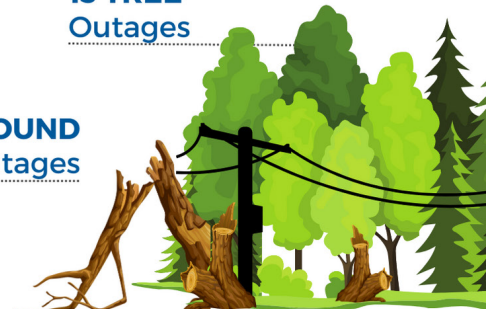
5 MAINTENANCE Outages



26 ANIMAL Outages



13 TREE Outages



4 VEHICLE Outages



36 UNDERGROUND FAILURE Outages

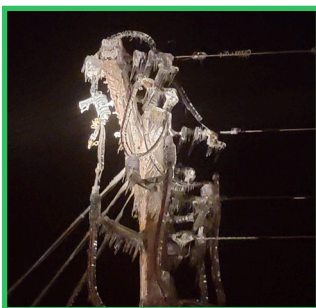


Total Outages in 2022 **251**

Responding to Storm Damage

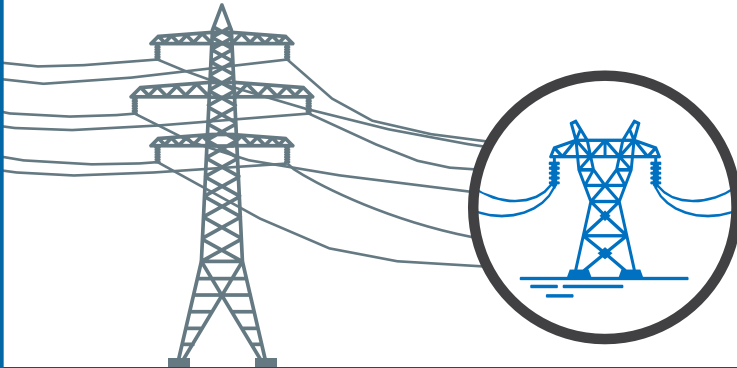
2022 storms brought LLEC linemen dangerous conditions as they worked around the clock to replace broken poles, damaged equipment, restore power, and protect the public's safety.

No matter the weather forecast, our crews will be ready. We encourage you to follow our Facebook page and website for timely updates and important information. As a friendly reminder, if you need to report an outage or an emergency contact our office at 800-927-6276.



The Steps to Restoring Power

When a major outage occurs, our crews restore service to the greatest number of people in the shortest time possible – until everyone has power.



1. High-Voltage Transmission Lines

These lines carry large amounts of electricity. They rarely fail but must be repaired first.



2. Distribution Substations

Crews inspect substations, which can serve hundreds or thousands of people.



3. Main Distribution Lines

Main lines serve essential facilities like hospitals and larger communities.



4. Individual Homes and Businesses

After main line repairs are complete, we repair lines that serve individual homes and businesses.



**Lyon-Lincoln Electric
Cooperative, Inc.**

Your Touchstone Energy® Cooperative 