

Occasionally the Stars Lineup

86th ANNUAL MEETING REPORT

MARCH 31, 2023

Registration - 11:00 am

Lunch - Noon

Meeting - 1:00 pm

GUEST SPEAKER

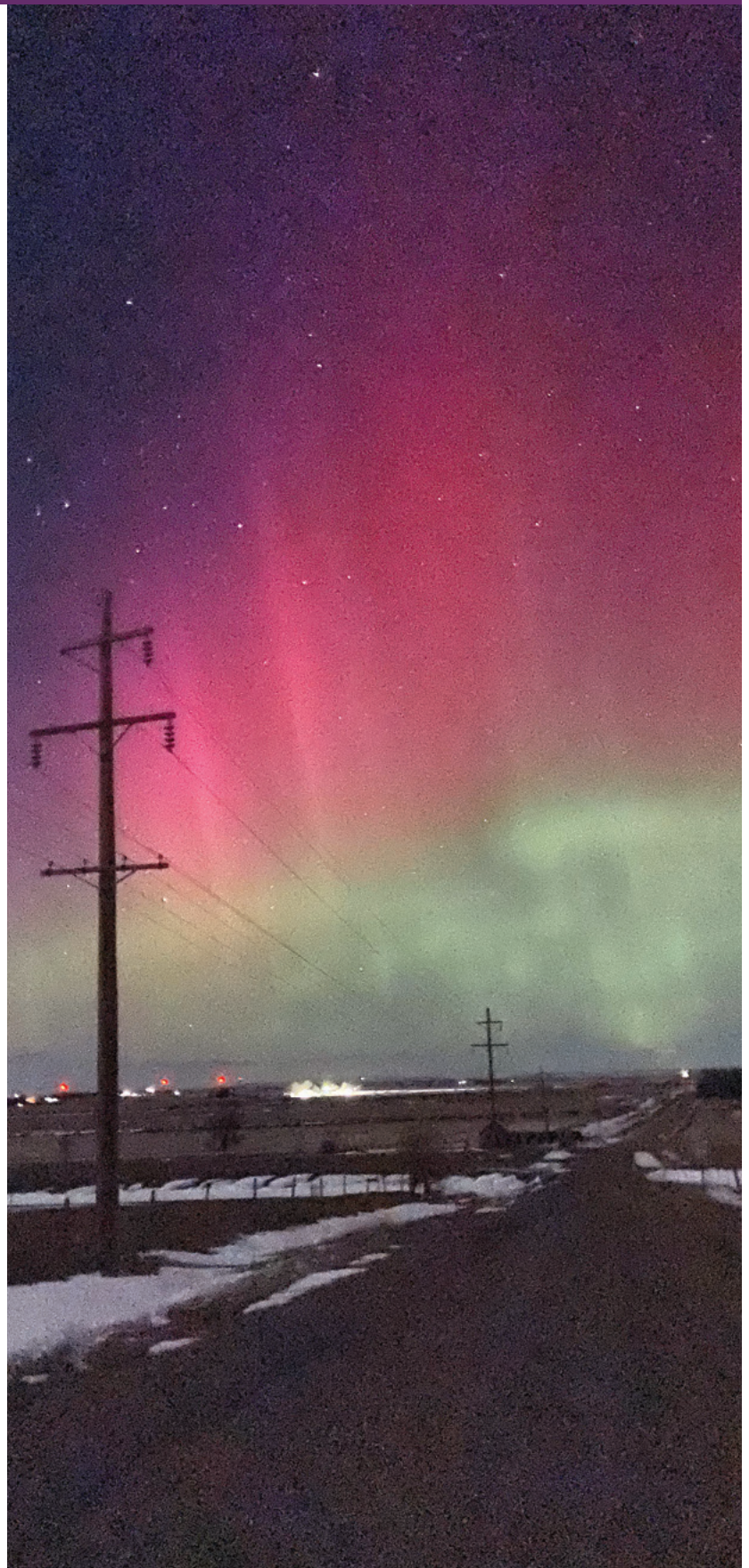
Mark Lambrecht
MECA-Director of
Government Relations



Sun River
ELECTRIC COOPERATIVE



Touchstone Energy[®] Cooperatives
The power of human connections[®]



Notice of Annual Meeting March 31, 2023

Dear Members,

Notice is hereby given that the regular annual meeting of the Members of Sun River Electric Cooperative, Inc. will be held as provided for in the bylaws, at the Fairfield Community Hall in the town of Fairfield, Montana, on Friday, March 31, 2023, at 1:00 p.m. The membership will elect two candidates to serve on the Board of Trustees. One trustee will be elected for:

District #2

Upper Sun River – Augusta – Simms

Candidate: Russ Bloom

Submitted by District #2 nominating committee of:
Kim Lapke - Chairwoman, Clint Kirby, Ruth Mortag

District #7

Highwood – Armington – Stockett

Candidate: Robert “Bob” Pasha

Submitted by District #7 nominating committee of:
John Schipf - Chairman, John Semansky, Steve Buckley

In addition to the above, other nominations may be made from the floor at the meeting or by petition in accordance with the by-laws. There will also be a proposed bylaw change presented for Article III - Meeting of Members - Section 7: Nomination & Election of Trustees.

The auditors will present the annual statistical report. The manager will give a report on the 2022 business operations. Other business will be transacted as it comes before the meeting.

Mitch Johnson, Secretary



President's Report

By Leonard Sivumaki

2022 was a very good year for Sun River Electric. Please join us for the 86th annual meeting of the membership on Friday, March 31st. There will be a delicious lunch at noon with the business meeting following at 1:00 pm. There will be an election of trustees for districts #2 and #7, as well as a request for a by-law change to the nomination and election of trustees section that will come before the membership for approval.

During our February board meeting the board voted to retire \$927,607.72 of the unretired capital credits. This year we will retire 100% of 2002 and 82% of 2003. We are

Agenda

Invocation: Trustee *Bob Pasha*

Pledge of Allegiance: President *Leonard Sivumaki*

Welcome and Call Meeting to Order:

President *Leonard Sivumaki*

Quorum Report/Notice of Annual Meeting/

2022 Minutes: Secretary *Mitch Johnson*

Introduction of Special Guests/

President's Report/Employee Service Awards:

President *Leonard Sivumaki*

Auditor's Report: *Melissa Soldano*—

Douglas Wilson and Co.

Manager Report: *Brad Bauman*—

General Manager CEO

Election of Trustees and Bylaw Change:

Joe Sullivan – Davis, Hatley, Hafferman, Tighe

Door Prize Drawing: *Taylor DeBruycker*—

SREC Work Order Clerk

Guest Speaker: *Mark Lambrecht*—Director of

Government Relations MECA

Door Prize Drawing: *Taylor DeBruycker*—

SREC Work Order Clerk

Unfinished Business/New Business:

President *Leonard Sivumaki*

Grand Prize Drawing: *Taylor DeBruycker*—

SREC Work Order Clerk

Report on Election and Bylaw Change:

Joe Sullivan – Davis, Hatley, Hafferman, Tighe

Meeting Adjournment: President *Leonard Sivumaki*

Meal Prepared by: *Hot Dang Ninja - Angel and*

Julia Diaz

Meal Served by: *Fairfield FCCLA*

Clean-Up by: *FHS Golf Team*

Cover Photo by: *Kaylee Christensen*

holding to our goal of keeping our retirement of capital credits close to that 20 year pay-out mark to ensure a healthy equity level. This coming year we will see the construction of a new warehouse at the Fairfield shop location. This building will be a much needed addition to keep trucks and equipment stored inside out of the elements and also give some upgraded amenities to assist the linemen in better attending to the needs of the members.

Mark Lambrecht our political lobbyist for the statewide electric cooperatives association will be our guest speaker this year. He will be giving us an update on the current legislative issues that affect us.

Meet the Candidates



Russ Bloom

Incumbent Candidate for District #2

I was raised in Simms where my family farmed and ranched. After graduating from Simms High School, I studied veterinary medicine and was a large animal veterinarian for 14 years. I have been ranching full time in the Simms-Augusta area since 2000. My wife Carol, who is an ICU nurse at Benefis Hospital, and I have three grown children. My family and I enjoy the Montana outdoors for river floating, hunting, fishing and camping.

In addition to serving on the SREC board for the past 7 years, I am board president of the Central Montana Electric board and serve as a director on the MidWest Electric board.

In my view the biggest challenge facing SREC is keeping our rates as low as possible while continuing to maintain and upgrade our system. In order to provide affordable and reliable power supply to our members, co-op boards must stay abreast of the rapid changes in the complex and evolving power market. I promise I will work hard to stay on the leading edge of these developments, and always work for the member-owners of SREC.

Sample Ballots

Sun River Electric Cooperative Inc. Election of Board Members

District #2

Upper Sun River - Augusta - Simms

Vote For One

Russ Bloom: _____

_____ : _____

Sun River Electric Cooperative Inc. Election of Board Members

District #7

Highwood - Armington - Stockett

Vote For One

Robert "Bob" Pasha: _____

_____ : _____

Robert "Bob" Pasha

Incumbent Candidate for District #7



My wife Annie and I have been Sun River members for 48 years and I have served on the board for 16 years. We raised our three children on our farm in Highwood and now have two sons and their families operating the farm. I am also a county commissioner in Chouteau county.

I am very proud of where our co-op is today. We have been industry leaders in keeping a very efficient and cost effective business while keeping costs low and maintaining a great environment for safety. Challenges in the electric business are evolving constantly and I look forward to continuing to work for our co-op to stay abreast of the issues.

Sample Ballot

Sun River Electric Cooperative Inc. - Bylaw Ballot

Proposal: Article III - Meeting of Members • Section 7: Nomination & Election of Trustees

A vote "for" the amendments to this section, eliminates both the three-person nominating committee in each trustee district and the nomination of candidates from the floor at the annual meeting and replaces those provisions with a single means of putting trustee candidates before the membership for a vote. Any person wanting to be put on the ballot, as a trustee candidate, must obtain 10 signatures from members in that district on a nominating petition and submit that petition to the cooperative no less than 30 days prior to the annual meeting.

A vote "against" the amendment will retain the nominating committees and also continue to permit nominations from the floor at annual meetings.

_____ For

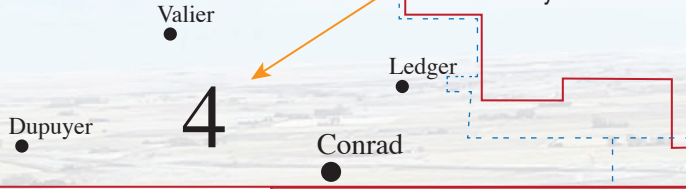
_____ Against

Service Area Map

District Boundary ———
County Line - - - - -



Bryce Johns



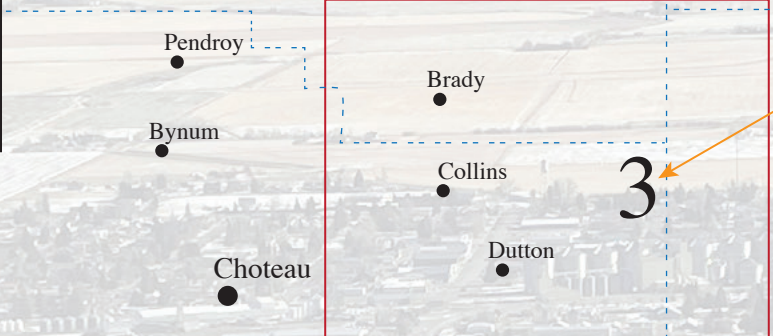
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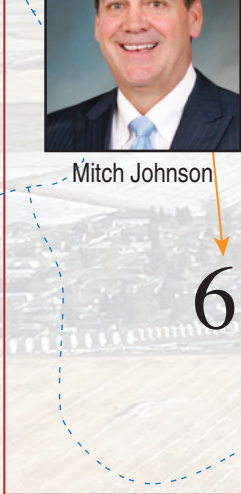
Mitch Johnson



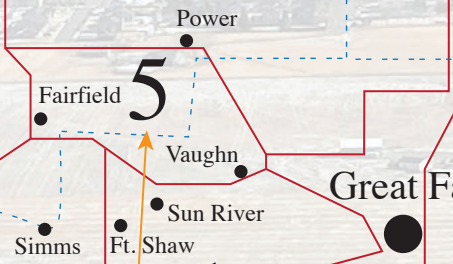
John Burgmaier



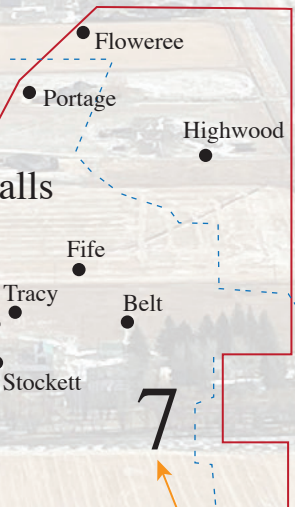
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Russ Bloom



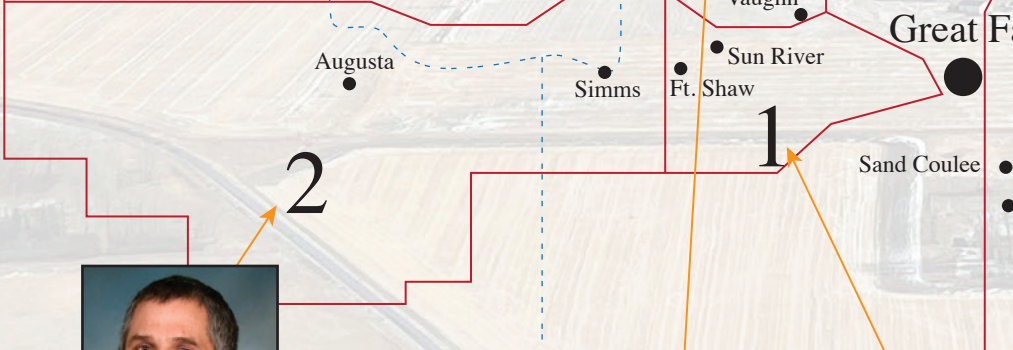
Chris Music



Leonard Sivumaki



Robert Pasha



1

2

Great Falls

Guest Speaker



Mark Lambrecht recently returned to the Montana Electric Cooperatives' Association as its Director of Government Relations, where he represents the interests of Montana's electric cooperatives before Congress, state and federal agencies and the Montana Legislature.

Lambrecht was previously Assistant Director of National Conservation Lands and Community Partnerships for the Bureau of Land Management, managing policy and budget for 35 million acres of federal public lands and natural resources.

Lambrecht has more than 25 years of experience in energy and natural resource policy, government and public affairs and environmental management. Mark's prior experience includes government affairs director for the Rocky Mountain Elk Foundation, executive director of the Treasure State Resources Association and regulatory affairs manager for PPL Montana.

He started his career as a legislative assistant to former U.S. Senator Max Baucus in Washington, D.C. Mark earned a master's degree in resource conservation from the University of Montana College of Forestry and a bachelor's degree in political science from Gonzaga University.

Mark and his wife Amy live in Helena, MT and have two sons—Grant, who is a dental student in Salt Lake City, UT and Lee, who is attending college in Springfield, MO.

Around the Big Sky



Capital Credit Retirement

This year SREC will retire \$927,607.72 in capital credits. The retirements will be for 100% of 2002 and 82% of 2003.

Employees

Brad Bauman
Shelley Batson

CEO/General Manager
Manager of Finance
& Administration

Leanne Hall
Christy Kovatch
Toni Underdal
Brandi Converse
Tayler DeBruycker

AP/PR/CC Clerk/Comm.
General Ledger/Senior Billing
Receptionist/Contracts Clerk
Billing/Collections Clerk
Work Order/Purchasing Clerk

Chris Christensen **Manager of Engineering**
& Member Services

John Schwenke
Mike Faith
Randy Gaa

Staking Engineer
Meterman/Account Specialist
GIS staking/IT

Robert Anderson

Operations Manager

Scott Steyee
Trey Caffyn
Scott Schlosser
Matt Williams
David Kelleher
Sean Donlan
Owen Stong
Robbie Dockter
Jay Pogreba
Nick Soiseth

Asst Operations Manager
Line Foreman
Fairfield Lineman
Fairfield Lineman
Fairfield Lineman
Highwood Lineman
Highwood Lineman
Conrad Foreman
Conrad Lineman
Conrad Lineman

Sun River Electric Cooperative, Inc.
1-800-452-7516 or 1-406-467-2526

Web Site: www.sunriverelectric.coop

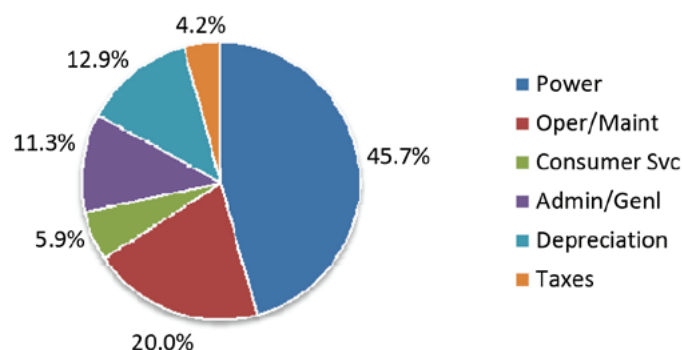
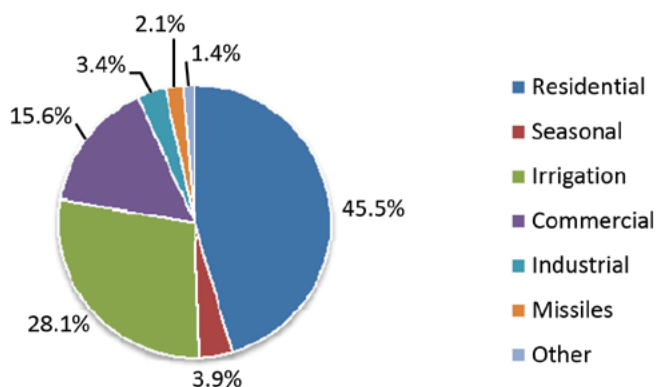
Sun River Electric Cooperative, Inc.

Balance Sheets As Of December 31, 2022 And 2021

	2022	2021
ASSETS		
Utility Plant:		
Electric plant in service	\$ 52,942,932	\$ 51,241,296
Construction work in progress	295,109	66,692
	53,238,041	51,307,988
Less: Accumulated depreciation	(25,026,522)	(23,520,338)
Net Utility Plant	28,211,519	27,787,650
Other Assets and Investments:		
Investment in associated organizations	4,124,960	3,881,425
Capital term certificates	447,318	471,809
Restricted investment	17,758	16,547
Total Other Assets and Investments	4,590,036	4,369,781
Current Assets:		
Cash	842,026	1,213,754
Temporary investments	2,754,839	563,672
Accounts receivable (net of allowance for doubtful accounts of \$2,117 in 2022 and 2021)	1,527,234	1,495,480
Interest receivable	4,589	4,573
Materials and supplies	998,546	783,860
Prepaid expenses	29,214	29,807
Total Current Assets	6,156,448	4,091,146
Deferred Charges	266,352	369,798
Total Assets	39,224,355	\$ 36,618,375
LIABILITIES AND EQUITIES		
Equities and Margins:		
Memberships	\$10	\$10
Patronage capital	19,810,138	19,782,445
Other equities	2,378,580	2,490,260
Total Equities and Margins	22,188,728	22,272,715
Long-Term Debt (less current portion)	13,936,832	10,955,464
Current Liabilities:		
Current portion of long-term debt	777,538	1,362,106
Accounts payable	566,841	508,217
Accrued taxes	247,989	240,220
Accrued interest	88,836	75,113
Accrued vacation and sick pay	320,885	324,838
Accrued expenses and withholding	591,800	590,530
Consumers' deposits	85,346	85,191
Total Current Liabilities	2,679,235	3,186,215
Other Liabilities and Deferred Credits:		
Consumer energy prepayments	353,184	114,609
Deferred credit - debt extinguishment	48,618	72,970
Employee insurance reserve	17,758	16,402
Total Other Liabilities and Deferred Credits	419,560	203,981
Total Liabilities and Equities	\$ 39,224,355	\$ 36,618,375

2022 Operating Revenue

2022 Operating Expenses



OPERATING REVENUE		Percentage
Residential	\$ 5,734,810	45.5%
Seasonal	\$ 495,338	3.9%
Irrigation	\$ 3,541,676	28.1%
Commercial	\$ 1,964,501	15.6%
Industrial	\$ 427,387	3.4%
Missiles	\$ 265,754	2.1%
Other	\$ 170,487	1.4%
TOTAL	\$ 12,599,953	100.0%

OPERATING EXPENSES		Percentage
Power	\$ 5,371,586	45.7%
Oper/Maint	\$ 2,349,946	20.0%
Consumer Svc	\$ 691,236	5.9%
Admin/Genl	\$ 1,324,376	11.3%
Depreciation	\$ 1,518,850	12.9%
Taxes	\$ 496,777	4.2%
TOTAL	\$ 11,752,771	100.0%

Statements of Revenue and Patronage Capital

For the Years Ended December 31, 2022 and 2021

	2022	2021
Operating Revenue	12,599,953	12,111,113
Operating Expenses:		
Cost of power	5,371,586	4,675,507
Transmission	11,017	14,646
Distribution - operation	1,628,236	1,433,270
Distribution - maintenance	710,693	591,396
Consumer accounts	333,145	407,382
Customer service and informational	344,440	346,473
Sales expense	13,651	14,897
Administrative and general	1,324,376	1,264,925
Depreciation and amortization	1,518,850	1,488,201
Taxes	496,777	481,614
Total Operating Expenses	11,752,771	10,718,311
Operating Margins before Fixed Charges	847,182	1,392,802
Fixed Charges:		
Interest on long-term debt	461,328	403,861
Operating Margins after Fixed Charges	385,854	988,941
G & T and Other Capital Credits	732,412	683,458
Net Operating Margins	1,118,266	1,672,399
Nonoperating Margins:		
Interest income	67,867	47,600
Other nonoperating income	34,982	97,118
Net Margins	102,849	144,718
Net Margins	1,221,115	1,817,117
Patronage Capital, Beginning of Year	19,782,445	18,906,694
Retirement of Capital Credits	(1,193,422)	(941,366)
Patronage Capital, End of Year	\$ 19,810,138	\$ 19,782,445



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SREC Trustees

District 1

Leonard Sivumaki,
President

District 2

Russ Bloom

District 3

John Burgmaier

District 4

Bryce Johns

District 5

Chris Music

District 6

Mitch Johnson,
Secretary/Treasurer

District 7

Robert Pasha,
Vice President