




Bayfield Electric
Cooperative

Your Touchstone Energy® Cooperative 



Diane Berweger
General Manager

A message from your CEO

WE'RE IN THIS TOGETHER

Bayfield Electric Cooperative has been delivering safe, reliable electricity to you, our members for **80** years! I invite you to join us for a virtual annual meeting on June 15, 2020, at 6 p.m.

For 80 years, planning has been a very important process at Bayfield Electric. Our cooperative has a strategic plan, along with a financial and construction plan. Our annual budget is basically a financial plan for the coming year. We project revenues and expenses and develop a plan to meet the financial needs of the cooperative. A work plan is basically a road map for what construction work should be done to our electric system over the next four years. We estimate the number of new services we will install over a four-year period, along with the number of service upgrades, pole replacements, and other miscellaneous equipment replacements. We look at our entire distribution grid.

Careful planning helps Bayfield Electric look into the future. This is good for both the cooperative and the members. With close to 2,000 miles of distribution line, our cooperative employees or contractors work daily somewhere on the system on a year-round basis. Our lines go as far north as Cornucopia, south as Cable, west as Brule and as far east as Chaney Lake in Michigan. Throughout the year, we systematically conduct inspections and perform maintenance work to maintain the

reliability of the distribution system. This includes trimming trees and maintaining clearance in our right-of-way, inspecting overhead facilities, pole testing, and underground cabinet inspections.

With that being said, please slow down and move over when approaching a utility vehicle on the side of the road. This is an extra barrier of safety to help those who help all of us keeping the lights on.

Watch for signage alerting you with “Utility work ahead”!

Together Everyone Achieves More

Cooperatively yours,
Diane Berweger, CEO

VIRTUAL ANNUAL MEETING

OFFICIAL NOTICE

June 15, 2020 • 6 p.m.

Elections of Directors in 5, 6, and 9

Please go to our website beforehand and follow directions to view.

www.bayfielddelctric.com

MY CO-OP

MARK JUNE DAIRY MONTH WITH A FREE GALLON OF MILK

June Dairy Month is a time to pay tribute to the dairy industry, a key contributor to our state’s economy. Wisconsin is home to more than 7,000 dairy farms—more than any other state—and 57 percent of those operate on electric co-op lines.

This year, dairy farmers need more than just thanks and good wishes for June Dairy Month. The coronavirus pandemic has hit farmers hard. With schools closing and restaurants limited to carry-out and delivery services only, dairy farmers have temporarily lost a huge market for the milk they produce. Some have had to dump large quantities of milk.

Ironically, at the same time dairy farmers have been forced to dump good milk, many families have been struggling to pay for groceries thanks to pandemic-caused furloughs and job lay-offs.

So this year for June Dairy Month, we’re taking action to try to help our

members on both sides of this situation.

Through our statewide service agency, Wisconsin Electric Cooperative Association, we are offering a coupon for a free gallon of milk to all our members, redeemable at your local Kwik Trip store. Simply clip out the coupon below and take it to Kwik Trip at any

time during the month of June for a free gallon of your choice of non-fat, 1%, or 2% milk.

And when you get back home and pour yourself and your family a cool glass of delicious, wholesome milk, raise a toast to your local dairy farmers who produced it.





A message from the board president UNUSUAL BUSINESS, SAME SERVICE



Keeping the power on is Bayfield Electric's number one job, along with looking out for the safety of the members and employees of the cooperative. Our CEO, Diane Berweger, and her staff are doing an excellent job making sure of that. With that being said, we all are dealing with the realities brought on by the coronavirus, which means an unusual year for all of us.

Unfortunately, our annual meeting will be held differently this year. With concern to our members' and employees' health and welfare, we will not have a gathering of people; therefore, the annual meeting will be held virtually on Monday, June 15, at 6 p.m. In lieu of no annual meeting gathering, door prizes and meal, Bayfield Electric will be working with our Wisconsin Electric Cooperative Association, along with Kwik Trip, to give away milk coupons to help out our Wisconsin farmers. Watch for your milk coupon on page 15 of this magazine. Also, we will be crediting our annual meeting virtual viewers with a \$10 credit to their electric bill.

Although business may be a bit unusual this year, our service remains the same.

Our headquarters front lobby has been closed to the public for a short time now. We are encouraging the use of the outside drop box, online payment such as Smart Hub, telephone payment, or simply dropping your electric bill payment in the mail.

Many of our employees are working from home. Those reporting to the office are practicing social distancing, extra vigilance with sanitizing their work areas and hand washing. Our line crews are reporting to their scheduled job site directly from home, all the while practicing social distancing and disinfecting trucks and work stations daily. We are adapting to new guidelines that we must follow, but are certainly looking toward brighter days ahead.

If you have been coming to our annual meetings over the years you would have heard Robert Kretschmar quote from REA, "The greatest thing on Earth is to have the love of God in your heart, and the next greatest thing is to have electricity in your house."

Eighty years ago, Bayfield Electric Cooperative was formed to supply electric energy in an area where others were unwilling to serve. Our members formed a cooperative to make a better future possible. The challenges are different now, and they will be different another 80 years from now. Bayfield Electric will still be here, and we will be working for you, keeping the lights on.

Cooperatively yours,
Mark Santikko,
Board of Directors President



Districts 5 and 9 please remember to
mail in your ballots to be counted.
Your vote matters!

BALANCE SHEETS

December 31, 2019 and 2018

	2019	2018
ASSETS		
UTILITY PLANT		
Electric Plant in Service	\$57,492,183	\$56,840,781
Construction Work in Progress	1,042,597	29,841
Total	58,534,780	56,870,622
Less: Accumulated Provision for Depreciation	(26,648,587)	(25,147,778)
Net Utility Plant	31,886,193	31,722,844
OTHER ASSETS AND INVESTMENTS		
Investments in Associated Organizations	5,713,270	5,564,907
Other investments	439,445	516,867
Total Other Assets and Investments	6,152,715	6,081,774
CURRENT ASSETS		
Cash and Cash Equivalents	649,842	407,310
Temporary Investments – Restricted	830,000	800,000
Accounts Receivable, Net	1,577,666	1,738,473
Materials and Supplies Inventory	371,538	1,121,457
Prepaid Expenses	97,537	112,842
Current Portion of Notes Receivable	62,000	72,000
Other Current and Accrued Assets	80,303	75,845
Total Current Assets	3,668,886	4,327,927
DEFERRED DEBITS		
Total Assets	263,787	370,708
	<u>\$41,971,581</u>	<u>\$42,503,253</u>
EQUITIES AND LIABILITY		
EQUITIES		
Memberships	841,085	\$40,915
Patronage Capital	13,216,176	12,843,712
Other Equities	39,520	39,520
Accumulated other Comprehensive Margins	702,938	881,213
Total Equities	13,999,719	13,805,360
LONG-TERM DEBT, Less Current Portion	21,747,224	23,490,717
OTHER POST-RETIREMENT BENEFITS	339,831	286,955
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	1,568,000	1,282,000
Accounts Payable	819,370	701,720
Line of Credit	2,100,000	1,575,000
Consumer Deposits	77,474	81,225
Other Current and Accrued Liabilities	485,553	471,091
Total Current Liabilities	5,050,397	4,111,036
DEFERRED CREDITS	834,410	809,185
Total Equities and Liabilities	<u>\$41,971,581</u>	<u>\$42,503,253</u>

STATEMENTS OF COMPREHENSIVE MARGINS

Years ended December 31, 2019 and 2018

	2019	2018
OPERATING REVENUES	<u>\$14,234,530</u>	<u>\$13,895,913</u>
OPERATING EXPENSES		
Cost of Power	6,483,564	6,336,061
Distribution Expense – Operations	870,000	1,121,902
Distribution Expense – Maintenance	1,946,005	1,305,850
Consumer Account Expense	356,951	316,240
Customer Service and Informational Expense	289,374	250,403
Administrative and General Expense	1,082,918	1,094,853
Depreciation	1,555,660	1,601,487
Taxes	331,144	254,994
Other Deductions	104,839	41,579
Total Operating Expenses	<u>13,020,463</u>	<u>12,323,369</u>
OPERATING MARGINS BEFORE FIXED CHARGES	1,214,067	1,572,544
INTEREST ON LONG-TERM DEBT	<u>855,344</u>	<u>876,452</u>
OPERATING MARGINS AFTER FIXED CHARGES	358,732	696,092
GENERATION AND TRANSMISSION AND OTHER CAPITAL CREDITS	<u>329,672</u>	<u>226,980</u>
NET OPERATING MARGINS	688,395	923,072
NONOPERATING MARGINS		
Interest Income	18,329	30,516
Other Nonoperating Income	<u>27,671</u>	<u>44,531</u>
Total Nonoperating Margins	<u>46,000</u>	<u>75,047</u>
NET MARGINS	734,395	998,119
OTHER COMPREHENSIVE MARGINS (LOSS)		
Defined Benefit Plan:		
Net Actuarial Gain (Loss)	(41,913)	(63,051)
Amortization of Loss	17,138	18,264
Amortization of Prior Service Credit	<u>(153,500)</u>	<u>(153,500)</u>
Other Comprehensive Margins (Loss)	<u>(178,275)</u>	<u>(198,287)</u>
COMPREHENSIVE MARGINS	<u>\$556,120</u>	<u>\$799,832</u>

Thank you, Bayfield Electric member Susan Becker, for hand making and donating face masks for our linemen.



STATEMENT OF CASH FLOWS

December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net margins	\$734,395	\$998,119
Adjustments to Reconcile Net Margins to Net: Cash Provided By Operating Activities:		
Depreciation	1,555,660	1,601,487
Patronage Capital Allocation	(329,672)	(226,980)
Gain on Disposition of Property	(27,608)	(44,545)
Interest Income Credited to Cushion of Credit	(110)	(6,035)
Interest Expense Paid by Cushion of Credit	---	336,424
Impairment of Other Assets and Investments	52,940	---
Changes in Assets and Liabilities:		
Accounts Receivable	160,807	64,488
Materials and Supplies Inventory	749,919	(189,412)
Other Current and Accrued Assets	10,847	26,991
Deferred Debits	106,921	39,140
Increase (Decrease) in:		
Accounts Payable	117,650	(87,847)
Other Current Liabilities	10,711	(44,212)
Other Postretirement Benefits	(125,399)	(134,432)
Deferred Credits	<u>(4,775)</u>	<u>---</u>
Net Cash Provided by Operating Activities	3,012,286	2,333,186
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Other Investments	---	38,640
Construction and Acquisition of Plant	(1,726,620)	(1,164,515)
Cash Rec'd from Economic Development Notes	59,482	67,576
Cash Rec'd from investments in Assoc. Org.	156,309	144,829
Proceeds on Sale of Assets	35,219	78,157
Net Cash Used by Investing Activities	<u>(1,475,610)</u>	<u>(835,313)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in Memberships	170	245
Retirement of Capital Credits	(361,931)	(170,261)
Payments into Cushion of Credit	28	---
Principal Payments on Long-Term Debt	(1,457,411)	(1,192,746)
Net Borrowings under Line-of-Credit Agreements	525,000	75,000
Advance Payments on Long-Term Debt	---	(330,389)
Net Cash Used by Financing Activities	<u>(1,294,144)</u>	<u>(1,618,151)</u>
NET INCREASE (DECREASE) CASH & CASH EQUIV.	242,532	(120,278)
Cash and Cash Equivalents-Beginning of Year	<u>407,310</u>	<u>527,588</u>
CASH AND CASH EQUIVALENTS – END OF YEAR	<u>\$649,842</u>	<u>\$407,310</u>
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION		
Cash Payments for Interest	<u>\$857,137</u>	<u>\$947,787</u>
SUPPLEMENTARY DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Margin Stabilization	<u>\$30,000</u>	<u>\$412,000</u>
Princ. Pymts on L.T. Debt Pd. by Cushion of Credit	<u>\$55</u>	<u>\$267,019</u>



BEC 2019 ANNUAL MEETING MINUTES

The 79th Annual Meeting of the Membership of Bayfield Electric Cooperative was held on Monday, June 10th, 2019 at the Iron River Community Center in Iron River, Wisconsin.

Meeting was called to order by President Kretzschmar at 7 p.m.

Pledge of Allegiance.

President Kretzschmar asked military service members (past and present) to stand. Quorum was present.

Invocation was given by Jeff Moravchik, BEC Board treasurer and secretary.

Safety message was given—be careful of wood ticks and to drive home safely after meeting.

President Kretzschmar gave an introduction of all employees and BEC board members.

President Kretzschmar gave the procedures of the meeting, including Robert's Rules of Order, followed by appointing Sara Anderson as active secretary.

President Kretzschmar announced the reading of the official notice of the 2019 meeting by Jeff Moravchik.

Motion made and seconded to approve the minutes of the previous meeting by members as printed in annual meeting booklet. Motion carried.

Election results:

Jeff Moravchik announced positions up for election by voice vote. Directors run by petition. Districts 2, 3, and 8 were re-elected without opposition.

District 2: Mark Santikko re-elected by voice vote from members present at the meeting. Motion carried.

District 3: James Kinzie re-elected by voice vote from members present at the meeting. Motion carried.

District 8: Robert Kretzschmar re-elected by voice vote from members present at the meeting. Motion carried.

President's report by Robert Kretzschmar:

Robert Kretzschmar welcomed all for coming. Bob brought up the brushing program BEC has put into place along with multiple system improvements throughout the year, which has included changing miles of line from overhead to underground and replacing over 750 poles. There were 88 new services in 2018, being the most in the last 10 years. \$378,000 in capital credits will be paid out again on this month's electric bill. Scholar-

ships were again handed out to graduating seniors from area schools. Carson Thewiss was recognized in receiving a lineman scholarship. Two linemen helped Jo-Carroll, a southern Minnesota co-op, through the ROPE program this past April after they had a severe ice storm. Kretzschmar closed his speech by announcing he has decided to step down from president after 35 years of serving in his position. These years involved working with three different general managers and 40 different board of directors, all bringing something new to the table. He thanked all members and staff for the support and memories.

Guest Speaker by Tim Clay, WECA

Clay shared what the Wisconsin Electric Cooperative Association is about and how it was started back in 1936. He described WECA's role in federal and state disaster relief advocacy to member co-ops that have sustained system damage from severe weather events. Their monthly magazine reaches 174,200 homes each month. Clay touched base on the Nemadji Trail Energy Center project.

Financial Report by James Halvorsen, CliftonLarsonAllen LLP

Halvorsen introduced himself and explained the audit process they took this year as being a new firm to the co-op. BEC received the unqualified opinion for 2018; he shared slides describing financial statuses.

CEO's Report by Diane Berweger

Berweger thanked all for coming, gave recognition to employees for milestone anniversaries: Keith Klobucher, 20 years; Elliot Powers, Keith Kavajecz, and Jake Hipsher, all five years; followed by a thank you to all staff and board members. In the past 12 years the linemen have driven 3.4 million miles with no accidents. As part of the strategic plan, all vehicles are on a five-year rotation. With technology improving and changing that has also cut back on costs and time; all BEC trucks are equipped with iPads that display system maps pinpointing outages and guiding the line crew aiding quicker power restoration. A majority of our outages are caused by squirrels or trees. Together we are all a TEAM.

New and Unfinished Business

It was asked if a second solar garden was going to be coming in the future. Berweger explained the co-op doesn't have plans for one but it is being taken under consideration.

James Kinzie asked the audience for a round of applause in recognizing Bob Kretzschmar and his years as president.

Motion made and seconded to adjourn at 8:04 p.m.

Kid's drawing for bicycles and wagon. Winners: **Wagon** – Caroline Nohl, **Girl's Bicycle** – Sondra Nohl, **Boy's Bicycle** – Braeden Anderson

MONTH OF JUNE

Billing date: June 10, 2020

May USAGE

Bills due upon receipt

GROSS DUE AFTER

June 30, 2020

Disconnect: June 15, 2020



BEWARE of dangers above.
Your **LIFE** depends on it.



Look up and look out for power lines.

Safe Electricity.org

Diane Berweger, CEO

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Briana Green, Editor



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