



Northern Lights, August 2020



YOUR Cooperative.

Powered by the strength of our members!

2019 ANNUAL REPORT



Beltrami Electric Cooperative Inc.

® Your Touchstone Energy® Cooperative 

80th anniversary (1940-2020)



NORTHERN L I G H T S

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Monday – Friday

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or 1-800-955-6083

www.beltramielectric.com

Board of Directors

Chair	Rick Coe, DISTRICT 6 (Minnkota Director)
Vice Chair	John Lund, DISTRICT 7
Secretary	Murl Nord, DISTRICT 1 (Square Butte Director)
Treasurer	Judy Honer, DISTRICT 9
Directors:	Charlie Perkins, DISTRICT 2; Charles Parson, DISTRICT 3; Craig Gaasvig, DISTRICT 4; Robert Wallner, DISTRICT 5; Sue Kringen, DISTRICT 8
President and CEO	Jared Echternach
Editor	Angela Lyseng

*This institution is an equal opportunity
provider and employer.*

Minnesota State Electrical Inspectors

Beltrami County

Wade Koons

218-255-3011 - wade@koonsinspection.com

Cass and Hubbard Counties

Anthony Kohrs

218-255-1046

*These are the inspectors covering the area served by Beltrami
Electric. They can be reached by phone Monday through Friday
between 7 and 8:30 a.m. or by fax or email as indicated.*

Gopher State One Call
1-800-252-1166 or call 811
www.gopherstateonecall.org

Anyone who plans to dig is required by law to notify the state
of their intentions at least 48 hours in advance.

All digging requires the 48-hour notification so that buried
telephone line, television cable, pipelines, utility electrical
lines, and municipal water and sewer lines can be located to
ensure that none will be severed or damaged.

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Report to the Members



Jared Echternach, President and CEO, and Rick Coe, Board Chair

COVID-19

We hope this letter finds you healthy and safe. One year ago, who would have ever thought we would be providing our annual update amidst a global pandemic? While COVID-19 has occupied our lives, and perhaps changed them in ways we could not have imagined, the reality is that we must hold true to our core principles as your electric cooperative and continue to provide safe and reliable electric service. That is our core mission and our promise to you, our members.

Annual meeting

We had originally planned to conduct our annual meeting in conjunction with the Beltrami County Fair. We were excited to partner with the Beltrami County Ag Association and we understand their need to cancel the fair this year. We hope to partner with them next year. As such, we will hold a small business meeting at our headquarters facility covering only the essential and required business functions. We will not have a meal or door prizes this year, nor a guest speaker. We will practice social distancing for those in attendance. All of our business, including the election of directors, will take place by mail and electronically. Members who wish to cast their ballot in person may do so at the meeting, but in reality we receive just a handful of on-site ballots each year.

The year in review

While we are now well into 2020, we'd like to provide a recap of 2019 – which turned out to be another great year for your cooperative.

We completed several major projects in 2019, including Oak Point, North Plantagenet Road, Beltrami County Road 39 and State Highway 371. Our crews also constructed another 300 new services and performed more than 100 service improvements for our membership.

While COVID-19 continues to wreak havoc on our economy, we are blessed that our area continues to grow. While many small rural communities struggle to maintain population, let alone grow, we are well-positioned as a regional center where we are experiencing steady growth year after year.

Sufficient margins

New service growth and steady energy sales provided sufficient margins in 2019. We also held the line on our expenses, resulting in an operating margin of just over \$2 million. We realized a total margin of just over \$2.7 million, thanks to our investment in Cooperative Development, our subsidiary owned jointly with Paul Bunyan Communications. We also returned more than \$1 million in capital credits to current and former members in 2019 and just recently returned another \$1 million in June to help members during the pandemic.

Rate stability

Our wholesale power rates remained stable in 2019. Approximately 70 percent of every dollar you pay on your electric bill goes toward the cost of wholesale power. The other 30 percent is what we consider controllable costs. Margins in 2019 were sufficient and we did not need to increase rates in 2020.

Safe and reliable

Most importantly, our employees completed 2019 without a lost-time injury, marking three consecutive years. Our reliability remains one of our cornerstones of service. On average, our members experience less than one outage per year and service was available to our members 99.99% of the time. We were fortunate not to experience a major storm in 2019. We are proud of our employees as they work hard day in and day out to provide the best possible service to our members – and they do it safely.

Strategic outlook

Your board and employees completed a strategic

planning process in 2019 setting the course for your cooperative for the next three years. Our vision and mission remain the same. Our plan consists of four strategic themes, including: Increase Positive Member Engagement, Enhance Beneficial Electrification to Control Costs, Leverage Technology for the Benefit of our Members, and Continue to Improve our Safety Culture. Our actions and resources over the next three years will be focused on meeting objectives in these four areas.

In closing, we would like to thank you for your patronage and support over the past year. We would also like to thank our dedicated employees who continue to work hard to provide safe and reliable service to our members.

Your Cooperative - By the Numbers

Hours worked since last OSHA lost-time injury at the end of 2019: **484,532**

Safety culture – BEC makes workplace safety a priority, providing regular safety training, reminders and procedures to ensure our employees get home safely at the end of each day.



Minnkota Power Cooperative electric generation capacity from wind and hydro energy: **42%**

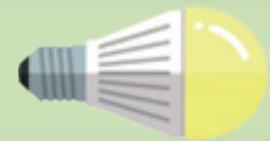
Minnkota is a national leader in wind energy.



New services connected in 2019: **300**



Average times a member experienced an outage in 2019: **0.91**



Capital credits returned to members in 2019: **\$1.1 million**

Capital credits are your return on investment in your co-op. Allocations are held by the cooperative as equity, which allows us to reduce borrowing costs while maintaining your distribution plant.



Miles of line: **3,518**

Beltrami Electric Cooperative maintains 3,518 miles of line that delivers electricity to our membership. 72.5% underground line 27.5% overhead line



Total number of employees: **62**

(59 full-time, 1 regular part-time and 2 seasonal employees)



THE MISSION OF BELTRAMI ELECTRIC COOPERATIVE

"To provide excellent value to our members through the safe delivery of reliable electric service, excellent member service and innovative energy solutions at fair and reasonable prices."

Board of Directors



Rick Coe
Chair
District 6
Minnkota Director



John Lund
Vice Chair
District 7



Murl Nord
Secretary
District 1
Square Butte Director



Judy Honer
Treasurer
District 9



Craig Gaasvig
Director
District 4



Sue Kringen
Director
District 8



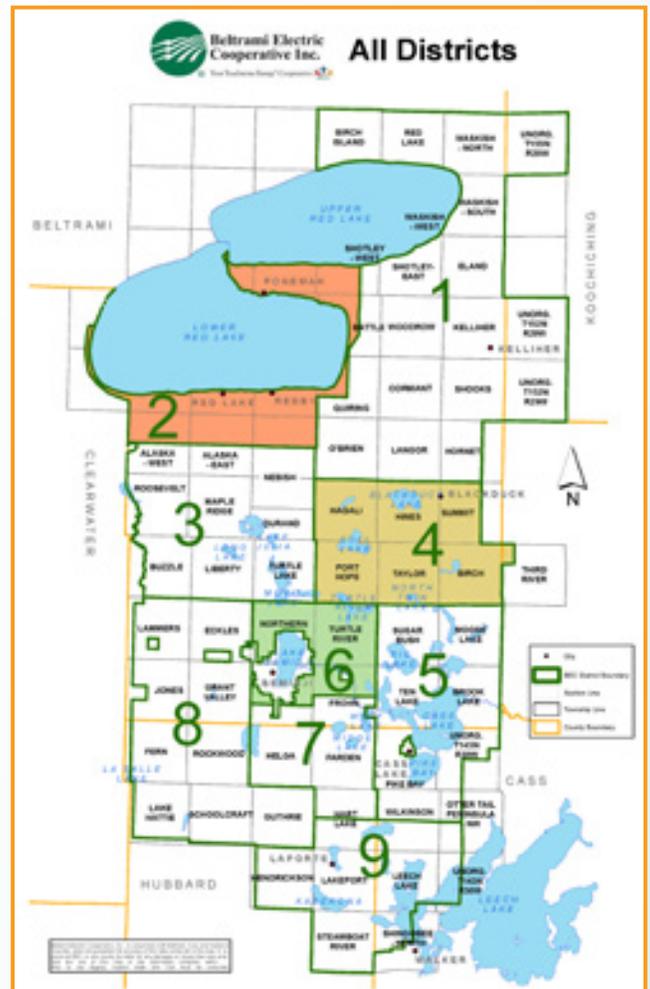
Charles Parson
Director
District 3



Charlie Perkins
Director
District 2



Robert Wallner
Director
District 5



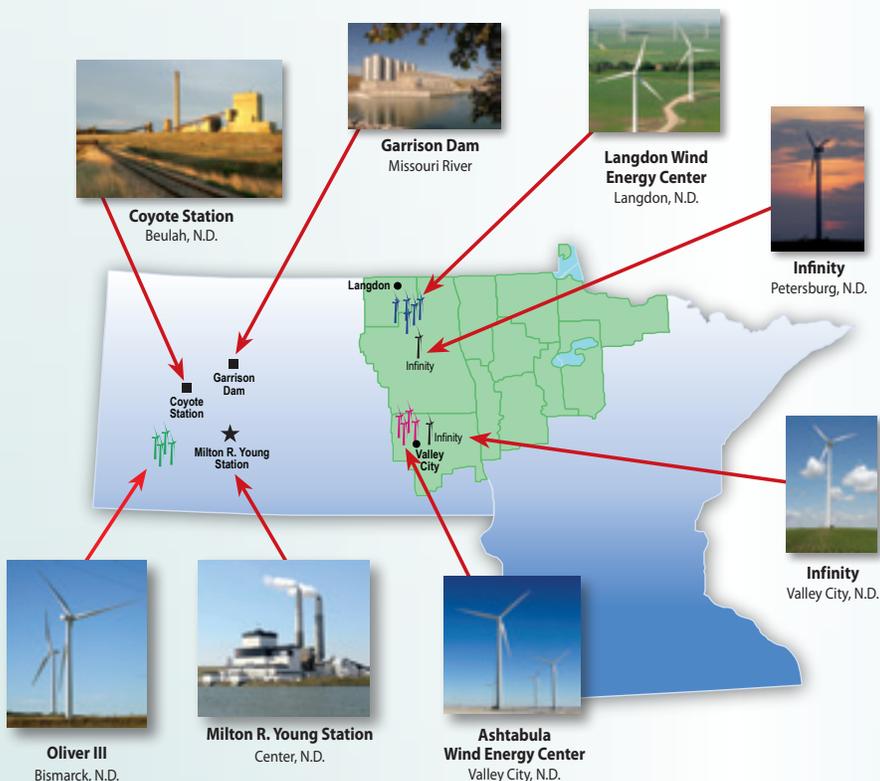
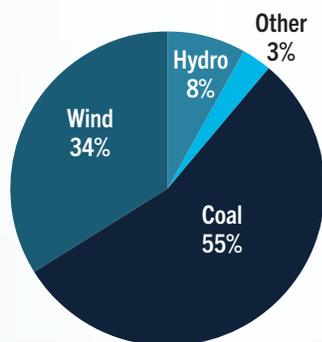
Beltrami Electric District Map

Highlighted areas denote 2020 election districts.

Where Your Power Comes From

Coal and wind provide the majority of Minnkota's energy capacity resources. About 55% of Minnkota's energy capacity comes from coal, while about 34% comes from wind. The Langdon and Ashtabula Wind Energy Centers are located in eastern North Dakota. When you include hydro, about 42% of Minnkota's generation capacity comes from carbon-free resources. The hydro allocation comes from the Garrison Dam in western North Dakota.

	(kilowatts)
Milton R. Young Station – Coal	
Young 1	250,000
Young 2 (78%)	355,000
Coyote Station – Coal (30%)	128,100
Wind	
Infinity	1,800
Langdon Wind Energy Center	139,500
Ashtabula Wind Energy Center	217,500
Oliver III Wind Energy Center	100,000
Garrison Dam – Hydro	108,871
Other	35,000
Total power supply resources	1,335,771



Board Highlights June 2020

Beltrami Electric's board of directors conducted its regular monthly meeting Wednesday, June 24, 2020. A quorum of directors were in attendance.

- President and CEO Echternach made his monthly report, including an update to the cooperative's response to the COVID-19 pandemic, employee updates, the May financials and legislative issues affecting the electric industry.
- The upcoming annual meeting was discussed.
- Jolene Kallroos, manager of member services, presented the Red Flags report, reviewed our identity theft prevention processes and recent activity.
- Arlene Hogquist gave the Financial and Statistical report for May.
- Operation Round Up was discussed. The board expressed its thanks to Michelle Sand for her service on the Operation Round Up board.
- Chair Coe appointed the delegate to the Rural Electric Supply Cooperative.
- John Lund and president and CEO Echternach reported on Cooperative Development.
- Murl Nord discussed Square Butte.
- Chair Coe discussed Minnkota Power and Minnesota Rural Electric Association.
- Directors and president and CEO Echternach shared highlights of meetings attended on behalf of the cooperative.

The following actions were taken:

- Approved the consent agenda.
- Approved the annual meeting to be held at cooperative headquarters on Aug. 12, 2020, at 5 p.m.
- Approved a donation to the Beltrami County Fair Board.

*The next board meeting will be held
Wednesday, Aug. 26, 2020.*

Director Candidates

District 2, Donald (Charlie) Perkins, Sr. (Incumbent)



Charlie is a lifelong resident of Red Lake. He is a maintenance worker at the Red Lake Hospital, where he performs preventative HVAC maintenance, as well as various electrical work on items such as generators, high-voltage circuits, power meters, etc. He is a graduate of Red Lake High School and completed the two-year carpentry program at Minnesota State Community and Technical College in Detroit Lakes, Minn. He also attended Bemidji State University for Industrial Technology. Charlie enjoys spending time with his three children and two grandchildren. He also enjoys hiking, camping and target shooting.

What qualifications do you possess that would make you a good choice to represent the members of Beltrami Electric on the board of directors? *"I am proud to continue in my family's footsteps, extending our commitment to the members of Beltrami Electric Cooperative. I have served on the Beltrami Electric Board for three years. My sister, Lea Perkins, served on the board for 12 years, and previously my father, Ed Perkins, served on the board for eight years. I am passionate about my community, family and friends. I am able to utilize my 30+ years of knowledge and electrical experience to help educate and explain energy usage to our members. I will continue to work hard for the members of the cooperative, providing reliable and affordable electric service to our area."*

What do you feel are the most important issues facing the cooperative? *"Carbon legislation, increasing costs to maintain reliability and keeping up with technology."*

District 4, Craig Gaasvig (Incumbent)

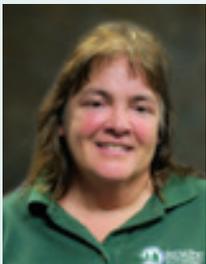


Craig has lived in the Bemidji area his entire life, of which the past 20 years have been in Port Hope Township. He has been a regional account manager with North Country Business Products of Bemidji for more than 26 years. Craig is a graduate of Bemidji State University with a bachelor's degree in mathematics, along with a secondary education licensure. He also holds a power-limited technician license. He has served as supervisor of the Port Hope Township Board for 12 years. Craig was a Ducks Unlimited committee member for 10 years, serving in many roles, including treasurer. He also serves on the Bemidji Rural Animal Control Organization (BRACO) board, which is a group formed by townships to manage animal control outside of the city limits. Craig is currently a Beltrami County Commissioner, representing District 1. Craig and his wife Karen have two sons, James and Jonathon. He is an avid walleye fisherman and enjoys hunting, fishing and traveling.

What qualifications do you possess that would make you a good choice to represent the members of Beltrami Electric on the board of directors? *"I take responsibility seriously. That means I show up on time or early for meetings, having studied the material ahead of time to make informed decisions in the best interests of our members. I have served over three years on the BEC board and have only missed one board meeting, which was due to a family vacation. I genuinely care about the people and the area we live in and I look forward to continuing to serve you, the members of the cooperative."*

What do you feel are the most important issues facing the cooperative? *"Aging infrastructure of our Generation & Transmission (G&T) plants and the political pressure to close coal-fire facilities. With approximately 70% of our costs coming from Minnkota Power Cooperative, any major change on that front will have a major effect on our cooperative. The push for "green" energy and energy conservation mandates will increase costs and the rates for the members of Beltrami Electric. I will work to keep our mission statement as my directive: To provide excellent value to our members through the safe delivery of reliable electric service, excellent member service and innovative energy solutions at fair and reasonable prices."*

District 4, Valerie Wallingford



Valerie has lived in Northern Minnesota most of her life and in Bemidji for the past 18 years. Valerie is a professor at Bemidji State University, where she teaches undergraduate and graduate business administration courses both online and on-campus. Valerie holds a Ph.D. in business administration with a management specialization from North Central University, a Master of Business Administration from the University of Wisconsin-Oshkosh and a Bachelor of Science degree in business administration from Central Michigan University. Valerie has been a board member for Anderson Fabrics since 2015 and an ESOP Trustee for Anderson Fabrics since 2016. She has served on BSU's Career Services Advisory Board since 2018 and on Lake Country Human Resources Association's board since 2012. Valerie is a licensed foster care parent in Beltrami County. She has two sons, Josh and Justin, and she enjoys fishing, motorcycling, four-wheeling, traveling, biking and walking.

What qualifications do you possess that would make you a good choice to represent the members of Beltrami Electric on the board of directors? *"I understand our community needs and have a strong desire to serve the cooperative members' best interests. I have experience on other boards and am active in our community. Teaching many different business administration courses has given me a unique perspective into the complexity of business. I would bring a diverse background, new perspectives and ideas to the cooperative. I have experience working in the following industries: higher education, health care, manufacturing, home health care, banking, and elementary and secondary education."*

District 4, Valerie Wallingford (continued)

What do you feel are the most important issues facing the cooperative? *“The complexity that the energy industry will be facing, including managing costs while providing clean energy, is one of the most important issues facing the cooperative. Continuing to maintain affordable, safe, quality, reliable, innovative services for the diverse member population of northern Minnesota is also important and will ensure the long-term success of the cooperative while adapting to changes such as legal, markets and trends in the electric industry.”*

District 6, Rick Coe (Incumbent)



Rick has lived in the Bemidji Area for 47 years and resides in Northern Township. He has been a member of Beltrami Electric for more than 37 years. Rick retired from the Bemidji Public Schools where he was employed as a teacher, counselor and coach. Coe has a Bachelor of Science degree in biology and general science and holds a Master of Science degree in guidance counseling from Bemidji State University. For 31 years he coached all levels of youth hockey and baseball and has also served as a board member with these sports. Rick has been active in various committees within the Bemidji community and at his church. Rick is also a member of the Knights of Columbus and has served on the KC board. He has served on BEC’s board for District 6 since 2008 and has been the board chair since 2011. He and his wife, Mickie, have three grown children and five grandchildren.

What qualifications do you possess that would make you a good choice to represent the members of Beltrami Electric on the board of directors? *“I have served as a director of Beltrami Electric Cooperative (BEC) for 12 years and I am currently the board chair. I also serve as a director on the Minnkota Board (our generation and transmission co-op) and the Minnesota Rural Electric Association (MREA-our statewide co-op). I have gained a great deal of knowledge and experience from serving on these boards. I care about our members and feel they deserve great service not only from BEC, but especially from the Board of Directors. I promise to be visible and reachable to serve BEC’s members to the best of my ability.”*

What do you feel are the most important issues facing the cooperative? *“Our members want clean, affordable and reliable electricity. I am committed to serve our members and make BEC the best it can be. I would like BEC to be the “Go-to Co-op” for all of our members’ electricity needs. Co-ops currently face many issues, such as loss of local democratic control, mandates, costs of electricity and environmental responsibility for energy production.”*

How to Vote

Democratic Member Control is one of the seven Cooperative Principles. Members may vote for one director in each district. Members have three options for voting – mailing paper ballots, online voting, or voting in person at the annual meeting. Official ballots were mailed the week of July 27.

Paper ballots

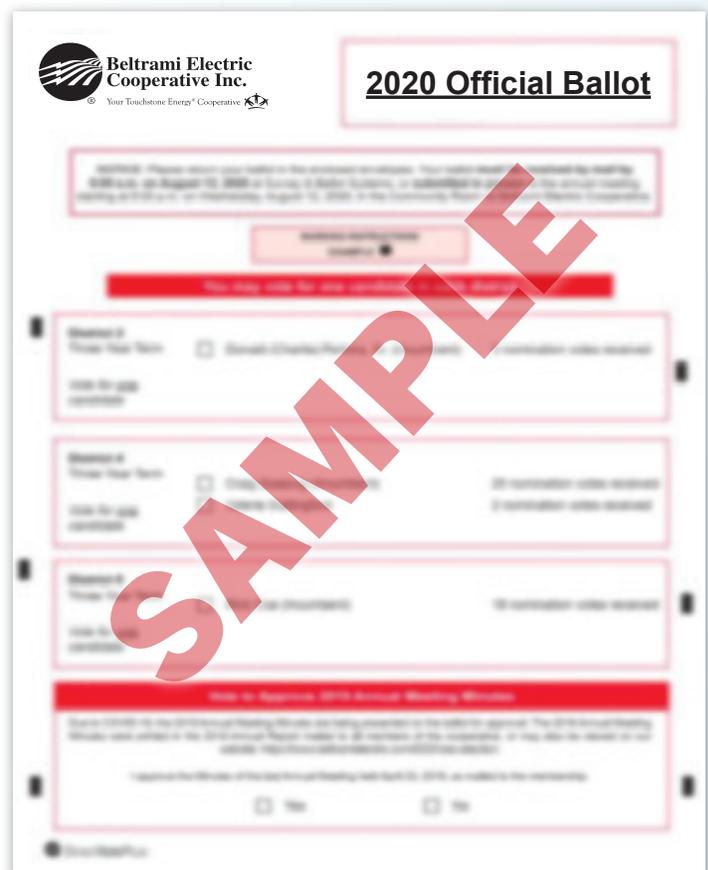
Paper ballots must be received by Survey and Ballot Systems in Eden Prairie, Minn., no later than Aug. 12, so please mail with plenty of time.

Online voting

Online voting opens at 8 a.m. on July 27 and will close at 9 a.m. on Aug. 12. Members may follow the instructions on their ballot, visit <https://www.directvote.net/Beltrami/>, and enter the code from the back of the blue “Business Reply Envelope” to cast their vote. Members who have provided the co-op with a valid email address will also receive an email with a link to vote online.

Vote in person

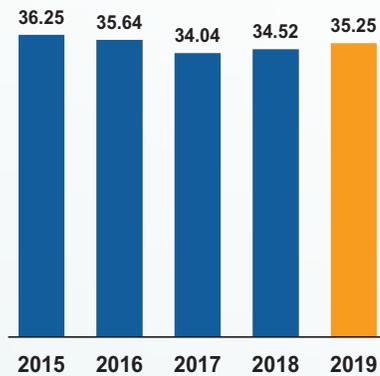
Members will have the opportunity to vote in person at the annual meeting on Aug. 12, 2020.



Consolidated Balance Sheet As of December 31, 2019 & 2018

Equity

Equity is the percentage the members of Beltrami Electric own of the cooperative's assets.



ASSETS

WHAT WE OWN:

In service	\$150,943,533	\$148,058,910
Under construction	158,108	550,358
Total electric plant	151,101,641	148,609,268
Less accumulated depreciation	(46,046,228)	(43,421,232)
Electric plant – net	105,055,413	105,188,036

OTHER PROPERTY AND INVESTMENTS:

Investments in associated companies	5,580,911	5,475,762
Other investments	3,380,468	3,443,168
Special funds	0	0
Total other property and investments	8,961,379	8,918,930

CURRENT ASSETS:

Cash - general	4,095,384	1,792,969
Accounts receivable, less allowance for uncollectible accounts (2019 – \$148,784; 2018 – \$165,238)	7,905,350	7,918,890
Materials and supplies	840,724	1,221,799
Prepayments	159,476	113,005
Interest receivable	8,258	7,989
Total current assets	13,009,192	11,054,652

DEFERRED DEBITS:

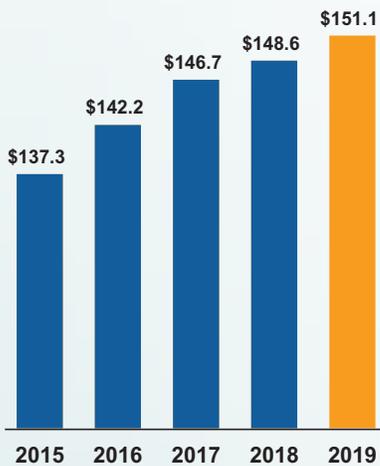
Deferred debits	1,348,166	1,596,115
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TOTAL ASSETS

	2019	2018
TOTAL ASSETS	\$128,374,150	\$126,757,733

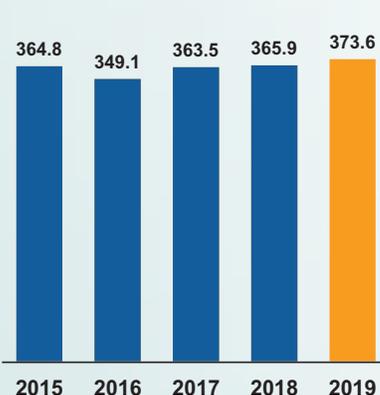
Electric Plant Investment

Millions of dollars



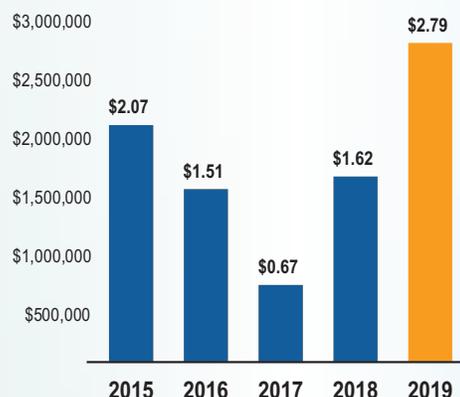
Electricity Sold (Retail)

Total kWh in millions

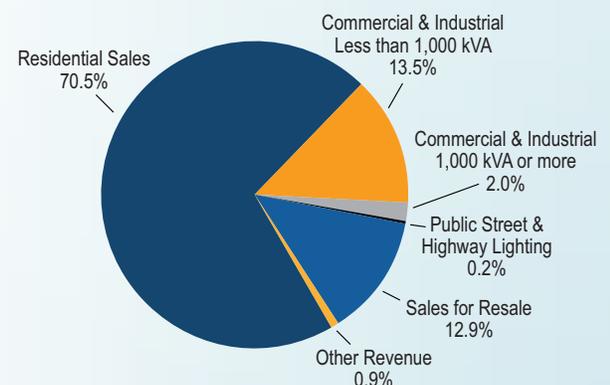


Margins

Millions of dollars



Where Operating Revenue Came From



EQUITIES AND LIABILITIES

WHAT WE OWE:

Memberships	\$ 820,375	\$ 812,090
Patronage capital	22,880,529	22,813,306
Other equities	21,550,322	20,134,308
Accumulated other comprehensive income	0	0
Total equities	45,251,226	43,759,704
Long-term debt, net of current maturities and net of cushion of credit of \$5,353,693 for 2019 and \$5,158,370 for 2018	73,466,625	72,353,213

OTHER NONCURRENT LIABILITIES:

Postretirement benefits obligation	397,073	517,386
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CURRENT LIABILITIES:

Line of credit	0	1,000,000
Current maturities of long-term debt	2,720,602	2,418,066
Current portion of postretirement benefit obligation	70,000	35,000
Accounts payable – general	476,816	780,526
Accounts payable to associated company-billed power costs	3,809,838	3,743,237
Customer deposits	911,796	895,525
Taxes accrued	221,270	281,393
Interest accrued	208,549	214,361
Payroll accrued	143,772	113,337
Accrued compensated absences	325,553	307,023
Total current liabilities	8,888,196	9,788,468

DEFERRED CREDITS:

Customers' energy prepayments	253,214	215,682
Unamortized gain on reacquired – Northern Solar	117,816	123,280
Total deferred credits	371,030	338,962

TOTAL EQUITIES AND LIABILITIES	\$128,374,150	\$126,757,733
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Capital Credit Retirements

Millions of dollars



Miles of Line

Average

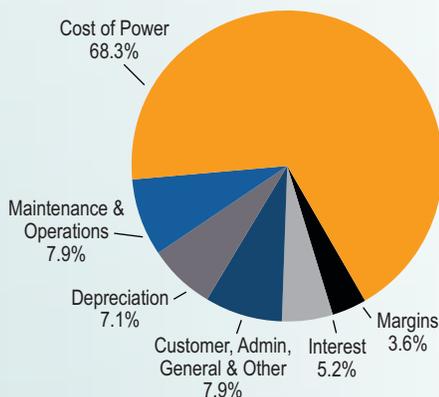


Cost of Electricity

Average cost to residential members per kWh
(includes Access Charge)



Where Operating Revenue was Spent



Consolidated Statement of Operations

	2019	2018
OPERATING REVENUE:		
Electric	\$56,231,745	\$54,211,021
Other	478,201	480,385
Total operating revenue	<u>\$56,709,946</u>	<u>\$54,691,406</u>
WHERE IT WENT:		
Cost of power	\$38,745,495	\$38,687,160
Distribution – operation	2,621,152	2,301,587
Distribution – maintenance	1,842,979	1,958,873
Customer accounts	1,508,452	1,495,072
Customer service and information	971,970	967,654
Sales expense	121,795	130,442
Administrative and general	1,840,907	1,751,377
Depreciation	4,021,172	3,933,602
Taxes	1,760	1,750
Interest on long-term debt	2,888,528	2,795,855
Amortization of gain on reacquired debt	0	(46,994)
Other	89,115	163,957
TOTAL OPERATING EXPENSES	<u>\$54,653,325</u>	<u>\$54,140,335</u>
NET OPERATING MARGIN	<u>\$ 2,056,621</u>	<u>\$ 551,071</u>
NONOPERATING MARGIN:		
Other cooperative capital credits	\$ 331,348	\$ 424,796
Merchandising, jobbing and contract work, less costs and expenses of (2019 – \$117,519; 2018 – \$142,011)	20,121	1,249
Rent of headquarters second floor, net of costs (2019 – \$107,654; 2018 – \$109,741)	27,042	21,665
Loss on disposition of property	(31,065)	(67,668)
Investment income	339,880	299,335
Cooperative Development LLC (net of income taxes)	38,319	439,684
Income tax benefit (expense)	15,032	(34,015)
Miscellaneous lease & maintenance income	1,051	1,685
Beltrami Electric Solar, LLC	(12,231)	(17,402)
TOTAL NONOPERATING MARGIN	<u>\$ 729,497</u>	<u>\$ 1,069,329</u>
NET MARGIN	<u>\$ 2,786,118</u>	<u>\$ 1,620,400</u>

COMPARISON STATISTICS FOR 2018 AND 2019

	2019	2018		2019	2018
Number of members (average)	21,218	21,019	Investment per member	\$7,063.80	\$7,018.81
Average monthly kWh per residential member	1,247	1,222	Long-term debt per member	\$3,558.96	\$3,528.76
Average monthly bill for residential member	\$169.07	\$162.09	Average monthly operating expense per member	\$214.65	\$214.65

Annual Meeting Minutes - April 23, 2019

The annual meeting of the members of Beltrami Electric Cooperative, Inc. was held at the Bemidji High School in Bemidji, Minn., on Tuesday, April 23, 2019, commencing at 7 p.m. President Rick Coe presided. The following directors were present:

Judy Honer	Charlie Perkins	Sue Kringen
John Lund	Rick Coe	Craig Gaasvig
Charlie Parson	Bob Wallner	Murl Nord

President Coe asked all to stand for the Pledge of Allegiance and invocation. Director Judy Honer gave the invocation.

Children's prizes were awarded along with a 529 Minnesota College Savings Plan in the amount of \$500.

President Coe called the meeting to order at 7:05 p.m. and announced a quorum with 176 registered voting members present. Attorney Sam Schmitz was appointed as Parliamentarian. Attorney Sam Schmitz announced that the board of directors had appointed the following as tellers:

Audrey Arndt from District #7 Barb Siler from District #6

Attorney Sam Schmitz introduced the director candidates from Districts 1, 5 and 8, one from each district.

President Coe asked for membership approval of the notice of meeting and previous year's minutes. Both were approved without objection. President Coe introduced the

current directors. President Coe recognized Willow Damar, who was selected as the Youth Tour delegate to Washington, D.C.

Randy Frisk of the Operation Round Up® Trust Board gave a report to the membership. Jeremiah Freye gave a report on the No Barriers Warriors Program Expeditions he attended.

Arlene Hogquist, Beltrami Electric Cooperative director of finance and corporate services, gave the annual financial report.

CEO Jared Echternach recognized the special guests in attendance and gave a report on the past year's performance, energy sales and legislative issues affecting electric cooperatives.

President Coe introduced Stacey Dahl, senior manager of external affairs for Minnkota Power Cooperative, who discussed Project Tundra.

Door prizes were given out at intervals throughout the meeting.

Attorney Sam Schmitz announced the election results. Murl Nord was reelected in District 1, Bob Wallner was reelected in District 5 and Sue Kringen was reelected in District 8. The bylaw amendments were approved with 93% voting in favor of the amendments.

President Coe then called for any unfinished business. There was none. President Coe then called for any new business. There was none. There being no further business, President Coe adjourned the meeting at 8:11 p.m.

Operation RoundUp® | Beltrami Electric Cooperative Trust



Operation RoundUp® is a charitable program that is designed to give co-op members a means of working together to use their small change to make a big impact in their local communities. Operation RoundUp® is just what its name implies. Each month, BEC "rounds up" the electric bills of participating members to the next highest dollar, with the additional cents going into the Beltrami Electric Cooperative Trust. The Trust Board of Directors, made up of five volunteers from our community, meets twice a year to review applications and award grants.

To date, the Trust Board has awarded \$331,614 in grants to not-for-profit organizations and groups in our communities. Donations are tax deductible and participating members receive an annual summary of their contributions on their billing statement each January. A complete listing of grants awarded to date may be viewed on Beltrami Electric's website.

For an average of 50 cents a month or \$6 a year, BEC members can be part of supporting some wonderful programs in our local communities!

2019 TRUST BOARD MEMBERS

SHARON LEMBKE (President)	RANDY FRISK (Vice President)	MICHELLE SAND (Secretary/Treasurer)	SHERRY BILLUPS	LEA PERKINS
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2019 REPORT



Average member contribution: \$5.81



Member participation: 83%



Applications reviewed: 108



Applications approved: 104



Total funds requested: \$196,780



Grants awarded: \$86,689

Financial Report



Arlene Hogquist
Director of Finance
and Corporate Services

The cooperative principles and Beltrami Electric Cooperative’s strong business values guide our financial approach. As stewards of the resources you provide, we are accountable to you and have processes in place to ensure the integrity of our work. Beltrami Electric ended 2019 in a strong financial position and satisfied all of the financial covenants of our lenders. An independent audit was conducted by Brady,

Martz & Associates. It is the audit opinion that the consolidated financial statements present fairly, in all material respects, the respective financial position of Beltrami Electric Cooperative, Inc. and Subsidiary as of December 31, 2019 and 2018, and the respective results of its operations and its cash flows for the years then added in accordance with accounting principles generally accepted in the United States of America.

Operations Report



Dan Edens
Manager of Operations

This year’s construction work has looked a bit different as we work to ensure the safety of our members and employees due to circumstances surrounding COVID-19. Safety is and has been our number one priority at your cooperative. We continue to foster a culture of safety, including regular safety training, reminders and procedures to ensure everyone gets home safely to their families each

and every day. I am happy to say that as of the end of 2019, Beltrami Electric employees have worked 484,532 hours since the last OSHA lost-time injury.

Safety is not only a priority for our employees. We also strive to share safety tips with our members and the public year-round through our member newsletter, website and social media pages, and safety demonstrations for our local schools and groups. We typically will visit our local elementary schools in the spring each year. However, this

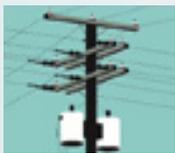
year schools were closed and students completed the year from home. We look forward to the time when we can get back into the classrooms, and we will create a virtual safety demonstration to share with all.

Much of our construction in 2019 involved replacing aging underground line. The insulation value of some of this line has deteriorated resulting in unstable reliability. One of these projects included replacement of a line feeding Oak Point through Minnesota Island, which greatly improved the reliability for our members.

We understand that outages are inconvenient at best, but planned outages are actually beneficial to you, our members. Regular maintenance and system upgrades are necessary for optimal performance and increased reliability. As some of our older lines need to be replaced, we plan for it, repair or replace it and that keeps everyone safe and keeps the lights on. Our right-of-way maintenance program has been very successful in reducing outages caused by trees and animals. There are some items out of our control, including weather, storms with high winds and lightning, equipment failure and roaming animals.

On behalf of the operations department, we thank you for your patience as we work to provide you, the member, with the most reliable, safe and economical electrical service as possible.

Your Cooperative’s Distribution System – By the Numbers



Poles – 20,265



Meters – 28,730



Transformers –
16,584



Reclosers – 396



Regulators – 97



Overhead line –
966 miles



Underground line
– 2,552 miles

As a cooperative member, you share in the cooperative’s investment in the above equipment needed to provide members with reliable electric service, such as poles, wires, transformers and other equipment. These costs are recovered through the access charge on your monthly bill. It also supports fleet, facility and member service functions, such as outage response, line maintenance, member services support and administrative responsibilities.

Engineering Report



Rich Riewer
Manager of Engineering

Beltrami Electric’s engineering department, along with our consultant, recently completed our Long Range Plan (LRP). The LRP recommends projects and work needed to provide adequate electric service to our members through the year 2049.

Along with the LRP, we are working on developing our four-year Construction Work Plan (CWP) for the years 2021-2024. The four-year

CWP outlines specific projects needed to provide safe and reliable electric service to our current and future members. The changes are based on peak loads projected over the next four years.

We completed a major overhead to underground line conversion on Star Island this past winter. This project will reduce the need for crews to coordinate the mobilization of equipment and supplies to restore power outages on the island. We have quite a bit of work planned for the

area south of Cass Lake this summer, including replacing some older vintage overhead line with underground and adding an additional tie-line to increase capacity and reduce outages. These projects – along with new services,



service improvements and underground line replacements – will make for a busy construction season.

Along with major construction projects, the engineering department maintains roughly 400 reclosers and 100 voltage regulators on a regular

schedule. These devices minimize long-term outages and system damage and maintain adequate voltage on our distribution system. Our new metering system is fully installed and operational. We started implementing the new system in 2016 and it was fully installed less than two years later. Work continues to optimize the system and make full use of all the features it provides.

Member Services Report



Jolene Kallroos
Manager of Member Services

Beltrami Electric implemented paperless workflow in 2019 to streamline our service work, which is now an electronic process from start to finish. The paperless workflow process has enabled us to see details of service work throughout the process and answer members’ questions regarding their specific service work. Previously, service work information was passed by paper throughout the entire

process, from the office to the field and back to the office.

The board of directors for Beltrami Electric approved retiring and paying more than \$1 million in capital credits. This is one of the benefits of being a member of your electric cooperative.

With the COVID-19 situation, we understand that not everyone wants to have to come into the cooperative to pay. We have several convenient ways for you to pay your bill without coming into our office! Members can pay online through SmartHub (online or app), by Auto Pay, Pay

by Phone, online through PayNow (One-Time Payment), via MoneyGram at Teals in Cass Lake, in Bemidji at Walmart, CVS Pharmacy and Luekens Village Foods (North & South), through one of our drop boxes (one is drive-up outside and the other is located in the entrance at Beltrami Electric) or via mail (USPS). For more information on our payment options, visit our website: <https://www.beltramielectric.com/viewpay-my-bill>.

We can complete service requests remotely as well! Give us a call at 218-444-2540 or toll-free at 800-955-6083 or email info@beltramielectric.com. We are here to help!



Energy Services Report



Sam Mason
Director of Member
& Energy Services

The energy industry is undergoing rapid change, and technology is paving the way for innovation in the way energy is used, produced, stored and shared. Consumers are interested in renewable or lower CO₂ energy alternatives while smart homes and apps make managing energy use and paying your electric bill more convenient than ever.

Today, about 42% of Minnkota Power's generation capacity comes from wind and hydro power.

Members interested in even more renewable energy have two additional opportunities. With options to subscribe to panels or simply pay-as-you-go, members can purchase locally produced solar energy from Beltrami Electric's community solar garden, **Northern Solar.**

The **Infinity Renewable Energy Program** gives members the opportunity to support even more renewable energy, up to 100% of their monthly energy consumption, for as little as an additional \$0.003/kWh. These programs ensure your energy dollar is advancing renewable energy efforts in the local communities where you live, work and play.



Supporting the electrification of items such as electric transportation (EVs, forklifts, zambonis, buses, etc.), lawn and garden tools, and more, facilitates the use of renewable energy. These

items can use battery storage technology to charge during periods of low energy demand, when we have excess energy that we would otherwise sell into the market.

In addition to battery storage technology, utilizing high efficiency heating and cooling equipment, such as air-source heat pumps, ground-source heat pumps, storage space heaters and storage water heaters, is really key to integrating additional renewable energy now and into the future. You may have heard the term "beneficial electrification" and wondered what it meant. It is finding ways to better



utilize intermittent renewable energy with efficiency and clean electrical products, such as some of the items I just mentioned.

Use trusted sources

If you're considering solar for your home, make sure you are working with a reputable company. Because this is still an emerging industry with evolving technology, there has been a proliferation of pop-up companies in the market to make a quick buck. Representatives of solar companies may have more sales experience than knowledge of the energy industry, and their primary goal could be making a sale and moving on to the next prospect.

Beltrami Electric Cooperative can provide recommendations for reputable solar installers for our area. We take an objective view of how to achieve desired energy and cost savings for our members, and that may or may not include solar.

In this ever-changing environment, it's important to remember you have a trusted energy advisor – your local electric cooperative. We are a community-focused

organization that works to efficiently deliver affordable, reliable and safe energy to our members.

Remember, we're just one call or click away, so please reach out with any questions about your electric service or bills – we're here to help.

Today, about 42% of Minnkota Power's generation capacity comes from wind and hydro power.

Infinity Renewable Energy

Your energy. Your choice.

Through the Infinity Renewable Energy Program, you can decide how much of the electricity you purchase is generated by renewable resources.

By enrolling in the Infinity program, you choose a designated number of kilowatt-hours (kWh) or percentage of the electricity used that you would like to come from renewable resources, up to 100% of your monthly consumption. Beltrami Electric will allocate the appropriate amount of renewable energy through the program and indicate your purchases on your electric bill.

With about 650 individual consumers participating, the Infinity program ensures your energy dollar is advancing renewable energy efforts in the local communities where you live, work and play.

No equipment, contracts or hassle.

Signing up takes a matter of minutes and all information is automatically incorporated into your billing statement. Contact Beltrami Electric Cooperative today to learn more about how you can participate in the program or sign up at www.beltramielectric.com/infinity-renewable-energy.



SUBSCRIBE TO LOCALLY PRODUCED, RENEWABLE SOLAR ENERGY TODAY!



80-kW DC community solar garden at BEC headquarters

- Each panel has produced an average of 371 kWh/year
- Subscriptions available – Members may subscribe to as little as a half panel or as many panels as they choose, up to their average annual usage

OPTIONS AVAILABLE:

- **Option 1 – One-time Payment** (One-time upfront cost – receive credit on your electric bill through 2036, based on current electric rates.) Contact the BEC office for current pricing.
- **Option 2 – Easy Pay** (12-, 24- or 36-month payment plans available – subject to review of account standing.)
- **Option 3 – Pay As You Go** (NO CONTRACT – simply tell us how many kWh you want to receive from Northern Solar and pay an additional fee on your electric bill.)

Classifieds

For Sale:

New, ALAMO IX Fire bricks. 350+. Reg. \$2.50. Our price \$1.00. You buy, you load. You drive away. Mike 759-4734.

1993 Celebrity 21-ft. open bow - cruise/ski/fishing boat. Like new "Heritage" tandem axle trailer. Boat has GM 350 Mag V8 Mercruiser I/O. Bimini top w/other canvas and trailing cover. Water skis and tow rope. \$5,200. Reg. thru 2022 Trlr. licensed thru 2021. Docking lines. Call 308-4111.

Diamond "Nuclear Ice" youth bow. Includes practice arrows, hard case, "digital pink" color. Excellent condition. For kids 4-10 yrs. Fully-machined aluminum riser, beyond-parallel limbs, pivoting limb pockets, smooth cams. IBO speed: 187-195 fps, weight: 2.9 lbs., let-off: 70%. Draw length adjustments 14"-24". Draw weight adjustments 10-29 lbs. \$300. 368-4834.

Old Town 14' 7" canoe. Great condition, red. Model 147 guide. PolyLink 3 material. \$500. 209-5339.

DR self-propelled, all-terrain field and brush mower, \$1,200. Wood cook stove, 4 lids with oven and warming compartments, 30" x 21", \$300. 3 Bridgestone tires, P275/65 R18. \$90. 4 Firestone tires, P275/65 R18, \$150. Wood lamp/book night stand, 30" x 24", oak finish. \$35. Call 586-2617.

Windows for sale. Low E double pane, no frame. Six windows 19" x 43." 16 windows 22" x 20." Also 2 glass doors and a few odd windows. \$500 for all/obo. 260-0947.

1982 Honda SilverWing motorcycle (500cc) shaft drive, faring, saddle bags, new tires, recently serviced. Stored indoors. Great shape. \$900. 766-2209.

16-ft Lund fishing boat, good condition, \$695. 2005 Toyota Corolla, \$1,200. 335-2328.

"Travel-to-do" membership, discounted cruise, resort, flight plan. 6 antique cane chairs, 1 cane antique rocker. 368-0864 or 368-1942.

Pelican Colorado 15-ft poly canoe, \$300. Diamond Razor Edge (lady/youth size) compound bow with lots of accessories, \$350/obo. Armstrong flute, \$200. Black/gray Itech hockey bag, \$50/obo. Horse statues and plates, call for more info. 759-0186.

LG portable A/C, 11,000 Btu, \$200. Lund fishing boat, SSV16, 25 hp Honda, on ShoreLand'r trailer, \$7,000. 14-ft road clipper utility trailer \$3,000. 15-ft square stern Grumman canoe, carrying yoke and 2 paddles. \$600. Minn Kota electric 45-lb thrust, 12 volt, 36" shaft. 5-speed Traxxis. \$249. 335-2986.

Craftsman Top toolbox, 40", 8-drawer, new in box, \$200/obo. MTD 21" single-stage snow blower, electric start, \$75. Eskimo ice auger, 8-inch, \$75. Older Franklin fireplace, \$75. F&H W-161 rear-wheel weights, \$100. Farnall F20 round spoke wheels, front and rear. Does not run, some extra parts, \$1,000/obo. Older Singer sewing machine, portable, \$50. 255-5808.

2 standard steel doors, painted white with hinges, half-moon deco glass top, excellent condition, selling cheap, \$125 for both doors. Will text photo. 987-2009.

Wheelhouse fish house, 4 holes, 2 bunks, cook stove, propane heater, sleeps 2. \$2,000. Call Stan 407-5827.

1987 Ford 1710 tractor, 4-wheel drive, \$8,000 firm. 2004 Forester pontoon, 19-ft, 25 hp Mercury 4-stroke motor. \$4,000 firm. 407-7551.

Hewitt boat lift, 1,500-lb cap, with cover. Could be modified for jet skis. Located in Bemidji area. \$1,200/obo. Call 320-583-0471.

1990 Sun-Lite crank-up pickup camper. \$750, 3 air conditioners, \$50, \$25, \$25. 209-6990.

1977 Ford Econo window van. One owner, seats 12, runs great. 62,265 actual miles. \$800. 209-1351.

In process of large "house-cleaning." Will have an abundance of items for sale by time ad comes out. House-hold, antique, collectable, dolls, plates, fabric, books, guy stuff, much more. Will have list available to email and/or dates to come see. 224-3688.

AeroCraft aluminum canoe, 17 foot, good condition, two paddles, \$400. Call (701) 740-8321, leave message.

Front tine garden tiller. 5 hp Briggs & Stratton. Ran great when I quit gardening 2 years ago. \$175/obo. HP Office Jet j5780 all-in-one printer, scanner, copier and fax, color or black and white. Works great! \$50/obo. Call 556-3133.

Generators for sale: Troy-Bilt model 1919 rated for 5,550 watts continuous, 8,550 watts starting with 10 hp Briggs & Stratton engine, \$600. Cabela's (Champion) Model 46576 rated for 3,500 watts continuous, 4,000 watts starting with a 6.5 hp engine, \$250. Both like new. 243-3224.

PAINTBALL PARTY SET- all for \$200: 3 paintball guns, 9 CO2 tanks, 6 masks, extra hoppers, full box of paintballs and extra. Worked when last used 5 years ago, son is cleaning garage; meet near Bemidji. 556-5864.

Selling 5 hp Briggs & Stratton engine. Last used in early June of this year – was on a rototiller that is no longer usable. \$50 cash. Call 556-4926 – leave a message if I do not pick up.

Heavy weight 4-piece wrought iron fireplace tool set. Black in color, 18" high. Includes poker, shovel, broom, rake and stand. Like brand new. \$25 firm. Text or call Dave at (320) 221-1052. Laporte area. I can text you or e-mail you photos. 2016 Hi Sun Sector 750 side by side, signal lights,

172 miles. Stored indoors during winter. Like new \$12,500. 2015 Wells Cargo utility trailer 7x16 ft. V front. Like new, hardly used, stored under roof \$6,000. 335-6238 leave message if no answer.

6-hole wheeled fish house. 6'x12', heater, bunk bed, excellent condition. \$2,000. 651-491-1466.

Jeep Cherokee Sport, 6-cyl, good running gear, motor, everything works, \$1,700/obo. 444-7249.

Older armoire, headboard, night stand, great shape. \$200. 766-8781.

NordicTrack Audiostrider 800 elliptical, like new, \$750/obo. From Debs Church: pew 7' refinished \$500/obo. Electric transfer box \$50, small pressure washer \$35, Weber grill \$100, 5" wheel support \$50, Quick hitch, type 1 never used \$90. Text 218-209-1863.

44" x 90" Marvin double-hung window. New. Arch top. \$125/obo. Near Laporte. 612-710-2860.

Gamo air rifle with a scope, .177 caliber. My increasing disability prevents me from using it. \$65. 854-7333.

Wanted:

I will pet-sit for you while you are gone. 766-6510.

Aluminum canoe with square stern. 987-2009.

Riding lawn mower. Call or text Luke at 218-556-0553.

Used grolsch or swing-top type bottles for making kombucha. Also looking for a big Berkeley water filter, large hammock, and old stock tanks (can have holes). 224-3688.

Free:

Large, light-up Christmas figures. Need some paint touch-ups but overall in good condition. 759-4734.

2020 Annual Meeting Program

Wednesday, Aug. 12, 2020

#POWER
ON

Beltrami Electric Cooperative | Community Room

4:30 to 5 p.m.

Registration for meeting

5 p.m. – Business meeting

Call to order and welcome.....Rick Coe, *Chair*

Pledge of Allegiance & invocation...Judy Honer, *Director*

Appointment of tellers.....Rick Coe, *Chair*

Introduction of candidates

and last call for ballotsSamuel Schmitz, *Attorney,*
Minnkota Power Cooperative

Notice of meeting, proof of mailing.....Rick Coe, *Chair*

Financial report.....Arlene Hogquist, *Director of Finance*
and Corporate Services, Beltrami Electric

CEO's report.....Jared Echternach,
President and CEO, Beltrami Electric

Election resultsSamuel Schmitz, *Attorney,*
Minnkota Power Cooperative

Adjournment of meeting

* Please bring your copy of the August Northern Lights/
Annual Report to the annual meeting, or use it to follow
along live on our YouTube channel.

NOTICE

For the safety of our members and employees due to COVID-19 and safety concerns regarding social distancing, this year's annual meeting will be held for the limited purpose of conducting essential official cooperative business. Methods to participate remotely are available. Your vote for candidates to serve on the board of directors and approval of the meeting minutes can be completed using the mailed ballot or online. Visit www.beltramielctric.com/2020annualmeeting for more information. There will not be a meal, door prizes or giveaways this year.

Members may attend in person and bring their ballot to the meeting, but know the format has changed in response to the current situation. We look forward to a more engaged format in 2021!

**WATCH THE MEETING LIVE
ON OUR YOUTUBE CHANNEL.**

