



2023 ANNUAL REPORT



SERVING OUR MEMBERS. *Always.*

BOARD OF DIRECTORS



Gary Fish

Board President
Brandon, S.D.
District 6 Director



Dan Leuthold

Board Vice President
Ellsworth, Minn.
District 8 Director



Dave Daniel

Board Treasurer
Wentworth, S.D.
District 4 Director



Don DeGreef

Board Secretary
Brookings, S.D.
District 1 Director



Rodney DeMent

Board Member
Humboldt, S.D.
District 7 Director



**Dr. Leslie
Heinemann**

Board Member
Flandreau, S.D.
District 3 Director



Gregg Johnson

Board Member
Pipestone, Minn.
District 9 Director



Mark Rogen

Board Member
Garretson, S.D.
District 6 Director



Lucas Roskamp

Board Member
Jasper, Minn.
District 10 Director



Ann Vostad

Board Member
Volga, S.D.
District 2 Director



Allan Weinacht

Board Member
Colton, S.D.
District 5 Director

CONTACT US

Outages:

800.234.1960

Member Services:

877.511.8062

Address:

23491 471st Ave
Colman, SD 57017



STRATEGIC LEADERSHIP TEAM



Tim McCarthy

General
Manager/Chief
Executive Officer



Jason Maxwell

Chief
Financial
Officer



**Kimberlee
Hansen**

Vice President
of Human
Resources and
Member Services



Justin Moose

Vice President
of Technology



Ted Smith

Vice President
of Engineering
and Operations



**Carrie
Vugteveen**

Vice President of
Public Relations



**Brenda
Schelhaas**

Executive
Assistant

Continued Load Growth: 2023 Overview

Sioux Valley Energy is a growing electric utility with consistent positive load growth year after year. The average load growth in 2023 was just over four percent. This growth requires significant investment but also contributed to the Cooperative's ability to delay a rate increase until 2024. In 2023, Sioux Valley Energy added more than 670 new services to the system; constructed or replaced 105 miles of line; and handled more than 235,000 phone calls from members. Nearly 955,000 megawatt hours were purchased from our power suppliers, and we returned \$2.88 million in capital credits to the membership.

The Cooperative remains in strong financial condition, with rates holding steady in 2023 through the help of deferred revenue, growth (as mentioned above), and a temporary reduction in line replacement. However, a rate adjustment was approved by the Board of Directors starting in April 2024 due to ongoing rate pressures resulting from increased costs for material, equipment, operations, financing, and power supply. Current financial forecasts do indicate the need for future rate increases as well.

A 140-panel, 60kW community solar array was commissioned on June 6, 2023 on the grounds of the Colman headquarters. Sioux Valley Energy members had the opportunity to purchase a subscription for the panels. During its first six months of service in 2023, the array generated 51,335 kWhs for a capacity factor of 20.5 percent. Revenue generated through the end of 2023 for the participating members was \$5,267 which equates to \$37.62 per subscription. In 2023, the array offset a total of \$1,815 in demand costs for the Cooperative.

Approximately 50 percent of Sioux Valley Energy's power bill from its power suppliers is based on demand. In efforts to reduce those demand charges, the Cooperative launched a residential coincidental peak demand rate pilot program



Gary Fish
Board President

Tim McCarthy
General Manager/CEO

in 2023. Once the pilot concludes, the Cooperative plans to analyze its effectiveness and survey participating members to gain insight from them. The Sioux Valley Energy internal rate committee routinely reviews other rate strategies that may reduce peak demand on the electric system.

An adjustment was made to the Cooperative's annual meeting format in 2023, hosting the event in three locations. Hartford served as the main meeting site with the meeting livestreamed to two remote locations in Volga and Luverne. This format resulted in increased attendance with more than 1,400 people taking part in the three locations. The three locations allowed more people to take part, and the Board of Directors made the decision to utilize the three-location format again in 2024.

Each year is unique and 2023 was no exception, but what doesn't change is our employees' commitment to members. The mission statement of "Serving Our Members. Always." is more than just a tag line for our employees. They live it each day and we thank them for all that they do for the Sioux Valley Energy membership!

Minutes of the Annual Meeting

of the membership of the Sioux Valley-Southwestern Electric Cooperative, Inc.

June 6, 2023

Pursuant to notice having been given on the 18th day of May 2023, the annual meeting of the members of the Sioux Valley-Southwestern Electric Cooperative, Inc. (dba Sioux Valley Energy) was held on Tuesday, June 6, 2023, in three locations. The main meeting site was at West Central School, Hartford, SD with remote meeting sites at Sioux Valley School, Volga, SD and Generations Event Center, Luverne, MN. A member appreciation event featuring The Barn Flies was held in conjunction with the meeting in Hartford. Entertainment was provided by Allie LaRock in Luverne, MN.

Carrie Vugteveen, Vice President of Public Relations, gave the invocation and The Barn Flies led the National Anthem.

Carrie Vugteveen introduced the members of the Sioux Valley Energy Board of Directors.

Carrie Vugteveen welcomed former employees and directors, special guests/dignitaries, legislators, G&T representatives, and the Sioux Valley Energy Operation Round Up® directors.

The business meeting was called to order at 7:10 p.m. by Board President Gary Fish, who presided as Chairperson, and Don DeGreef, Board Secretary, acted as Secretary for the meeting.

The Secretary presented the Notice of the Meeting and the Proof of Mailing and reported that a quorum was present with 530 members registered. A motion was made by Gaylord Hansen and seconded by Kris Nordby to approve the minutes of the June 7, 2022 annual meeting as printed in the 2022 Annual Report. The motion carried.

Dave Daniel, Board Treasurer, presented the treasurer's report for 2022. A motion was made by Arnold Lusch and seconded by Zena Honnellio that the treasurer's report be approved as presented. The motion carried.

GENERAL MANAGER/CEO REPORT/ EMPLOYEE AWARDS

The management report was presented by General Manager/CEO Tim McCarthy. As part of the management report, Manager McCarthy recognized the following Sioux Valley Energy employees for their years of service with the Cooperative:

- LeAnn Nelson, Manager of Accounting – 25 years
- Chad Williams, Operations Manager – 25 years
- Kimberlee Hansen, Vice President of Human Resources and Member Services – 30 years
- Jim Kuyper, Lead Staking Engineer – 30 years

Board President Fish presented a Resolution of Appreciation to Debra Biever. Debra Biever dedicated 27 years of her career to Sioux Valley Energy.

Manager McCarthy recognized the students who will be part of the next EmPOWER Youth Leadership Program. He also introduced the EmPOWER scholarship recipients for this past school year.

ADJOURNMENT

There being no further business to come before the meeting, Gary Fish declared the meeting adjourned at 7:30 p.m.
Don DeGreef, Secretary

C.L.A.S.S. Grants

Sioux Valley Energy provided a total of \$5,000 in C.L.A.S.S. (Cooperative Learning and Scholarship Supplies) grants to 10 area teachers. Teachers (or friends and family on their behalf) submitted an online entry to the Co-operative, and grant recipients were selected through a drawing which was held live via Facebook.



Community Solar

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National Attention

Sioux Valley Energy employees and members were featured in national Touchstone Energy Cooperative commercials and advertisements. Film crews were on location in the Cooperative's service area in June 2023 to shoot the ads. The commercials focused on both safety and commitment to community.



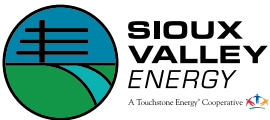
Annual Meeting x3

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Updated Logo

The Cooperative logo underwent a refresh in 2023. The logo reflects the historical and highly recognizable brand of the Cooperative. There are three horizontal lines signifying the member, the board, and employees.



Sioux Valley Energy began construction in July 2023 on a facility expansion project at its Brandon location. The expansion of the current facility will add offices, truck and wash bays, additional space for the warehouse, and a training facility for employees.

FINANCIALS

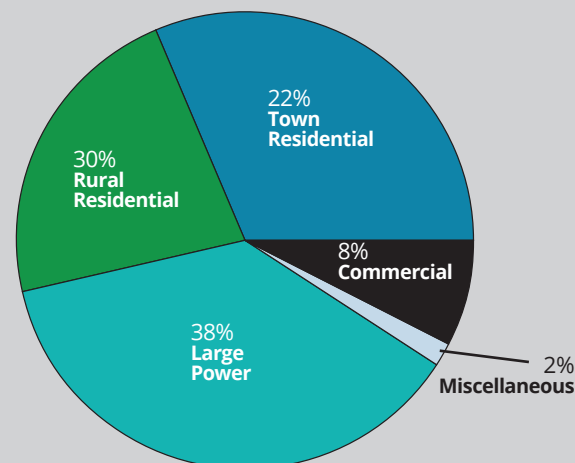
SIOUX VALLEY ENERGY

STATEMENT OF OPERATIONS

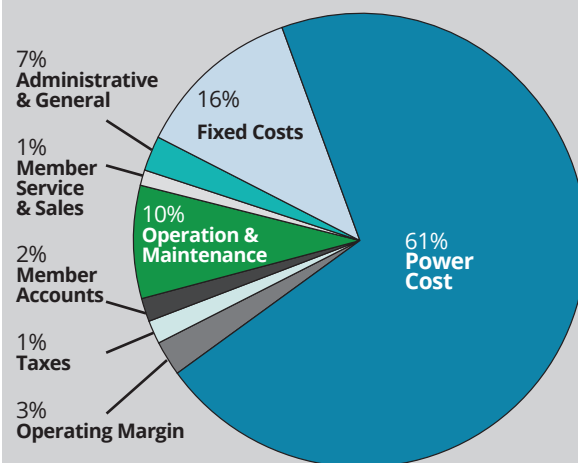
For Years Ended December 31, 2023 and December 31, 2022

	2023	2022
Operating Revenues:		
Revenue from Electric Sales	\$100,147,813	\$92,637,236
Total Operating Revenue	\$100,147,813	\$92,637,236
Operating Expenses:		
Cost of Power	61,065,030	56,807,142
System Operations and Maintenance	10,371,177	9,671,731
Member Accounts Expense	1,947,283	1,854,398
Member Service and Sales Expense	1,039,791	1,002,341
Administrative and General Expense	6,750,580	6,386,894
Depreciation	8,288,325	7,719,747
Interest	6,564,734	5,953,105
Taxes	1,389,905	1,343,609
Other Expense	135,594	111,827
Total Operating Expenses	\$97,552,419	\$90,850,794
Operating Margins	\$2,595,394	\$1,786,442
Non-operating Margins		
Merchandising	(449,957)	(673,239)
Interest Income	446,064	214,094
Gain (Loss) on Sale of Equipment or Property	(1,231)	(50,394)
Total Non-operating Margins	(5,124)	(509,539)
Capital Credits from Associated Organizations	5,951,026	7,630,264
Net Margins	\$8,541,296	\$8,907,167

2023 Revenue Categories



How the Dollars Were Spent in 2023



SIOUX VALLEY ENERGY

BALANCE SHEET December 31, 2023 and 2022

2023

2022

Assets:

Distribution and General Plant \$325,307,819 \$295,031,290

Less Depreciation 63,448,023 60,658,323

Net Plant 261,859,796 234,372,967

Other Property and Investments

Investments 63,959,026 59,622,779

Investments 63,959,026 59,622,779

Current Assets:

Cash 6,264,035 7,619,107

Accounts Receivable 9,116,774 11,244,428

Inventory 8,603,386 9,361,972

Other Current Assets 1,026,971 823,085

Total Current Assets 25,011,166 29,048,592

Deferred Debits 1,419,581 3,859,062

Total Assets \$352,249,569 \$326,903,400

Equities:

Patronage Capital \$109,076,994 \$103,455,226

Other Equities 5,067,408 4,583,636

Total Equities 114,144,402 108,038,862

Liabilities:

Long-term Debt 208,582,737 191,089,578

Current Liabilities

Current Maturities of Long-term Debt 8,821,000 7,685,000

Notes Payable 5,000,000 -

Current Lease Liability - Operating 41,689 -

Accounts payable 5,831,768 8,100,931

Other Current and Accrued Liabilities 5,434,629 5,334,621

Total Current Liabilities 25,129,086 21,120,552

Other Liabilities

Member Deposits 836,840 921,602

Deferred Credits 3,556,504 5,732,806

Total Liabilities 238,105,167 218,864,538

Total Equities and Liabilities \$352,249,569 \$326,903,400

677 new meters added

29,082 total services

706 rebates to members totaling

\$887,819 for energy efficiency

\$1.75 million in savings from load management

\$2.88 million capital credit/estate retirement

\$100.14 million total operating revenue

105 miles of line constructed

total utility plant reaches **\$311** million

63 average outage minutes

99.988% reliability

933 million kWhs sold

110 employees

SERVING OUR MEMBERS. *Always.* SIOUX VALLEY ENERGY EMPLOYEES



Cole Anderson
Paul Anderson
Deborah Barger
Bruce Barrick
Eliza Barron
Matthew Behlings
Joshua Bjorklund
Brian Bjorum
Angela Boughton
Kim Brown
Shawn Bruns
Jay Buchholz
Derek Bundesen
Cody Bunkers
Molly Burmeister
Heather Buss
Andrew Chmela

Alex Christensen
Chinelle
Christensen
Jan Christiansen
Matthew
Determan
Ross Dixon
Tanner Donelan
Dan Doyle
Tim Durst
Steven Dvergsten
Jake Dybedahl
Terry Ebright
Josh Entzel
Cathy Feste
Tim Fey
Dana Foster

Peyton Friesz
Cody Fritz
Reggie Gassman
Jim George
Lori George
Chris Graff
Sheila Gross
Ryan Gruber
Kim Hansen
Kim C Hansen
Sarina Hanson
Sharla Haugen
Landon Hazelton
Melissa Hennings
Daren Hoffer
Amanda Hoffman
Jeffery Huebner

Ryan Hyland
Adrian Ilchuk
David Jensen
Lisa Johnson
Robert Johnson
Joshua Kearin
Brenda Kleinjan
Holly Kruger
Toni Kruger
Parker Kuchta
Jim Kuyper
Chad Lade
Brandon Lane
Jason Langford
Gwen Larsen
Jody Lebahn
Kara LeBrun

Derek Locke
Jordan Long
Casey Lowe
Jace Martens
Jason Maxwell
Tim McCarthy
Brian Meyer
Justin Moose
Craig Namken
Steve Neises
Michele Nielson
Kim O'Farrell
Michael Oines
Ryan Olson
Elliot Ostercamp
Garth Park
Stacey Pierce

Ben Pierson
Terry Plecity
Trevor Reif
Tony Remund
Jeremy Rollag
Jager Rus
Jason Sage
Paul Schamber
Brenda Schelhaas
Tim
Schoolmeester
Tom Sebert
Matt Seivert
Nicolas Smith
Ted Smith
Colton Spader
Kyle Thomson

Michael Uhing
Derry
Van Hofwegen
Amy Voelker
Larry Voss
Carrie Vugteveen
Joan Wangberg
Michele Wanner
Chad Williams
Molly Williams
Kendra Wire
Sandy Zwart