

2025 | ANNUAL REPORT



SIoux VALLEY
ENERGY A Touchstone Energy® Cooperative 

SERVING OUR MEMBERS

Always

YOUR PARTNER IN PROGRESS

Colman • Brandon • Pipestone • Hartford

ANNUAL REPORT of Sioux Valley-Southwestern Electric, Inc., PO Box 216, 23491 471st Ave, Colman, SD 57017

BOARD OF DIRECTORS



Dan Leuthold
Board President
Ellsworth, Minn.
District 8 Director



Dave Daniel
Board Vice President
Wentworth, S.D.
District 4 Director



Don DeGreef
Board Secretary
Brookings, S.D.
District 1 Director



Ann Vostad
Board Treasurer
Volga, S.D.
District 2 Director



Rodney DeMent
Board Member
Humboldt, S.D.
District 7 Director



Gary Fish
Board Member
Brandon, S.D.
District 6 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




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

YOUR PARTNER IN PROGRESS

Sioux Valley Energy is your Partner in Progress. While progress may look different for each individual, collectively as a Co-op, we define it as providing the necessary foundational support to maintain and build strong communities. That includes powering your businesses and homes reliably, safely, and at cost-based rates; it means supporting community initiatives that enhance our members' lives; it means successfully working through challenges together; and finally, it means living out our mission of: Serving Our Members. Always.

For about a decade, Sioux Valley Energy has been replacing approximately 125 miles of aging overhead line each year. This is an aggressive work plan and while we have made significant progress, we need to continue at this pace to ensure our members continue to benefit from top-quartile reliability. These investments have improved our system to a point where it currently delivers 99.989 percent reliability for our members.

The electric utility industry is entering into a time of transformation, facing unprecedented demand for electricity. Electric co-ops, like Sioux Valley Energy, are just one part of the energy sector experiencing the need for significant grid investments fueling upward rate pressures. Over the next decade, our wholesale power supplier, Basin Electric, is planning to invest around \$12 billion in new transmission and generation assets to support members' increased demand for electricity. These investments will impact electric rates for co-op members for several years, but will also help support progress in our communities well into the future. Sioux Valley Energy's cost for power in 2025 increased by 7% and resulted in the need to implement an average 4.9% rate adjustment in January of 2025. The increase was applied to the variable energy sectors of our rates.

As we face those upward rate pressures, our commitment to members is to mitigate rate impacts to the best of our ability. The challenging aspect of that mitigation is that power supply is the largest part of the Cooperative's budget. Over 60 cents of every dollar you pay to Sioux Valley Energy goes toward power supply. So, when there is a power supply rate increase, it is impactful to our members.

It is likely that the Sioux Valley Energy membership will grow to over 30,000 members in 2025 with forecasted sales of more than 960 million kilowatt hours. It won't be long before we hit the milestone of 1 billion kilowatt hours. We anticipate the Cooperative's electric load will nearly double over the next 20 years.

As we navigate this changing landscape, we are seeking ways to take pressure off the electric system during peak times, shifting electrical demand. Historically, we have been able to do that through our load management system with controllable electric water heaters. The water heater program was foundational to the concept of what we now call beneficial electrification. Many of our rebate and special rate programs for 2025 are designed to incentivize off-peak electric use. We also include a "demand" line item on our residential and rural residential members' electric bills. While those members are not currently charged based on demand (higher costs during peak electric use periods), we believe it is important that our members are kept aware of their impact on the electric grid.

As we address these various challenges, our culture of safety will continue to be the top priority for not only our employees but also the general public. Our new "Take the Time. Every Time." public education campaign was developed to remind everyone to slow down, focus on the task at hand, and be aware of your surroundings especially around roadside work zones and near electric equipment.

Sioux Valley Energy's guiding principles include:

- *Commitment to Safety*
- *Community Service*
- *Member Focus*
- *Dedication to Quality*
- *Value-Based Products and Services*
- *Responsible Growth*

As your partner in progress moving into the future, the above values will continue to serve as the foundation of everything we do. Every work plan; every community engagement; and every technology we implement will be based on our guiding principles. We encourage you to take a look at our organizational strategy which is built into our balanced scorecard. You can review Sioux Valley Energy's strategy, by scanning this QR code.



Dan Leuthold
Board President



Tim McCarthy
General Manager/CEO

MINUTES OF THE ANNUAL MEETING OF THE MEMBERSHIP OF THE SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.

June 11, 2024

Pursuant to notice having been given on the 21st day of May 2024, the Annual Meeting of the members of the Sioux Valley-Southwestern Electric Cooperative, Inc. (dba Sioux Valley Energy) was held on Tuesday, June 11, 2024 in three locations. The main meeting site was at Brandon Valley High School, Brandon, SD with remote meeting sites at Sioux Valley School, Volga, SD, and Pipestone Area High School, Pipestone, MN. A member appreciation event featuring The Lost Keys was held in conjunction with the meeting in Brandon. Entertainment was provided by Travis Denison in Volga and by The Barn Flies in Pipestone, MN.

Carrie Vugteveen, Vice President of Public Relations, welcomed the remote meeting sites in Volga and Pipestone. Carrie also thanked the Sioux Valley Energy employees and acknowledged Lori George who is retiring after 27 years at SVE.

Brandon Lane, Economic Development and Community Relations Executive, gave the invocation. Jay Buchholz, Manager of Public Relations, introduced The Lost Keys who sang 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, G&T representatives, and the Sioux Valley Energy Operation Round Up® directors.

The business meeting was called to order at 7:13 p.m. by Board President Gary Fish, who presided as Chairperson, and Donald 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 601 members registered. A motion was made by Janice Wilson and seconded by James Harsma to approve the minutes of the June 6, 2023 Annual Meeting as printed in the 2023 Annual Report. The motion carried.

Dave Daniel, Board Treasurer, presented the treasurer's report for 2023. A motion was made by Arthur Westendorf and seconded by Eli Schmidt 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:

- Jeff Huebner, Warehouse Coordinator - 25 years
- Dave Jensen, Mechanic - 25 years
- Ryan Hyland, Journey Lineworker - 30 years

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 7:33 p.m.

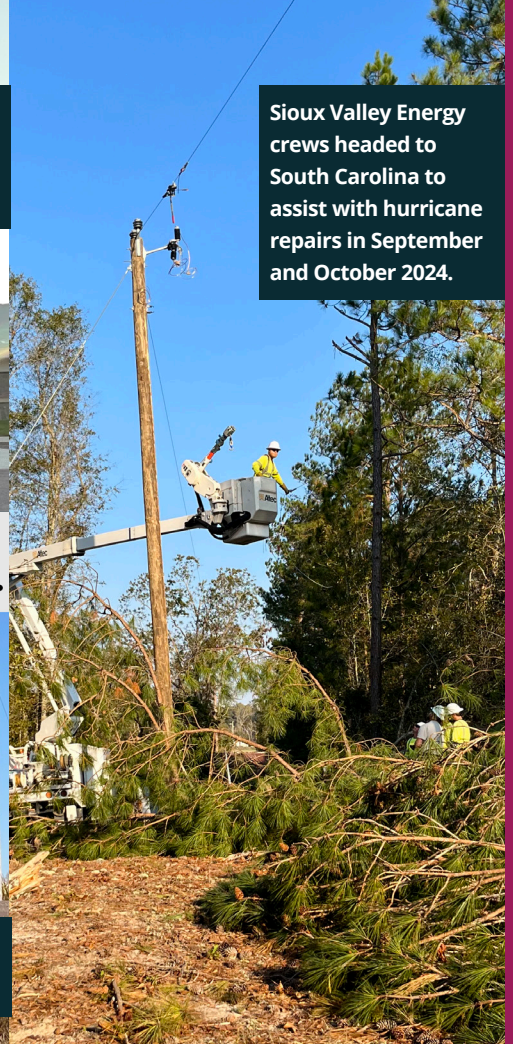
Donald DeGreef, Secretary



Don DeGreef
Board Secretary



Construction on expansion of the Brandon Service Center wrapped up in 2024. The 32,500-square foot expansion adds meeting, office, and warehouse space.



Sioux Valley Energy crews headed to South Carolina to assist with hurricane repairs in September and October 2024.



In June 2024, journey lineworker Steve Dvergsten represented the Co-op on an NRECA International Program trip to Guatemala where crews electrified a remote village.



TAKE THE TIME. EVERY TIME.

This harvest, check your clearances and keep your distance from electrical equipment.

The Cooperative engaged in a multi-media public education campaign to fight power line contacts.



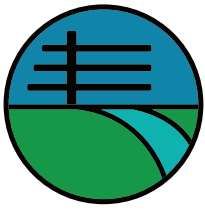
The Co-op's high voltage demonstration trailer assisted with safety education throughout the Cooperative's service area. Here it is pictured at Ag PhD's Hefty Seed Day at Baltic, S.D.



The Co-op's 110-plus workforce donated 681 hours of work to local organizations throughout the Co-op's service territory as part of its volunteerism program, Community Connections. Here (left), employees assist with playground construction at the new day care facility in Hills, Minnesota.

RIGHT: Sioux Valley Energy spearheaded an educational electric vehicle event at the Sioux Empire Fairgrounds in September.





SIoux VALLEY
ENERGY A Touchstone Energy® Cooperative 

764

new meters
added

639

members
received **rebates**

46

miles of line
constructed

29,746

total **services**

\$886,790

spent on energy
efficiency programs

**\$1.8
Million**

in **savings** from
load management

**\$1.76
Million**

**capital credit/
estate retirement**

**\$103.54
Million**

total **operating revenue**

Total **utility plant** reaches

**\$360
Million**

57.8

average
outage minutes

**921
Million**

kWhs **sold**

114

employees

99.989% **reliability**

Sioux Valley Energy is an Equal Opportunity Provider and Employer.

SERVING OUR MEMBERS. *Always.*



SIOUX VALLEY ENERGY
STATEMENT OF OPERATIONS

For Years Ended December 31, 2024 and December 31, 2023

	2024	2023
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Operating Revenues:

Revenue from Electric Sales	\$103,538,442	\$100,147,813
Total Operating Revenue	\$103,538,442	\$100,147,813

Operating Expenses:

Cost of Power	63,492,186	61,065,030
System Operations and Maintenance	10,663,894	10,371,177
Member Accounts Expense	2,005,599	1,947,283
Member Service and Sales Expense	1,149,761	1,039,791
Administrative and General Expense	6,982,666	6,750,580
Depreciation	9,047,034	8,288,325
Interest	7,421,774	6,564,734
Taxes	1,389,353	1,389,905
Other Expense	187,446	135,594
Total Operating Expenses	\$102,339,713	\$97,552,419

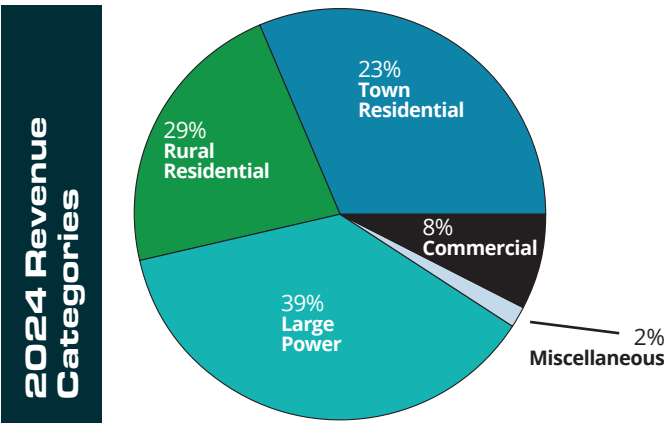
Operating Margins	\$1,198,729	\$2,595,394
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Non-operating Margins

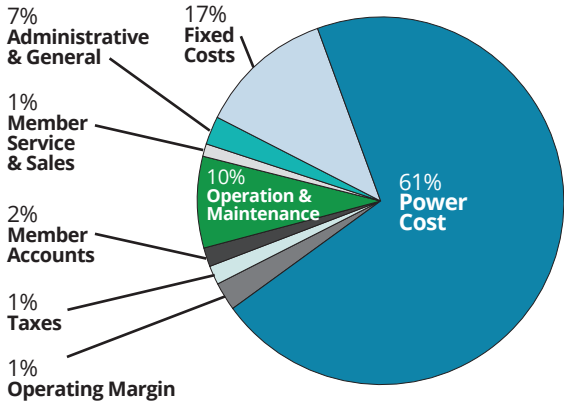
Merchandising	(528,251)	(449,957)
Interest Income	303,307	446,064
Gain (Loss) on Sale of Equipment or Property	(56,917)	(1,231)
Total Non-operating Margins	(281,861)	(5,124)

Capital Credits from Associated Organizations	4,823,827	5,951,026
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Net Margins	\$5,740,695	\$8,541,296
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How the Dollars Were Spent: 2024



SIOUX VALLEY ENERGY
BALANCE SHEET December 31, 2024, and 2023

	2024	2023
Assets:		
Distribution and General Plant	\$359,670,009	\$325,307,819
Less Depreciation	69,376,313	63,448,023
Net Plant	290,293,696	261,859,796
Other Property and Investments		
Investments	67,777,404	63,959,026
Investments	67,777,404	63,959,026
Current Assets:		
Cash	5,634,509	6,264,035
Accounts Receivable	10,472,045	9,116,774
Inventory	7,965,680	8,603,386
Other Current Assets	1,056,128	1,026,971
Total Current Assets	25,128,362	25,011,166
Deferred Debits	1,483,733	1,419,581
Total Assets	\$384,683,195	\$352,249,569
Equities:		
Patronage Capital	\$113,037,468	\$109,076,994
Other Equities	5,540,508	5,067,408
Total Equities	118,577,976	114,144,402
Liabilities:		
Long-term Debt	211,774,556	208,582,737
Current Liabilities		
Current Maturities of Long-term Debt	8,819,000	8,821,000
Notes Payable	28,000,000	5,000,000
Current Lease Liability – Operating	43,635	41,689
Accounts payable	7,486,223	5,831,768
Other Current and Accrued Liabilities	5,787,707	5,434,629
Total Current Liabilities	50,136,565	25,129,086
Other Liabilities		
Member Deposits	788,412	836,840
Deferred Credits	3,405,686	3,556,504
Total Liabilities	266,105,219	238,105,167
Total Equities and Liabilities	\$384,683,195	\$352,249,569

A large image of a power line tower with three smaller portrait photos of the speakers overlaid at the bottom. The background image shows a wooden power line tower with multiple cross-arms and insulators, set against a dramatic, cloudy sky at sunset or sunrise. The three smaller portraits are arranged horizontally at the bottom of the slide. From left to right: the first speaker is a man with a beard and short brown hair, wearing a grey shirt; the second speaker is a man with a beard and short brown hair, wearing a grey shirt; the third speaker is a man with a beard and short brown hair, wearing a black baseball cap with a logo and a grey shirt.



Sioux Valley Energy Employees | As of May 1, 2025