

Yearend Report 2024

Sheridan Electric Cooperative

As we have in the past, we will use the very same format as we have for the last several years. We will update you on the goals and expectations set in 2023 for the 2024 period. Success and failures will be represented in this document as failures represent opportunities, and success will need to be celebrated.

I will report from my chair where we are going, and how we will get there. Each department head will report on the expectations set, and how they will take their teams to success. My report will be an overview of this past year, but my final thoughts will be goals and the expectations I have for the group.

These folks will also report on their successes and failures, what went wrong and what went right. This will be in their own words, so the board gets a full picture of how these future leaders of the cooperative think. Also keep in mind that each department head leans on his/her employees to help them develop the best ways to meet the objectives. In other words, all employees help write this report.

CEO/Manager's report

This was a successful year on many levels.

- Safety was a tremendous success, and these cooperatives employees were rewarded with a plaque from MECA showing eight years without a lost time accident. This group takes it further by targeting recordable incidents. Our involvement in safety at this site and statewide will continue.

- This last year we have shown low margins, and low cash. I fully believe that this was due to the fight we waged to keep rates where they were to where they have been raised to. I may have fought this fight for a year too long and done something last year, but we admirably fought it instead. Equity remains at the 60% level and very healthy. FEMA has still not sent the check for the 600k we need and can use. Our reuse of materials is an aggressive program that, again, I maybe have pushed too far. When Kory is inside of a dumpster throwing out parts we can reuse, it tells a story, but there is also a story on the other side. We have run lean and will continue to run lean. The rate increase has helped quite a bit, and we will monitor results when and if another is needed.

- Employee training and development continues at a great pace. I am sending folks out into the industry to see what is going on and expose them to leaders all over the nation. Many comments back from folks I know wanting to know where I find these folks as they are stellar.

- This employee group is well grounded and on course. We have several who streamline their areas of work and find several additional manhours we can fill with special projects and tasks. As we continue to run lean, we find new leaders within the group.
On this topic I see new leaders emerge, Nolen Drury, Tristen Ereth, and Issacc Johnson come to mind. We will start this process with them very soon. Our bench is very deep, deeper than any coop I have ever seen regarding leadership and people ready to fill seats when necessary.
One problem I see is not having enough for the “driver employees” to do so they do not get bored. Tasha comes to mind as she runs the hardest part of the business now, collections. She has turned this into a process of humanity and understanding. She also has a fist like iron when someone does not respect what she has built and does not respect her humanity. She has many talents I have not touched on yet, and that bothers me.
- Our continued drive to complete the FEMA process and get paid will be in Riley’s court.
- Building load, protects rates for the membership. We continue to get inquiries for new load, some come on some do not, but we do have a notable increase.
Kory’s group is top notch and knows their business. Nothing gets overlooked and all is done according to policy.
- The work we did with MECA at their strategic planning session is starting to pay dividends. Goal setting, expectations, and measuring results are at the forefront of their business. The attendance at the board meetings where I have been have also started to build some great relationships and lots of questions.
I am starting to see some changes at the Manager’s level because of the questions the board members are asking and the answers I am providing.
We addressed Flathead head-on and called bull when bull was present. It stunned me to hear from many board members and the public in the audience complimenting me for saying what they were thinking. Once addressed, it was corrected immediately. This year you folks decided to elect me to the MECA board as Rob was resigning from that position. It pleases me to say that Jody stepping up was the right thing to happen. For me to be on that board would have been very messy.
- This year we addressed and completed the large load rate for large entities coming on the system.
- Also, this year we addressed and completed a line extension deep dive into each section. This was intense but all learned a lot.
- We also did another policy development of substations and transmission line extensions. This also went very well and will help the business well into the future.

- The creation of a contract for the new Substation and transmission line extension was intense for some of the team. We took a format from McKenzie and adapted it to Sheridan. It looks good and with Larry's blessing is up and running.
- We completed our part of the License plate reader (LPR) project for the tribes. In fact, we travelled to the western part of the reservation to compete that end as well. More to come on this as a North/South part will come.
- We started to come to the end of the KVA program for the transmission line. We knew that as we wound down, Riley's world was going to get very interesting as this was new to us and this coop. Rick knew it, and I did as well
As the money coming in slowed due to adjustments in KVA, we found different areas that needed to be analyzed and shifted. Riley takes this personally that he did not see these things earlier, but again this was a new process. You can see the results on cash and margins already as it winds down. I am confident we are in great shape and Riley has done a wonderful job studying this program and how it does affect financials.
- Late in 2024 we started to find cracks in the frames of our F550 Bucket truck fleet, red tagging two of them. We elevated this to the national level and this state level. MECA issued a warning statement to all coops in the state, and legal counsel for NRECA weighed in as well. It appears that co-ops and other types of utilities are facing the very same problem throughout the nation. We are taking this problem on, head on, and asking many questions of the manufacturer and also of ourselves on the usage of this truck. Some co-ops will not use the Ford product any longer, but I feel this is the wrong approach.
We need to ask the tough questions of everyone including Ford.
 - 1) Are we using the truck in the manner it was manufactured for?
 - 2) Do we have the wrong utility boxes on them concerning length?
 - 3) Are we using steel instead of fiberglass to combat weight?
 - 4) Are we using boxes that are too long?
 - 5) Do the repair Ford conducts combat the problem or make it worse?
 - 6) There are many questions floating around now.
 - 7) We will find a facilitator to hold a meeting with end users including Ford to really have a good discussion instead of pointing fingers.

More to come on this well into 2025

In conclusion my focus is the same, the safety of the employee group and public, protect the finances for unforeseen events, development of people, continue to build this group to the best they can be, and be part of the process instead of outside of it.
Above all, listening is leading.

Each department will set their own goals and expectations as they lead people. They will be a dovetail from the overall direction we have set for the cooperative to better serve your cooperative.

Member service and Electrician Department

By Josh Johnson

Josh has grown at an exceptional rate for this membership. He is taking multiple training opportunities and is representing us well. The work with Key accounts was the right move for the types of loads courting this cooperative. He is doing an exceptional job.

Year in review- Member Service Department

Over the year, I have dealt with several "key accounts" mostly in the oil industry, but other industries as well. All in all, it has been a successful year in the Member Service Department. In June, I was able to chaperone the Washington DC youth tour; this was my second time chaperoning. It is amazing to experience the students exploring the history of the United States. We successfully pulled off another annual meeting of the members. This is no small feat to do, it takes a lot of pre-planning and behind-the-scenes work to make it happen, I cannot thank all the employees enough that lend a hand in making it a success. Planning for next years meeting is well underway. This year we spoke with the majority of Sophomores, Juniors and Seniors within our service territory about the youth tour and scholarship opportunities that we offer. Through these visits, we are identifying future leaders and possible employees of the co-op.

Failures for the Member Service Department-

- Cooperative Education*
- Member Safety Education*
- Succession planning*

Goals for 2025-

- Expand communication for member information as well as outages.*
- Educate the members on electrical safety!*
- Complete the safety demo trailer!*

Electrical Service Department

We currently have four electricians on staff, two journeymen and two apprentices. Training apprentices is something our journeymen take pride in. They are still busting their butts to keep up with the steady number of jobs coming in. The spring, summer and fall are generally spent trenching and completing outside jobs, while in the winter we tend to concentrate on inside work. We have been able to maintain a 6-8-week lead time but would like to cut that in half. As of the date of this report, the electrician department has installed 7,500 feet of secondary underground trench. The department has prepared 34 estimates, approximately 25% were accepted.

Failures for Electrical Service Department-

- Lead time is still too long.*

- *Inventory (can always improve on this)*

Goals for 2025-

- *Reduce the lead time for jobs!*
- *Continue to make a profit.*
- *Keep inventory deficiencies to a minimum!*

Utility Department By Kory Opp

Kory and his career have been exceptional. He leads through experience and has earned the respect from the entire coop and much of its membership. I cannot say enough good things about the job Kory is doing for all levels of the organization.

2024 Review for Operations

- 1. Housing: Bryon is still renting the manager's house, and Nolen still renting the Medicine Lake trailer. We worked on getting different land for a new office complex.*
- 2. Work plan: We had Three Contractor crews working on line rebuilds, pole C/Os, and field re-routes. The north crews worked in the Dooley, Comertown, and Wolf Creek areas. The south crew is working Pleasant Prairie, Bainville, and Wolf Creek areas. The third crew worked on underground replacements and field reroutes in all areas. We installed and replaced 2.3 miles of URD and rebuilt 21 miles of overhead lines. This is the total work of all the crews.*
- 3. Pole testing: Bill tested 2,100 poles. We had 66 bad poles in the Alkabo, and Fortuna sub areas. This area has taken a lot of time to check oil well services.*
- 4. FEMA: We got our annual storm price from three different Contractors. We have received partial payment from FEMA for the North Dakota storm.*
- 5. LED lights: We have 433 LED's leaving 643 M/V & sodium to Change out. We have been changing lights out when we have to work on the old light. This makes it so we don't have to make a special trip. We have 115 LED street lights.*
- 6. AMR: The AMR to AMI-(RF) system switching is going well. We have the Fortuna, Alkabo, McElroy, Coalridge, Dagmar, Snake Butte, Red Bank, Outlook, Plentywood, Medicine Lake, Froid, Culbertson, and Wolf Creek subs done now. We will be starting on the subs coming down RY HWY.*
- 7. Transmission & Substation: We have all sub buildings C/O. The rebuild Brockton sub is done also. We tested the sub backup batteries in our four big subs. We also did quarterly compliance reports and a spot check report for MRO.*
- 8. Services: We did 20 new ones, 38 upgrades and, 44 retired.*
- 9. Idle services: We have 390 idle services in November; last year we had 309.*
- 10. Line equipment: We have 536-line breakers to do maintenance on every 4 & 6 years. We have 115-new electronic breakers that have no maintenance except to change out batteries every 8 years. These breakers allow for the load settings to be changed in the*

field. We did maintenance on 93 oil breakers and replaced 21 electronic breakers. We have 121 Voltage Regulators to do maintenance ever 6 & 8 years. We did maintenance on 27 of them.

- 11. Vehicle & equipment replacements: We got the 1-ton truck that was ordered two years ago. We replaced a 1/2-ton pickup, bagger mower, scissor lift, and a tilt bed trailer. We added a 1-ton flat bed truck for the Medicine Lake crew, and a vacuum excavator trailer.*

Operations work for 2025

- 12. Work plan: We will have three contractor crews working on South Plentywood, East Comertown, and north Westby areas. They will also do line rebuilding, pole change outs, and paid Aid jobs. The third contractor will be an underground plow crew for the bigger underground line changes. Our crew is doing small underground replacements, small rebuild lines, and pole change outs.*
- 13. Pole testing: We are planning on testing 4000. Bill is also renumbering & getting GPS on each of the poles. He then downloads that information onto the maps.*
- 14. FEMA: We will be getting our annual storm price from three different Contractors. We are still waiting for payment from the North Dakota storm.*
- 15. LED lights: We will be changing out M/V & sodium to LEDs, when we have to work on the old light. Again, I am hoping to change them all out this year if we have the time.*
- 16. AMR: Our crew will be installing and switching AMR to AMI system.*
- 17. Transmission & Substation: We still have 4 transmission poles to change out. We will be testing the sub backup batteries in our four big subs. We will be testing all sub transformers for high gases and oil. We will be doing quarterly compliance reports. We will be working on moving voltage regulators, and Sub transformers in McElroy & Culbertson subs.*
- 18. Idle services: We will be sending letters and retiring line.*
- 19. Line equipment: We will be replacing 12 new electronic breakers and doing maintenance on 98 oil breakers. We will be doing maintenance on 20 voltage regulators.*
- 20. Vehicle & equipment replacements: This year we are replacing one 1/2-ton truck, and a big freezer. We need to pay for the cab & chassis for the service truck that is getting replace in 2026. We will be adding a Larson wire roll up trailer for the Westby crew.*

Summary

- 21. With the chain supplies for getting material have gotten a little better. Some bigger URD transformers are still out almost 1/2 year. Overhead wire is out almost 2 months, and URD wire is 1 year out. Meter boxes are still 4 to 6 months out with Border States. We are still using other suppliers, and big coops down south. Getting poles is 3 months out now. We are re-using poles that look and test good for inserts. We are pre-ordering what we can for the whole year or 2 years instead of when we need it. Line Extension work orders prices we think is going to stall the same as last year. All the yearend numbers like pole testing are estimated because we are not at the end of the year yet.*
- 22. We are hoping to have the new metering system all switched over by end of 2025.*

23. *There are still upgrades to do to the transmission & substations in the work plan. The next time we have to test the poles is in ten years. Testing should go faster next time around, because all the pole information should be in the map program.*
24. *We are hoping to get more Ide services retired.*
25. *Switching line equipment to electronic from oil is more expensive, but in the long run we can do more things with them. It will also save on maintenance time.*
26. *This is our vehicle & equipment replacements schedule. Light trucks (pickups) replace 100,000 to 120,000 miles or ten years old. Medium trucks (service buckets) 150,000 to 180,000 miles or ten years old. Heavy trucks (diggers & big bucket) 180,000 to 200,000 miles or fifteen years. Skid steer, Backhoe 1,500 to 1,800 hours or ten years old. Trailers, mowers and attachments ten year or as needed. We are still trying to keep them reliable, safe for the crews, and the consumers.*
27. *We did have one of our service bucket trucks come up with a broken frame. It would cost more to fix it than what it was worth. It had one year until it was to be replaced. So, we junked it out, and least one until the new one comes in January of 2026.*
28. *We had one summer help person helping on the Medicine Lake Line crew. We hired three full timeline apprentices. One in Medicine Lake & two in Westby. We had one Journeyman Lineman, and a warehouse man leave us. Next year we are planning on having two summer help on the Medicine Lake Line crews. We had two of our apprentice's top to Journeyman Lineman on the Medicine Lake crews.*
29. *We had nine safety meeting with MECA this year. The other three months we do a safety meeting on our own. We did go to sixteen other trainings plus our weekly safety meetings.*

Office Manager
By Riley Tommerup

As usual, Riley does his job in an extraordinary fashion, covering the ground necessary to keep me informed as well as the board. Some of the discussions we get involved in are deep and while some of it I generalize, Riley makes me see the light. He is very good at his job and respected by many.

CFC Loan-We exhausted our previous loan facility with CFC early in 2024 and took out a new \$15M loan facility with CFC in July 2024. This is available for 5 years and will be used for construction work plan projects as well as bucket and digger trucks. We have advanced \$2.5M for our construction work plan projects in 2024.

Financial Forecast-Facing the need for a rate increase, we worked with CFC to develop a 10-year financial forecast. This proved to be exactly what we needed to make some decisions on how much of an increase to take. We will update this forecast model annually. It also helps shape the budget but gives us an outlook beyond one year.

NRECA-With lots of new faces in the line and electrician departments in the past couple of years and a few employees facing retirement in the next 5 years or so, we decided to have NRECA come in to do a retirement seminar. Since we are a member of NRECA, they do this at no charge. They will be here for a day and a half to give all the employees a seminar on retirement plans and planning. Then they will take an additional day to meet with employees one-on-one. This

helps the employees understand what is available to them through Sheridan Electric and NRECA so they can make the best decisions for their future.

FEMA-We are still waiting on about \$600,000 from FEMA from repairs done after the power turned back on in April 2022. This is an exercise in patience as FEMA doesn't move very fast and is still using Covid as an excuse to not complete our paperwork.

Transmission Loans-We borrowed \$42.5M from CoBank in 2013, 2014, and 2015 to complete a transmission and substation build out. The loans terms were for 10 years. At the end of 2023 the first 42% of these loans was paid off, or about \$2.1M in annual payments. About 48% more will be paid off at the end of 2024 (another \$2.4M in annual payments) taking care of the bulk of the loans. Remaining in 2025 will be payments of \$41,000/mo. After 2025 only \$19,300 will remain on the entire loan. This proved to be a very successful project for Sheridan Electric working in conjunction with the oil companies to come up with the plan to use a kVa charge to fund the project.

Operation Round Up- Jamie took the lead in getting a "bill round up" program in place for our members to donate to. This was put in place on January 1, 2024. Through 10 months the program has taken in \$7,165. A committee of members is being organized to determine where the funds should be donated. Since we have unclaimed credits for education, suggestions include area hospitals, fire departments, community centers, etc. Their first meeting will be held in early 2025.

RF Billing-Jamie has been working with Josh Marottek, Cannon/Eaton and NISC on the billing with the new metering system. Several substations are completed, and this project should wrap up in 2025.

Collections-Tasha and Lisa have continued to do a great job holding the line with members having trouble paying their bills yet working with them to come to a solution and sending very few to collections. We've always (since before my time anyway) used 3% of receivables as our allowance for uncollectible accounts. But this year our auditors asked if we've ever written that much off in a year; when I said no, we decided to reduce that allowance to 1% of receivables. This is the result of the work being done on collections to keep that to a minimum.

Overall, our office staff is doing very well.

2024 Goals and expectations (results)
CEO/General Manager

Safety

At the time of this report, we have crossed the 3,140 days without a recordable incident. As I have stated before, preventing recordable incidents is harder than no lost time days.

Non-recordable incidents are watched very closely, and we continue to review daily.

It is the work of this entire group that has made this a reality.

As an employee run safety program, these folks take this very seriously, and even work at this while also watching the business fiscally.

Shawn Sansaver continues to represent the coop at the MECA level as our SLC (Safety and loss Committee) member. He attends the safety meetings, the safety committee meetings, and is vital as a bridge from the statewide office and this cooperative.

He is in constant communication with MECA and the safety instructors, bringing vital information to the group.

The Safety committee is running strong with quarterly meetings made up of employees, management representation and Board representation.

This committee does great work for the betterment of the safety of the employee group and the public.

Jody Lagerquist has done a wonderful job at the Safety committee as the board member of the cooperative. His continued work at grassroots videos have been sent statewide with great comments. We encourage all to follow this path if possible.

We continue to be at the lowest level of incidents we can achieve with Federated. The savings is about 14k a year and is all due to the performance of this employee group. We held a special safety meeting late on the year to address "Life and fire". This meeting was led by me with the simple instructions that all participate. Several items came out of this meeting, and the formation of a committee happened. Many good things will come from this group as they address what the best practices are and how to achieve them.

Successful year

Cooperative Education

We completed seven of the ten schools for Cooperative Education. I took this back on as Josh tackled the Key accounts part of the business. These were highly successful and the program continues to grow and strengthen.

Jody attended several classes in different schools, and Rod attended as well. It brings another level of legitimacy when a board member attends and can add to the class and become part of the individual groups. The three schools we did not complete last year will be the first ones this year. These schools are Grenora, Brockton, and Poplar.

Successful year

NEMEOF (Northeastern Montana Education Opportunity Foundation)

We did have a good response from teachers, 1 to 3 years of tenure, apply for the \$1,000 check. This process will need to be looked at this year to measure success. This is the fourth year we have had this in existence, and it should have some good data to quantify if it is helping the schools retain teachers.

The next phases have been sluggish getting off the ground due to time available for Josh and myself. However, we are looking at remedies for this.

Unsuccessful for the second phases of the program and still need to quantify success for the first phase.

Member relations and visits

We continue to meet the members where they are. As the town hall meetings have faded, the impromptu meetings have increased.

We faced a problem after a storm where a breaker was off in the evening, and on in the morning. We are still investigating this event and what happened. This will probably stimulate a town hall meeting with the members on that circuit.

As you all know, I do not go on very many trips anywhere unless it benefits the members in some way. However, I do send the younger leadership potential to learn about the industry and gain exposure. In all instances, they bring something back that does benefit the members.

Josh Johnson goes one way, I go the other on member visits because that is where the rubber meets the road, members and expectations.

We will continue this process.

Continuing

Meter Project

The meter project stalled in 2023, and while I am not impressed with EATON as the vendor for the project, we made some changes within this last year. First, there was a direct problem with the three phase meters that EATON was shipping to us that would not work. They did not stand behind the product, and after a one-way discussion with EATON, I voiced my displeasure.

It was apparent to me they did not want to confront the issue.

The next missile fired at us from this vendor was what our expectations are from the project?

Our expectations are completion and good material being shipped to us for installation.

We took care of the type of meter coming in and went to another meter, but the expectations side really threw me. On the verge of firing this vendor over these things, Kory and Josh M. talked me out of it. They provided a better path forward.

These were some of the problems:

- Scheduling meetings with Josh M. and not even logging on as the other party.
- Having no answers to Josh's inquiries as he navigated the new equipment.
- Not showing up for personal on-site visits
- Shipping a defective product and not standing behind it, nor confronting their vendor.

These are some things Kory put into place to complete the project to the best of his ability.

- Continued support of Jamie and Josh as the project leads
- One week a month as meter week. All linemen are installing meters at a great speed.
- Make sure Josh M is ahead of the linemen with repeaters.

This last year was a challenge, but Kory's team has done an exceptional job overcoming the hurdles.

On course and nearing completion

High Voltage Trailer

This project is nearing completion and should be in use in 2025. We will target all schools, elevators, or meetings where the message of safety can be spread. Public contacts are up across the nation, and we have plans to mitigate this in our region.

On course and almost complete

Union Negotiations

This was also a very smooth process this last spring and we settled on a two-year contract. It took a while longer than I anticipated but I failed to bring a critical piece of information to Rod, thus we held a couple of meetings before completion.

We did approve some MOU's previously agreed upon during the past couple of years, one that was several years old and overlooked.

Great relationship with all parties.

Complete and successful

Rates

We addressed rates and the 10-year forecast this year as promised. It resulted in a very informative presentation by Eric Anderson where he laid out what the next few years should look like.

We implemented a rate increase and base rate increase. There are more components, but we all went through the process with very little pushback.

Successful rate increase but a loss on the fight to keep them stable.

Capital Credit Retirements

We are facing some very high years coming up and have dealt with a couple of them already. The early retirement program has been very successful, and I propose we continue that program.

However, we are getting more and more questions about paying them out now instead of 15 years down the road or when someone dies.

We will continue to proactively look at this, and maybe we need to extend out beyond 15 years to protect budgetary concerns going forward.

Still in process

Government Funding to Augment the Construction Work Plan

Yes, we started with MC2 early in the year but ran into trouble with zero acceptance of our plans for funding requests.

With lots of hours between a couple of employees and the rejection of our requests, we pulled the plug on chasing more. Yes, there was a 50k budget to be spent with MC2, but we cut our losses at 20k before it got worse.

This was unsuccessful

NextGen

I feared the Next Gen group would fade in 2024 but was wrong. In fact, folks inquiring about the group has increased.

I see a shift from G&T discussions over to Networking, which is a selling point for most.

This last year, I gleaned more from the folks than I ever have as I participate as a board member.

They had an annual meeting in Denver this year which I passed on, but did attend via ZOOM.

Now highly successful, but I sense instability. Not sure where this group will go.

The Transmission Line KVA Program

This program has been very successful, and we are nearing the end of the loans. Riley keeps us up to speed on where we are so the board can make informed decisions regarding what levels the KVA program needs to be at for fairness to the membership.

We are almost complete on this loan program and my hat goes off to the board for staying the course.

Highly successful

Facilities

This topic took many twists and turns throughout the year. It looks like we have picked a final direction for this project, but taking small steps are preferable to big steps. We need to remember that we started with the topic of a shop that will contain the larger equipment.

More to come on this but it is progressing. One thing to remember is that with every million dollars borrowed, it represents \$6,000 per month in payments.

Ongoing

Any goals that still need attention will be rolled into the 2025 goals and expectations for completion.

Goals and Expectations 2025

Safety

The continuance of an employee run safety program will stay at the top of the list. They are continuing to ask the right questions and make the appropriate moves.

This program has also shown me leadership skillsets from employees which we will develop.

The Board member (Jody Lagerquist) and his continued passion for this program is unmeasurable and very credible. It lends vast amounts of credibility to the employee group when a board member is asking great questions.

This also assists the management group in determining equipment needed when the budget is reviewed.

This safety committee will most likely address everything that comes up, and most recently addressed the trend for rolling stock incidents to hand tool incidents.

They are on their "game" and it shows.

We will be looking to enhance the testing of trucks through ALTEC and change our current time frames for testing. We narrowly missed a problem with cracked frames and have spent some time addressing this statewide.

Several questions came up over this process, and to proactively look at the problem, we need to stay objective.

Cooperative Education

We will complete the three schools left over from last year, and then start the process all over again. This is a 10-year program for 6th, 7th, and 8th graders who will be our new membership in the 10 years. I really enjoy this program and am taking it on myself to keep it off Josh's plate.

NEMEOF

We will be looking hard at the next phases of this project, and mostly helping schools with teachers, and teacher retention.

Finding the kids who want to be teachers, and helping them through schooling, is a huge helping hand to our 10 schools.

We did look at the plumber topic for this region a few years ago, and with that work, an outfit out of Sidney has a couple of young folks in the Plentywood area under an apprenticeship program. We will meet with this group to see what we can do to assist even further.

Financial Performance

We saw a rate increase in 2024, and I will be monitoring Basin heavily to see what they do that could affect what we need to do in the next year. This action will match the 10-year forecast we completed early in 2024.

Riley shows us not having to do anything in 2025, but 2026 is a high probability.

Meter Project

A goal I have for this topic is completion in 2025. It is a far-reaching goal, but if we address it safely, and productively, I believe it can be done.

Still, if something goes wrong and it affects billing or the engineering department, Jamie and Josh will have full authority to stop immediately. We will continue to monitor the meter week every month.

Kory's Retirement

As much as I do not want to admit, it looks like we will lose Kory this next year sometime.

My hopes are that he decides to stay another year, but this is up to him.

His team is highly trained and if it does happen, we will have business continuity.

If, and when, this does happen, we will have a new operating scenario throughout the coop.

There will be some changes to smooth out how we conduct business and that was created by the superintendents.

Jamie Ator Kleppen will be a part of the process from the overall plan to the interviewing, to the selection of Kory's replacement. I have found Jamie a great partner to see things from a human side of the equation when I may get blinders on and miss some things.

This process will also be conducted in the very same format as it was for Josh Johnson's interview process for his job. Many folks learn from these exercises and take it into their careers in the future.

Employee Training

As we look over the manning chart and placement of people either preparing for the retirement of Kory, or at present, we will have some expectations to meet for some of the positions.

- 1) The staking Tech will need aggressive training to fill some of the Engineering duties currently filled by our Engineer.
- 2) The current engineer will need some training on inside wiring engineering as this position will start to assist the electrician group.

- 3) The pole testing program does not have a backup trained and ready to go. This position is a must to have a person ready to go so we preserve business continuity in this area.
- 4) Metering will need to have someone who is ready go in case we have a problem, or something happens to the current employee.

All of these positions are critical to the smooth operation of this cooperative.

Understanding Upper Missouri's Budget and Cost Structure.

There are many things within the Upper Missouri cost structure that are hard to understand, and with the addition of employees and the Guernsey rate study, frankly confuse me.

I have had multiple discussions with Jeremy and the understanding seems to get farther away.

These are the areas for study in 2025

- 1) Impacts (\$\$\$) of the new employees to the cost structure and their duties to the members.
- 2) The rate study shows increases to this cooperative, and in fact substantial increases that do not show up in any other cooperative. Yes, it is most likely based on our meter points, but not at these levels.
- 3) What is the goal of Upper Missouri on the following points
 - i. Rates
 - ii. Employees
 - iii. Cost to members
 - iv. Long term FERC plans
 - v. RUS and why?
 - vi. Cost structure that we pay for

Fire Mitigation Policy, Procedure and Comprehensive Plan for Sheridan Electric

As I sat through the Mandan Fire Mitigation conference including three states, I found our current plan and procedures completely inadequate.

We will all be doing a fire mitigation assessment and from that assessment will build a plan that will take this cooperative well into the future with a stellar program.

Things to address will be the following

- 1) Patrolling will come in many forms, but a centralized point of information will be enacted.
- 2) We will create a form to be filled out per section of the system assessing our fire potential and mitigation efforts.
- 3) The pole inspection program will have a major impact on this new process.
- 4) Debris, pole condition, hardware on poles including crossarms will be looked at.
- 5) Red flag warnings and what we do, through procedures, will be enacted.

LPR (License Plate Reader Project)

We will continue to work with Jeff Berger on the License Plate reader project.

In 2024 we completed two of the cameras on Highway 2 and now have been asked, and tasked, with the North South cameras. This work will continue well into 2025.

As I have stated in the past, this project is the Tribe's project, but it assists the entire region in combating drug trafficking.

In Conclusion

We have a very strong bench of people running your cooperative, and the training continues well into the levels we would look at tomorrow if needed. This means we are working on the next level of young leadership setting this cooperative up for the next 70+ years.

Young leaders are showing themselves, and once identified, are moved pretty quickly into leadership training. This bench is deep.

We will lose Kory this next year, and it will be felt by all, including myself. However, Kory has spent many hours developing and preparing these folks, and the entire coop, for his retirement of an exceptional career.

As always, myself and all the employees, are humbled to serve you and this cooperative in preparing it for the future.