

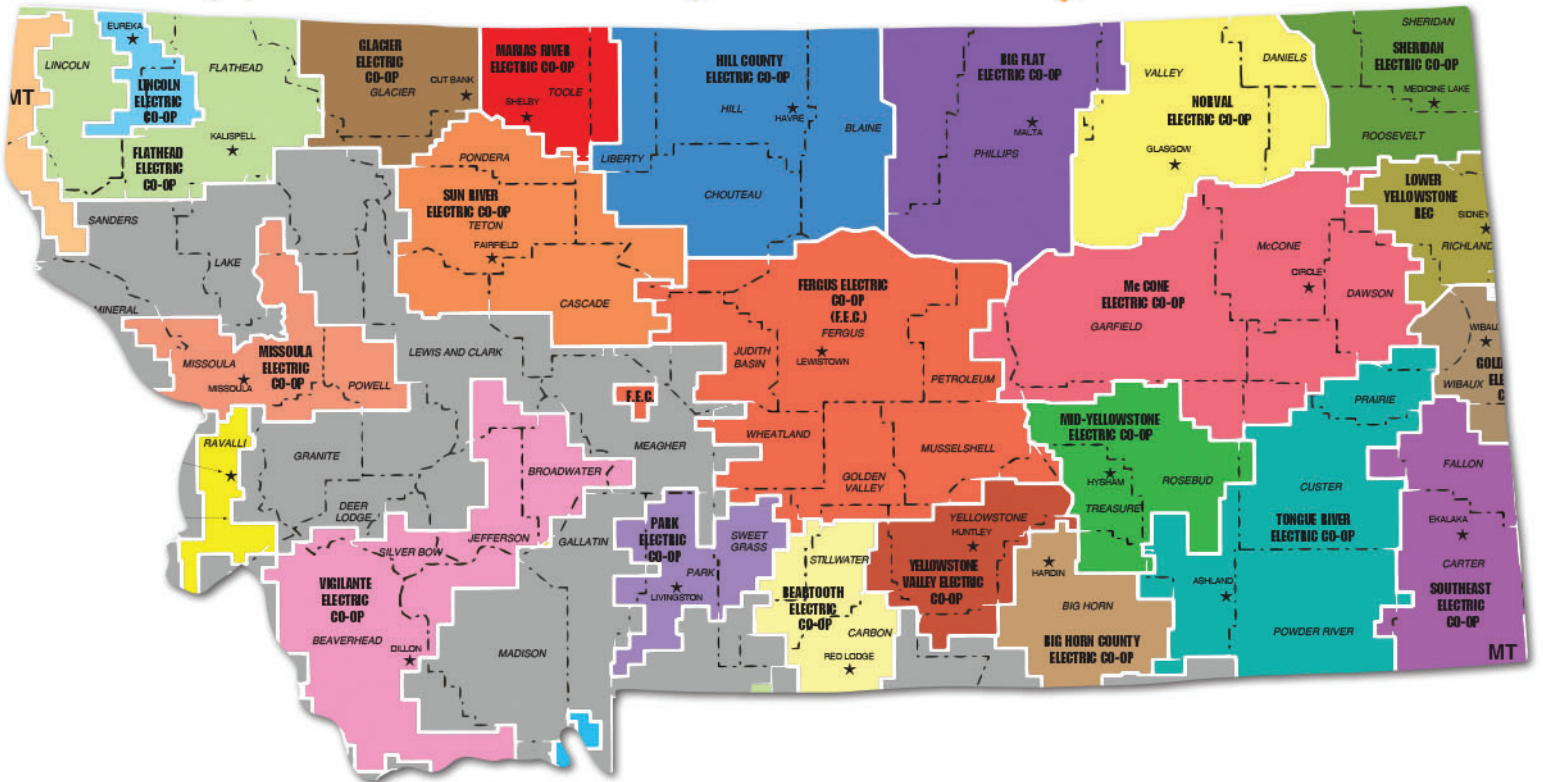
88th

ANNUAL MEETING REPORT

March 28, 2025
Registration - 11:00 am
Lunch - Noon
Meeting - 1:00 pm

CO-OPS ARE A PIECE OF ONE BIG PUZZLE

We support and work together to benefit our members



GUEST SPEAKERS

Gary Wiens
CEO of Montana Electric Cooperatives



Jim Horan
Executive Director, Mid-West Electric Consumers Association



Sun River
ELECTRIC COOPERATIVE

Touchstone Energy® Cooperatives
The power of human connections®

Notice of Annual Meeting

March 28, 2025

Dear Members,

Notice is hereby given that the regular annual meeting of the Members of Sun River Electric Cooperative, Inc. will be held as provided for in the Bylaws, at the Fairfield Community Hall in the town of Fairfield, Montana, on Friday, March 28th, 2025, at 1:00 p.m. The membership will elect two candidates to serve on the Board of Trustees. One trustee will be elected for:

District #1

Lower Sun River-Fort Shaw-Sun River

Candidate: Amelia Leonardson

District #6

Choteau-Pendroy-Bynum

Candidate: Mitchell W. Johnson

The auditors will present the annual statistical report. The manager will give a report on the 2024 business operations. Other business will be transacted as it comes before the meeting.

Chris Music, Secretary



President's Report

By Bob Pasha

For many years, the electric industry was fairly straightforward and our goal from the beginning was to provide our members with the least expensive, most reliable power possible. Over 20 years ago we began to hear the call for green energy and ultimately the elimination of fossil fuels. As we saw coal plants being shut down and ever-increasing wind and solar generation being built, base line generation became more and more at risk. Promises were made and goals were put in place by various governmental agencies to have mandates by certain dates. Although green energy has a place, after 20-25 years of effort, alternative energy has hit a cost and reliability wall. Wind and solar still only provide 13% of our total portfolio and we are now told we will need 50-80% more renewable energy than we are currently producing, and that needs to be accomplished by 2050. Natural gas has become the fastest growing energy source and will only continue to grow. Nuclear energy will

Agenda

Invocation: Board Trustee - *Leonard Sivumaki*

Pledge of Allegiance: President *Bob Pasha*

Welcome & Call to Order: President *Bob Pasha*

Quorum Report/Notice of Annual Meeting/

2024 Minutes: Secretary *Chris Music*

Introduction of Special Guests/

President's Report: President *Bob Pasha*

Auditor's Report: *Melissa Soldano* -
Douglas Wilson & Co.

Manager's Report: *Brad Bauman* -
General Manager/CEO

Election of Trustees:

Max Davis - Davis, Hatley, Haffeman & Tighe

Guest Speaker: *Gary Weins* -

CEO Montana Electric Cooperatives' Association

Door Prize Drawing: *Round #1* - Office Staff

Guest Speaker: *Jim Horan* - Executive with
Mid-West Electric Consumer Association

Door Prize Drawings: *Round #2* - Office Staff

Unfinished Business/ New Business:
President *Bob Pasha*

Door Prize Drawing: *Grand Prize* - Office Staff

Meeting Adjournment: President *Bob Pasha*

Meal Prepared by: *Log Cabin Cafe*

Meal Served by: Fairfield Academic Challenge Team
and *SREC Linemen*

Clean-Up: Fairfield Academic Challenge Team

become more and more important as time goes on. It is a good bet that eliminating coal generation and breaching dams will not be the big news items in the future, but more common-sense approaches will dominate the news. At Sun River Electric, our board, management team and employees will work tirelessly to educate ourselves and stay on top of this ever-evolving landscape. At any rate, our Coop will remain loyal to our original goal of providing the least expensive, most reliable power we can. This year we will retire \$979,396.58 of our capital credits for the years 2005, 2006 and most of 2007. Please join us at the Fairfield Community Hall on March 28th for good food and an informative meeting. Registration begins at 11:00, lunch at 12:00 and our regular meeting of the membership will start at 1:00.

Please join us for the 88th annual meeting of Sun River Electric Cooperative.

Meet the Candidates



Emelia Leonardson

Candidate for District #1

I was born and raised in the Philippines, came to the United States in 1992. I have been a member of the Sun River Electric Cooperative since 2004. I have two

daughters, who are now both married and living on their own. They both went to Sun River Valley School district from kindergarten through high school. While I was in the Philippines, I graduated with a degree in business, majoring in accounting. I worked in a few businesses there. My last job before coming to the United States was a Budget Analyst for San Miguel Corporation Packaging Product Division – a subdivision that manufactures bottle and can containers to package beer, which is the main product of San Miguel Corporation.

Becoming a nurse has been my dream since I was in grade school. I ended up pursuing a business degree, since at that time, this degree was more financially manageable for me, and I had to fund my own college studies. I was able to work during the day and go to school after hours. When I came to the United States, I found the opportunity to go back to school to accomplish my desire of becoming a nurse. I've been a nurse since 2000.

Recently, I was presented with the opportunity to run as a Trustees for the Sun River Cooperative board. I am excited to learn ways to keep this cooperative financially viable while maintaining affordability to all members.



Mitchell W. Johnson

Incumbent Candidate for District #6

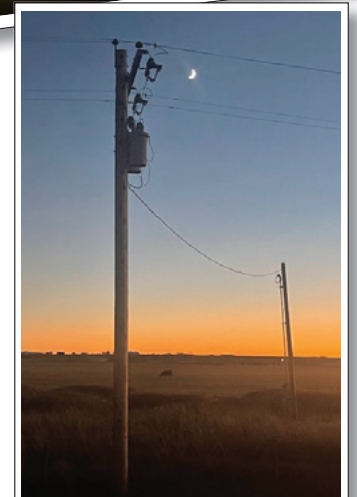
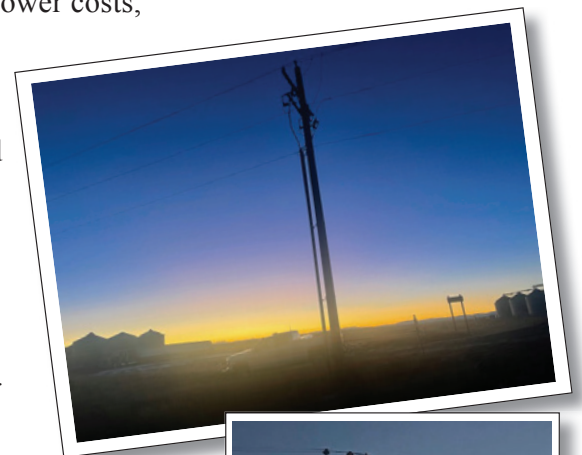
I was raised in Fairfield where I graduated from High School. I received a degree in Business Finance from the University of Montana in 1982. Upon graduating

I began working at our hometown bank and after 43 years I am still there helping people fulfill their dreams. I live on the farm/ranch my mother was raised on and my grandparents homesteaded four miles west of Fairfield. I am lucky enough to have my daughter and son-in-law on the place where we raise grain and cattle. My wife Tammy and I enjoy spending time with our family and the 3 grandchildren they have blessed us with. We are very excited for our fourth one arriving in July.

I value community service and am a member of our local Lions Club serving a year as its President. Being involved in the communities we serve is one of the things I enjoy seeing Sun River Electric commit to.

I have had the pleasure of serving as a trustee on the board of directors for the past 9 years. While we have had some challenging times, I have enjoyed it immensely. I believe we will encounter challenging times ahead with power costs,

but I know Sun River Electric is prepared and committed to delivering you reliable power at the best cost we possibly can.



Petitions and Elections of Trustees

Any member wanting to be put on the ballot must be a paying member of the Coop for five years and a resident of the district they wish to represent. That person must obtain 10 valid signatures from that district. The valid signatures must be returned to the Sun River Electric Office no less than 30 days prior to the annual meeting to be placed on the election ballot.

Capital Credit Retirement

This year SREC will retire \$979,396.58 in capital credits. We will retire the years of 2005, 2006 and a portion of 2007.

Service Area Map

District Boundary ———

County Line - - - - -



Bryce Johns

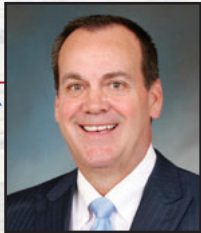
Valier

Ledger

Dupuyer

4

Conrad



Mitch Johnson

Pendroy

Brady

Bynum

Collins

3

Dutton

Choteau

6

Power

Fairfield

5

Vaughn

Floweree

Portage

Highwood

Augusta

Simms

Sun River

Ft. Shaw

Great Falls

Fife

Tracy

Belt

2

1

Sand Coulee

Stockett

7



Russ Bloom



Chris Music



Leonard Sivumaki



Robert Pasha

Guest Speakers



Gary Wiens is CEO of Montana Electric Cooperatives' Association. In January, he began his 32nd year with the Association.

He is a native of Glasgow, having been born there and graduating from Glasgow Senior High School.

In addition to his regular CEO duties, Gary also serves on a national co-op association committee monitoring the impact of proposed federal EPA regulations. He is currently chairing a statewide association task force seeking to elevate wildfire liability as a national issue for electric co-ops. Gary also serves on the board of the Montana Chamber of Commerce board of directors.

A graduate of the University of Montana with a degree in journalism, Gary worked in the newspaper business in western Montana for nearly 10 years and later served in Washington D.C. as an energy aide to then eastern district Congressman Ron Marlenee.

He was hired by Montana Electric Co-ops' Association in 1993 and was promoted to CEO in 2019.

His wife, Pamela, is a native of Billings. They have two grown children who are married and live in Montana, and they enjoy time spent with their four grandchildren.



Jim Horan serves as the Executive Director of the Mid-West Electric Consumers Association. Mid-West is a customer group of 314 municipal and cooperative utilities from nine Upper Great Plains and Western States. Jim has worked in a variety of roles within public power including

at a distribution cooperative, as general counsel of a statewide association, and as regulatory affairs director at NRECA.



Employees

Brad Bauman
Shelley Batson

CEO/General Manager
Manager of Finance
& Administration

Leanne Hall

AP/Payroll/CC Clerk/
Communications

Christy Kovatch

General Ledger/Senior Billing

Brandi Converse

Cashier/Billing/Collections Clerk

Taylor DeBruycker

Work Order/Purchasing/
Contracts Clerk

Chris Christensen

Manager of Engineering
& Member Services

John Schwenke

Staking Engineer

Mike Faith

Meterman/Account Specialist

Randy Gaa

GIS Staking/Mapping/IT

Robert Anderson

Operations Manager

Scott Steyee

Asst. Operations Manager

Trey Caffyn

Line Foreman

Scott Schlosser

Fairfield Linemen

Chad Hitchcock

Fairfield Linemen

David Kelleher

Fairfield Linemen

Owen Stong

Highwood Linemen

Sean Donlan

Highwood Linemen

Robbie Dockter

Conrad Foreman

Jay Pogreba

Conrad Linemen

Sun River Electric Cooperative, Inc.
1-800-452-7516 or 1-406-467-2526
www.sunriverelectric.coop

Sun River Electric Cooperative, Inc.

Balance Sheets As Of December 31, 2024 and 2023

ASSETS

Utility Plant:

	2024	2023
Electric plant in service	\$ 58,903,161	\$ 54,923,668
Construction work in progress	1,931,546	2,959,520
	<u>60,834,707</u>	<u>57,883,188</u>
Less: Accumulated depreciation	(27,687,203)	(26,437,258)
Net Utility Plant	<u>33,147,504</u>	<u>31,445,930</u>

Other Assets and Investments:

Investment in associated organizations	4,874,172	4,446,327
Capital term certificates	445,233	446,304
Restricted investment	19,103	18,353
Total Other Assets and Investments	<u>5,338,508</u>	<u>4,910,984</u>

Current Assets:

Cash	657,693	897,022
Temporary investments	588,498	1,082,447
Accounts receivable (net of current expected credit loss of \$2,117 in 2024 and 2023)	1,453,267	1,494,583
Interest receivable	4,578	4,589
Materials and supplies	1,087,043	1,028,089
Prepaid expenses	45,242	41,822
Total Current Assets	<u>3,836,321</u>	<u>4,548,552</u>

Deferred Charges

Deferred Charges	159,058	208,919
Total Assets	<u>\$ 42,481,391</u>	<u>\$ 41,114,385</u>

LIABILITIES AND EQUITIES

Equities and Margins:

Memberships	\$ 10	\$ 10
Patronage capital	21,618,969	20,703,648
Other equities	2,613,613	2,533,081
Total Equities and Margins	<u>24,232,592</u>	<u>23,236,739</u>

Long-Term Debt (less current portion)

Long-Term Debt (less current portion)	<u>14,643,807</u>	<u>14,548,771</u>
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Current Liabilities:

Current portion of long-term debt	1,404,760	871,613
Accounts payable	561,600	850,092
Accrued property taxes	262,131	227,235
Accrued interest	107,117	100,418
Accrued vacation and sick pay	376,681	365,761
Accrued expenses and unclaimed property	529,803	568,131
Consumers' deposits	81,185	83,685
Total Current Liabilities	<u>3,323,277</u>	<u>3,066,935</u>

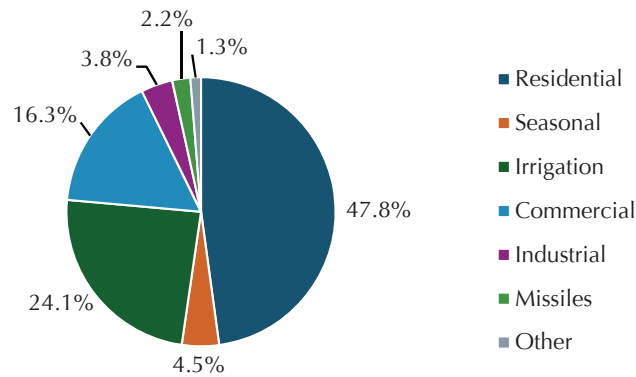
Other Liabilities and Deferred Credits:

Consumer energy prepayments	262,812	219,390
Deferred credit - debt extinguishment	-	24,267
Employee insurance reserve	18,903	18,283
Total Other Liabilities and Deferred Credits	<u>281,715</u>	<u>261,940</u>

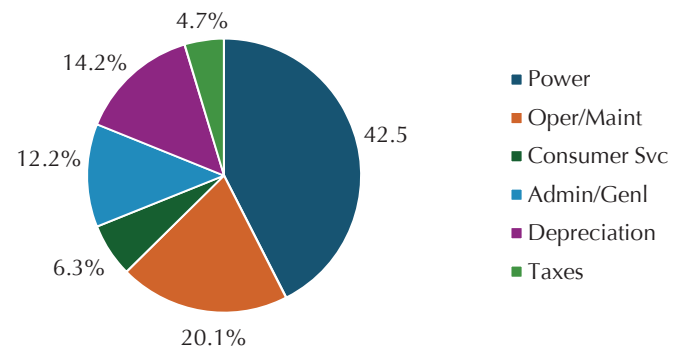
Total Liabilities and Equities

Total Liabilities and Equities	<u>\$ 42,481,391</u>	<u>\$ 41,114,385</u>
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2024 Operating Revenue



2024 Operating Expenses



OPERATING REVENUE		Percentage
Residential	\$ 6,288,315	47.8%
Seasonal	\$ 586,282	4.5%
Irrigation	\$ 3,169,686	24.1%
Commercial	\$ 2,148,106	16.3%
Industrial	\$ 500,881	3.8%
Missiles	\$ 284,251	2.2%
Other	\$ 167,222	1.3%
TOTAL	\$ 13,144,743	100%

OPERATING EXPENSES		Percentage
Power	\$ 4,873,684	42.5%
Oper/Maint	\$ 2,306,093	20.1%
Consumer Svc	\$ 724,570	6.3%
Admin/Genl	\$ 1,395,283	12.2%
Depreciation	\$ 1,632,114	14.2%
Taxes	\$ 533,981	4.7%
TOTAL	\$ 11,465,725	100%

Statements of Revenue and Patronage Capital

Balance Sheets As Of December 31, 2024 and 2023

	2024	2023
Operating Revenue	\$ 13,144,743	\$ 12,622,189
Operating Expenses:		
Cost of power	4,873,684	4,794,721
Transmission	7,877	26,300
Distribution - operation	1,600,477	1,529,192
Distribution - maintenance	697,739	628,589
Consumer accounts	382,246	347,473
Customer service and informational	326,104	303,257
Sales expense	16,220	14,790
Administrative and general	1,395,283	1,357,346
Depreciation and amortization	1,632,114	1,568,613
Taxes	533,981	456,218
Total Operating Expenses	11,465,725	11,026,499
Operating Margins before Fixed Charges	1,679,018	1,595,690
Fixed Charges:		
Interest on long-term debt	599,207	513,480
Operating Margins after Fixed Charges	1,079,811	1,082,210
G & T and Other Capital Credits	769,126	752,030
Net Operating Margins	1,848,937	1,834,240
Nonoperating Margins:		
Interest income	63,186	130,712
Other nonoperating income	79,369	18,229
Net Margins	1,991,492	1,983,181
Patronage Capital, Beginning of Year	20,703,648	19,810,138
Retirement of Capital Credits	(1,076,171)	(1,089,671)
Patronage Capital, End of Year	\$ 21,618,969	\$ 20,703,648



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SREC Trustees

District 1

Leonard Sivumaki

District 2

Russ Bloom

District 3

John Burgmaier

District 4

Bryce Johns

District 5

Chris Music

Secretary/Treasurer

District 6

Mitch Johnson,
Vice President

District 7

Robert Pasha,
President