



news & views

from Lincoln Electric Cooperative, Inc.

Your Touchstone Energy® Cooperative 

72ND ANNUAL MEETING OF THE MEMBERS RECAP

The 72nd Annual Meeting of the Members of Lincoln Electric Cooperative, Inc. was held on Saturday, March 30, 2019. If you weren't one of the 347 members to attend, please read on to see what you missed.

Members heard a brief financial report from LEC's Manager of Finance. Please see the Manager's Report on page 4 and supporting information on page 5 for more details on LEC's financials.

We were excited to hear Brent McRae as our guest speaker. McRae is a Director at McCone Electric Cooperative and Chairman of the Montana Electric Cooperatives' Association (MECA) Board. He updated the membership on legislative issues that have an impact on electric cooperatives and their members.

MECA produces a Montana Legislative Guide each year. You can pick a paper version up at LEC or request one from MECA. The guide is also available as an app. Visit www.mtco-ops.com to download the app for iOS or Android.

McRae encouraged LEC members to join the MECA Grassroots Action Team. The Grassroots team allows cooperative members to have a larger voice on the issues by cooperating together. Members who are interested should email Ryan Hall, MECA Communications Director, at ryanh@mtco-ops.com.

LEC's Strategic Planning and Projects Manager Jamie Stark spoke to the



2019 Luck of the Draw scholarship winners from left: Spencer Johnson (accepted by Juliann Johnson), William Cross (Joe Bowland), Stephen Cooke, Abigail Cooke (Gerald Cooke), Jenna Komac (Jenny Komac), Cheyenne Apeland (Rebekah Apeland), Bradley Stein, Brenton Pluid, Garrason Jones (Jodi Jones), Abigail Yarus, Austyn Sherwood (Jared Sherwood), McKay Guckenberger, Lucas Morrison (Robin Morrison), Mason Davis, Hunter Carvey (Kristina Carvey). Family members accepted on behalf of students that were unavailable due to school or extracurricular activity conflicts.

membership about ripple effects mapping. It shows the impact - direct and indirect - that LEC has on our communities through our services, donations, volunteerism, education, and involvement.

General Manager Ray Ellis then gave his last Annual Meeting presentation. Ellis will be retiring in January 2020 after serving nine years at LEC. When he leaves, Ellis will take 35 years of electric cooperative experience with him.

Ellis updated the members on LEC rates. He explained the factors of rate determination, especially the ever-rising cost of wholesale power. For details on the rate increase scheduled for May 1, 2019, please read the Manager's Report in your February 2019 *Rural Montana*.

In elections, District 6 Trustees Becky Evins and Troy Truman, and District 7 Trustee Tina Taurman were all re-elected by acclamation. The membership also voted to pass two By-Laws changes. Please visit www.lincolnelectric.coop to view the chang-

es and download a copy of the current By-Laws. You may also come to the LEC office to request a copy.

The Board of Trustees proudly awarded 14 \$1,000 and one \$5,000 Luck of the Draw scholarships to members and/or their dependents. Please see the photo on this page for winners.

Luck of the Draw scholarships are funded by unclaimed capital credits. Including the 15 scholarships this year, LEC has used unclaimed capital credits to fund \$97,000 in Luck of the Draw scholarships, \$99,266.17 in direct school donations, and \$1,205 to other education programs.

The meeting ended with the grand prize drawing of Free Electricity for a Year. It was won by Mike and Judy Romeo. The prize is awarded as a monthly bill credit for 12 months. The monthly credit amount is based on the average monthly residential bill from 2018.

If you would like more details on the Annual Meeting or to request the meeting audio file, please contact us at 406-889-3301 or memberservices@lincolnelectric.coop.



Grand Prize winners Mike and Judy Romeo.

LINCOLN ELECTRIC COOPERATIVE, INC.

Yearly Financial Comparisons

I want to begin by thanking everyone for the great attendance at our Annual Meeting of the Members. I always appreciate the opportunity to interact with the membership and keep in touch. This organization relies on a close relationship between its members, employees, and Trustees. We all have a vested interest in a quality outcome as the co-op only exists for the benefit of its members. Thank you for your participation and commitment.

Just after our Annual Meeting, I was asked a question about the year-over-year financial comparison that was in the folders at the meeting. This comparison allows the membership to see the basic finances of the cooperative at a glance to measure how the year went.

The question was about the rather large difference in administrative expense in 2018 over 2017. At the time, I couldn't answer the question to my satisfaction, so I have done some digging

to find the full answer.

I have discovered that in the process of changing auditors and with a new Manager of Finance here at the co-op, certain expenses were reassigned for the year 2018. This made the year-over-year comparison an inaccurate gauge to determine any trends from one year to the next within the individual expense categories.

It is only a matter of classification within the whole of LEC expenses. The total dollar amount for all expenses is still correct and remains the same; it is only how we categorize each expense on the summary page. For example, our transmission line expenses were being shown in the 'Cost of Power' category. However, management and our new auditors feel transmission costs are more accurately described as an 'Operations' expense.

To rectify the confusion, please find the updated version of the financials on page 5. This version applies the 2018 methodology for allocation of expenses to 2017 to make summary comparisons of LEC's expenses more accurate.

As noted on the next page, any LEC member is welcome to come into the office to inspect full copies of the LEC audit reports. We would also be glad to show in more detail the costs that we felt should be re-classified.

If you would like to compare Annual Meeting financials handout sheet and the one printed here, please visit www.lincolnelectric.coop. You may also request a copy of the information from our office: stop by 312 Osloski Road, call 406-889-3301, or email memberservices@lincolnelectric.coop.

I do apologize for any confusion this may have caused. I am thankful for the vigilance of that member who took the time to examine the numbers and point out the issue. Going forward, we will be using the same method of allocation so this does not happen again.

Thank you for your membership,
Ray



Manager's Notes
by Ray Ellis

News & Views

Published monthly by Lincoln Electric Cooperative, Inc.

Lincoln Electric's Board of Trustees hold regular meetings monthly at the Eureka office. These are typically scheduled on the third Monday of each month at 7 pm. All members are encouraged to attend. If you have any items of interest, please contact the general manager prior to the meeting.

Next Meeting Date:
Monday, May 20, 2019

Board of Trustees

- **Mike Workman** - President, District 6 Upper
- **Wesly Loughman** - Vice President, District 6 Upper
- **Courtney Pluid** - Secretary, District 6 Upper
- **Myra Appel** - District 7 Lower
- **Becky Evins** - District 6 Upper
- **Joel Graves** - District 6 Upper
- **Marianne Roose** - District 6 Upper
- **Tina Taurman** - District 7 Lower
- **Troy Truman** - District 6 Upper
- **Ethel White** - District 6 Upper

General Manager Ray Ellis

In case of power outage:
Always call 406-889-3301

312 Osloski Road
PO Box 628
Eureka, MT 59917
www.lincolnelectric.coop
info@lincolnelectric.coop

BUSINESS AND BOARDROOM BRIEFS

The regular meeting of the board of trustees was conducted on March 18, 2019. A quorum of trustees was present and the board took the following action:

- Approved a donation of \$225 to the Youth Baseball program for a sign and team sponsorship.
- Authorized using Rick Crinklaw of NRECA's National Consulting Group as the General Manager search firm.
- Authorized various trustees to attend upcoming meetings.

	Year to Date 02/28/2019	Year to Date 02/28/2018
Year to Date kWh Sales	29,523,200	28,114,611
Year to Date Revenue	\$ 2,525,658	\$ 2,389,875
Year to Date Cost of Power	\$ 1,251,489	\$ 1,286,863
Year to Date Operating Exp	\$ 917,722	\$ 990,849
Year to Date Margins	\$ 361,128	\$ 113,897
Number of Members	4,639	4,556
Number of Meters	6,011	5,900
Miles of Line	967	962
Total Utility Plant	\$ 32,615,089	\$ 32,086,117
Member Equity	\$ 9,621,793	\$ 9,489,808
Feb. Average Residential Use (kWh)	2,106	2,009
Feb. Average Residential Billing	\$183.18	\$176.12

These summarized financial statements are based on an audit by Decoria, Maichel, Teague as of year-end 2018 and an audit by Summers, McNea & Co. as of year-end 2017. Full copies of the audits are available in LEC's office for inspection by members of LEC.

Balance Sheet - Year End

	2018	2017
Assets		
Electric Plant - Net	\$20,096,284	\$20,447,585
Long Term Investments	\$4,342,177	\$2,714,495
Cash & Short Term Investments	\$697,063	\$661,613
Receivables	\$1,129,727	\$1,324,890
Materials & Supplies	\$1,299,901	\$1,471,834
Other Current & Deferred Assets	\$939,420	\$1,015,099
Total	\$28,504,572	\$27,635,516
Equity and Liabilities		
Patronage Capital	\$9,700,162	\$9,382,688
Long Term Debt	\$15,834,547	\$16,601,122
Short Term Notes	\$1,500,000	\$125,000
Payables	\$594,725	\$664,814
Consumer Deposits	\$81,010	\$62,873
Other Current and Deferred Liabilities	\$794,128	\$799,019
Total	\$28,504,572	\$27,635,516

Revenue, Expense & Margins - Year End

	2018	2017
Revenue		
Power Sales	\$11,163,043	\$10,843,206
Expense		
Cost of Power Operations	\$5,181,303	\$5,147,497
Administrative	\$2,691,293	\$2,597,154
Depreciation	\$1,242,659	\$1,211,599
Interest	\$863,637	\$862,805
	\$634,348	\$649,149
Total Expense	\$10,613,240	\$10,468,204
Operating Margin	\$549,803	\$375,002
Other Income (net)	\$250,761	\$216,566
Total Margin	\$800,564	\$591,568

UNCLAIMED CAPITAL CREDIT LIST

As part of a cooperative, our members are entitled to a refund of margins for years they had economic participation in the cooperative. These are returned in the form of capital credit checks. However, when members move, they sometimes fail to notify LEC of their address change and the checks are undeliverable. In order to make every effort possible to find those that have capital credit funds due to them, we are asking our current members to lend us a hand. Please look over the 2018 unclaimed capital credit list of names below and the full list of names at www.lincolnelectric.coop. If you have a way to contact any of these folks, please let us know at 406-889-3301 or info@lincolnelectric.coop. Thank you for being great members!

MEMBER NAME	JOINT NAME
ANDERSON, MICHELLE S	
BAKER, MARISELA	
BAKKILA, KARL A	
BANNON, JENNIFER	
BECK, MICHELE L	
BENBROOK, JESSE	BENBROOK, WENDY
BENEDICT, DON T	
BENZ, ED K	
BERNATH, POLLY	
BERTHIER, SUZANNE M	
BILLMAYER, JAY	
BLAKELY, JEFFREY D	
BLANCK, DAVE	
BROWN, JOSH	
BROWN, STEPHEN D	
BRUMMER, MARIE	
BURCHWELL, SEAN A	
BYERS, JOHN E	
CACCIATORE, ANNIE C	
CALAPP, JOSEPH D	
CAMERON, PAUL J	
CASE, RUTHE E	
CASSIDY, SCOTT R	CASSIDY, JENNELLE C
CELEBRADO, DENNIS J	CELEBRADO, TONI
CHANEY, JAMES P	
CLARK, STEVEN E	

MEMBER NAME	JOINT NAME
COCHRANE, DENNIS R, SR	COCHRANE, DENISE L
COLLINS, SHANIE L	
COLLINS, COYOTE & FLECK	
COYNE, ROBERT L	COYNE, WENDY L
CRAWFORD, RUDY	CRAWFORD, LAURIE
CUFFE, ROBERT T	
DAKOTA, W WILLIAMS	
DARREL'S HARDWARE & SPORTS	
DELONG, JAMES E	DELONG, HELEN E
DEVANEY, JACQUELINE D	
DICK, M LILIAN	
DIERMAN WAPLES, DEANNA L	
DONSBACH, TIMOTHY J	
DUPONT, JAMES M	
EDWARDS, MICHAEL E	EDWARDS, TAMMY L
EMERSON, KAREN R	
ENGLE, TAMRA	
EREKSON, DIRK A	EREKSON, HELENE M
LAUB, ROBERT F	LAUB, KIM DM
FISK, SUSAN M	
FLAGET, CARL	FLAGET, HARRIET
FLANAGAN, MICHAEL J	
FLESCH, WILMA R	

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MEMBER NAME	JOINT NAME
FOSTER, KITTY A	
FRANCK, MICHELE A	
FRANKE, RICHARD E	FRANKE, COLLEEN R
GIBBS, JULIA	
GOUZENE, AL W	
GRAVELLE, JUANITA R	
GREENE, RICK W	
GUCKENBERG, BOBBIE A	
HAMMETT, JOHN F	
HANKS, DON J	HANKS, WENDY B
HANSEN, GARY M	
HANSON, NORMA	
HARRIS, SHERRI	
HEER, BETH E	
HENION, TAHANI F	
HILL, DONALD P	
HILL, PAUL J	HILL, G LAVON
HINGSTON, STEVEN F	HINGSTON, KAREN J
HUME, CHARLENE A	
HUME, DOUGLAS D	
JOHNSON, ARTHUR J	JOHNSON, JEANNE M
JOHNSON, ROBERT J	
JOHNSON, JUDITH S	
JORDAN, JAMES A	
KELLY, THOM	
KERR, JEANNIE	
KILLEEN, BRIAN R	
KORNFEIND, CHRISTOPHER W	
KUNCHICK, FRED H	
KVAMME, PATRICIA M	
LAMAR OUTDOOR	
LAMB, LAURA L	
LANE, J D, JR	
LANE, SANDRA M	
LAWLER, LINDA L	
LEMON, TERRY B	LEMON, MARNIE O
MAEDJE, KATINA	
MAIN STREET PRODUCTS LLC	
MALEY, SARAH J	
MASON, RICHARD L	
MASSELINK, SANDRA D	
MAYES, CHESTER A	
MCCULLY, LANCE G	
MEIER, CURTIS M	MEIER, KYLA M
MERCER, STEPHEN H	MERCER, LINDA J
MIKALSON, STEVE	
MILLER, MARILYN	
MILLER, JAMES M	MILLER, DIANA J
MILLER, LORI B	
MORRISON, GREG E	
PAINTER, DIANA L	
PARKE, KELLEY R	PARKE, TAMMY E
PARKER, DENNIS M	PARKER, BEA M
PATRICK, WAYNE S	
PATTEN, ROCKWELL R	PATTEN, LINDA S
PELLITERI, FRANK S	
PHELPS, DONALD A	

MEMBER NAME	JOINT NAME
PITTS, WEBB W	FOSS, MARY K
POGUE, KAREN	
POMEROY, LARRY B	
POMEROY, CANDY	
PRITCHETT, TED W	
QUADE, NANCY A	
QUILLING, RALPH H	QUILLING, CHRISTINE
RALEIGH, DUANE E	RALEIGH, LISA R
RAMIREZ, JAMES A	RAMIREZ, JILL E
RICE, JOEY C	KEENEY, MICHELLE D
RICH, CODY C	RICH, KELLI L
RIDDLE, MICHELLE L	
ROCKSUND, WILLIAM S	
ROYS, SUSAN E	
RYDMAN, BROOKE A	
SAULS, JOHN S	
SCHROCK, ROBIN M	
SCOTT, DENNISON C	KADEKIAN, NARINE
SEED, SHARON A	
SHEPPARD, SOLARA N	
SHUPERT, TOM K	
SIMMONS, HELEN R	
SMITH, VANESSA L	
SORENSEN, REBECCA A	
SPRIBILLE, TOBY C	
STINGER, GERALDINE R	
STORMS, ELSIE S	
STOUT, SHERRI L	
STOVER, MARK R	
STREET, RAY	
SULLIVAN, HERBY	
SYME, JOAN R	
THOMPSON, KEVIN M	
THOMPSON, CHARLES B	
THOMPSON, SUSAN J	
TREBELCOCK, JOE A	TREBELCOCK, ELSIE
TRUMAN, KELLY O	
TUELL, FAITH E	
VAN VIANEN, JACK	VAN VIANEN, MARY J
VANSCHAICK, GERRIT J	
VORHIES, AARON E	
WAGNER, BETTY	
WAGNER, EDWARD J	
WALLACE, JOCELYN	
WEBBER, CARLA A	
WEED, FAITH	
WENGERD, JAMES W	
WEST, KEN	WEST, JEAN
WILLIAMS, BEVERLY J	
WILLIAMS, R K	
WILLIAMS, JEANNE M	
WILLIAMS, NOEL E	
WILLIAMS, DENNIS	
WONG, SHIRLEY A	
YODER, LAVERN P	
YORK, MAVIS	
ZIMMERLY, JOSEPH L	ZIMMERLY, JANENE F
ZINKE, RAY D	ZINKE, PATRICIA L
ZURFLUH, BERNADINE E	