



Kay Schultz
Board Chairman

Board Chairman and
President/CEO's Report



Joe Heyen
President/CEO

Welcome to the 83rd MJM Electric Cooperative Annual Meeting. This is my first annual meeting as your CEO, and I look forward to meeting and speaking with as many Members as possible. MJM has experienced many challenges this past year. We went from a Global Pandemic to seeing unprecedented increases in costs and extra-long lead times on practically everything we use. This is not just the utility industry; it is affecting our households, farms, and small businesses as well. Inflation and interest rates are on the rise and global unrest continues to be a concern for all of us. These market pressures are expected to affect the wholesale price of the energy that we purchase at minimum through 2022.

At MJM we are taking steps to mitigate these issues so that we can continue to provide safe, affordable electricity for our Member Owners. Our operations department has done an excellent job working with our vendors to reduce material and equipment costs wherever possible. Our linemen are doing their part as well, by re-using hardware and routing their trips and jobs more efficiently. Our IT department is working to protect our electronic files and communications from possible cyber-attacks.

Beginning January 1, MJM added three new employees to form a forestry crew. This is the first time since the "70's" that we have had an in-house crew. The forestry crew will be responsible for line clearance trimming, hazard tree removals, and right of way spraying. This move is projected to save MJM Members thousands of dollars each year in vegetation management costs.

Within the next two years, we will have three of our senior linemen retiring. In preparation for this we currently have three apprentice linemen in training. The lineman training program is a four-year apprenticeship which consists of an extensive educational platform as well as on the job training.

The financial position of your Cooperative remains strong. We ended the year in 2021 with \$1,496,960 in margins and we retired a total of \$626,570 in capital credits. The investment in the forestry equipment amounted to \$500,000 and we were also able to replace two bucket trucks and a digger derrick for another \$594,000.

Line construction and system maintenance continued despite some delays with material deliveries. For 2022, we have expanded our pole replacement program and we expect to replace upwards of 400 poles. We have also begun the process of adding a distribution substation in the Nutwood area to alleviate loading issues that we experience during frequent river flooding.

Kay and I would like to recognize Bill Heyen. This will be Bill's last Annual Meeting as he will be retiring from the Board after 37 years of dedicated service to MJM. Bill has provided many years of insightful guidance to the Board, and we thank him for his service to MJM.

The Operation Round Up Committee has been very active this past year. The committee has donated \$21,500 to a variety of organizations throughout the entire MJM service territory. The committee continues to meet regularly to review applications and dispense funds for worthy projects. We are very proud of the work this committee does and the time they are willing to donate for this cause.

MJM remains committed to our mission and building for the future.

*W. Kay Schultz, Board Chairman
Joe Heyen, President/CEO*

