



MARCH 2020

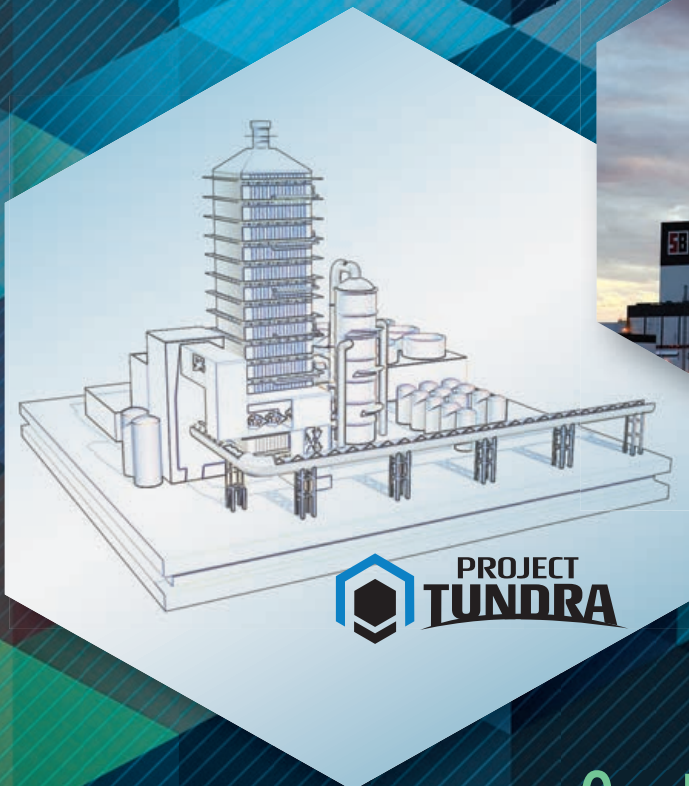
# Volts & Jolts

Published monthly for the members of Red Lake Electric Cooperative, Inc.  
SERVING THE FOUR-COUNTY AREA OF MARSHALL, PENNINGTON, RED LAKE AND POLK  
*and a portion of the lands of the Red Lake Band of Chippewa*

## 2019 ANNUAL REPORT

### Official Notice Postponement of Annual Meeting

Due to the concern regarding COVID-19 (Coronavirus) and the Minnesota Department of Health recommendations, the Board of Directors of Red Lake Electric Cooperative have made the decision to postpone the Annual Meeting to a date to be determined. This decision was made with the well-being of our members in mind. As soon as the Board has determined that it can safely hold the Annual Meeting based on best available information, your Cooperative will notify the membership of the new meeting date in accordance with the Bylaws. Thank you for your understanding.



## Capturing our Power



OFFICIAL PUBLICATION OF  
**Red Lake Electric Cooperative, Inc.**

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Red Lake Falls, MN 56750-0430

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**OFFICERS AND DIRECTORS**

President ..... Randy Versdahl  
Vice President ..... Stacy Blawat  
Secretary-Treasurer ..... Mark Hanson  
Directors ..... Cecil Anderson,  
Aaron Chervestad, Bonnie Christians,  
Colette Kujava, Steve Linder, Peter Mosbeck

Stephanie Johnson ..... General Manager

Steve Conely ..... Manager of Electric  
System Operations

Kelli Brateng ..... Manager of Member Services

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1-800-252-1166 or 811****MINNESOTA STATE  
ELECTRICAL INSPECTORS**

Pennington and Marshall Counties:

**Ronald Ditsch – 218-779-6758**

Red Lake and Polk Counties:

**George Stage – 701-306-3511**

Any time you or an electrician does wiring  
or other electrical work at your home or  
farm, Minnesota state law requires a state  
wiring inspector to conduct a proper in-  
spection of the work. A rough-in inspection  
must be made before any wiring is covered.  
A final inspection is also required. Please  
visit [www.dli.mn.gov](http://www.dli.mn.gov) for more information.  
The inspectors can be reached weekday  
mornings between 7 a.m. and 8:30 a.m.

# Report to the Membership



**Randy Versdahl**  
*Board President*

**Stephanie Johnson**  
*General Manager*


**T**his month marks Red Lake Electric Cooperative's 82<sup>nd</sup> annual meeting. As your co-operative, RLEC is committed to providing reliable and affordable energy to its members. When you consider how adaptable electricity is to so many uses in our homes and businesses, it is hard to imagine life without it. Obviously, life as we know it today would not exist without the power provided to us by electricity.

Because your demand for electricity and our supply of energy is so constant, we don't often think about the possibilities of it not being there for us. There are occasions, however, when mother nature or human activity intervenes, and the flow of power is interrupted. It is these times when we

are reminded of how dependent we are on having a reliable and adequate source of energy to meet the needs of our daily living.

Your cooperative, the directors you have elected and the employees we have staffed take great pride in meeting the ongoing challenge of providing reliable and affordable energy for the membership.

In 2019, your cooperative re-turned over \$564,000 worth of capital credits to its members. RLEC built 82 new services and completed 221 pole replacements. There were 18 miles of new line and 13 miles of upgraded electrical line. There have been improvements with new meter technology and the implementation of a new billing and accounting system. RLEC



Your cooperative, the directors you have elected and the employees we have staffed take great pride in meeting the ongoing challenge of providing reliable and affordable energy for the membership.

also saw changes with the retirement of a long-time employee and the hiring of new personnel.

### **Facility charge increase**

Red Lake Electric Cooperative's board of directors approved a \$5.00 facility charge increase that will be effective May 1, the bill our members will receive in June 2020.

Warmer winters have caused a decline in kilowatt-hour (kWh) sales. This, in turn, has caused a decline in revenue. Each year, your cooperative sets a budget with a goal of having between \$350,000 to \$500,000 in margins. In 2019, margins were lower than anticipated. With declining revenue and slowly increasing expenses, your board of directors approved a \$5.00 facility charge increase to satisfy our budgeted margins.

The facility charge component of your rate is a charge that is billed to the members to partially recover the cost of the infrastructure that is in place to distribute power to your home. The cooperative has been increasing the facilities charge over the years to more fairly recover the actual cost of providing this service and reducing the increase in the energy rate.

### **New meter technology**

For the past two years, RLEC has been installing an Advanced Metering

Infrastructure (AMI). AMI allows for two-way communication and has capabilities to track a wider range of data and analytics. Information provided will include kWh readings, voltage, kilowatt demand, load profiling, alarms signaling power interruption, remote connect and disconnect. Meter installation is about 75% completion with around 2,000 meters remaining to be exchanged, 50% of which are off-peak meters.

### **NISC conversion**

April and July saw the implementation of our new billing/accounting software provided by National Information Solutions Cooperative (NISC). With this new software, there have been changes to the layout of your monthly bills and the introduction of SmartHub, a secure online app where you can find your energy usage, pay your bill, set up future payments and many other uses.

With change can come some difficulty. Thank you to our membership (22576 Gerald Larson) for being understanding through the implementation process.

### **Retirement and new hire**

RLEC said goodbye to a long-time employee, Shirley Bregier, who retired as our finance manager on

July 31 after 47 years of employment. In June, Cindy Pahlen was hired as our administrative assistant.

### **Invitation**

Due to the concern regarding COVID-19 (Coronavirus) and the Minnesota Department of Health recommendations, the Board of Directors of Red Lake Electric Cooperative have made the decision to postpone the Annual Meeting to a date to be determined. This decision was made with the wellbeing of our members in mind. As soon as the Board has determined that it can safely hold the Annual Meeting based on best available information, your Cooperative will notify the membership of the new meeting date in accordance with the Bylaws. Thank you for your understanding.

### **Our sincere thanks**

...to our members, for your continued patronage this past year. We appreciate your business and the opportunity to serve as your board president and general manager.

We also want to express our thanks and appreciation to our employees. Their constant service, their commitment (24191 Richard Bjerklie) to the membership and their support of our mission has enabled RLEC to complete another successful year in 2019.



# Red Lake Electric Board of Directors



**Bonnie Christians**  
*District 1*  
*Serving since 2002*



**Stacy Blawat**  
*Vice President*  
*District 2*  
*Serving since 2011*



**Colette Kujava**  
*District 3*  
*Serving since 2010*  
*Serves on Minnkota's board*



**Steve Linder**  
*District 4*  
*Serving since 2002*  
*Serves on Square Butte's board*



**Mark Hanson**  
*Secretary-Treasurer*  
*District 5*  
*Serving since 2002*



**Randy Versdahl**  
*President*  
*District 6*  
*Serving since 2010*



**Aaron Chervestad**  
*District 7*  
*Serving since 2015*



**Cecil Anderson**  
*District 8*  
*Serving since 2018*



**Pete Mosbeck**  
*District 9*  
*Serving since 2007*

## OUR MISSION STATEMENT

*It is the mission of Red Lake Electric Cooperative to enhance the quality of life for people of our service area by safely and consistently providing quality electric service and other valued services while holding our employees, our community and our environment in high regard.*

## Red Lake Electric Employees

Kelli Brateng  
*Manager of Member Services*  
Darcy Cardinal  
*Journeyman Lineman*  
Steve Conely  
*Manager of Electric Operations*  
Aaron Derosier  
*Journeyman Lineman*  
Javen Eidsmoe  
*Power Use Advisor*  
Jordon Gervais  
*Journeyman Lineman*

Stephanie Johnson  
*General Manager*  
Jenny Kelley  
*Administrative Manager*  
Christie Klipping  
*Senior Accountant*  
Brett Knott  
*Lead Lineman*  
Chris Knott  
*Engineering Technician*  
Melanie LaCrosse  
*Member Accounts Specialist*  
Laurie Malwitz  
*Custodian*

Warren Malwitz  
*Custodian*  
Branden Narlock  
*Journeyman Lineman*  
Cindy Pahlen  
*Administrative Assistant*  
Sam Pahlen  
*Journeyman Lineman*  
Mick Raymond  
*HVAC Service Technician*  
Troy Schmitz  
*Crew Foreman*  
Casey Thronson  
*Crew Foreman*

# BIG DIFFERENCE!

*Small change makes a*



The Operation RoundUp® program at Red Lake Electric enjoyed another successful and generous year in 2019. A total of \$24,550 was granted to 32 different nonprofit and community organizations. That brings the total of 911 grants made since program began in 1993 to \$562,816.

A nonprofit corporation named Red Lake Electric Trust administers donated funds and determines grants. The five-person board of directors, appointed for three-year terms, meets twice a year to determine grants to applying organizations. Red Lake Electric Trust has been granted 501(c)3 tax exempt status by the Internal Revenue Service. Contributions made to the Operation RoundUp program are tax deductible.

There are 4,283 members who contribute to Operation RoundUp. They represent 98% participation of the 4,325 Red Lake Electric members, an outstanding participation level. For an average of 50 cents a month or \$6 a year, members can be part of a very large community-wide charitable program.

## Red Lake Electric Trust, Inc.

### BOARD OF DIRECTORS

**Tishara Melcher**  
*President*

**Diane Kolstoe**  
*Vice President*

**Julie Stennes**  
*Secretary-Treasurer*

**Bonnie Christians**  
*Ex-Officio Director*

**Stephanie Johnson**  
*Ex-Officio Director*

## Red Lake Electric Trust, Inc. FINANCIAL REPORT

*For the year ended December 31, 2019*

<b>CASH BALANCE FORWARD</b>	<b>\$ 6,175.47</b>
<b>RECEIPTS</b>	
Operation Round Up Donations	\$ 24,940.76
Other Contributions	0.00
Checking Account Interest	<u>5.13</u>
<b>Total Receipts</b>	<b>\$24,945.89</b>
<b>EXPENDITURES</b>	
Administrative Expenses:	
Director Meeting Fees & Expenses	\$ 454.04
Annual Filing Fee, State of Minnesota	25.00
Annual Compilation (Audit) Fee	<u>230.00</u>
Total Administration	<u>\$ 709.04</u>
Total grants made (32)	<u>\$ 24,550.00</u>
<b>Total Expenditures</b>	<b>\$25,259.04</b>
<b>CASH BALANCE December 31, 2019</b>	<b>\$ 5,862.32</b>

## 2019 Recipients

Red Lake County Victim Services . . . . .	\$ 250.00	Red Lake County Victim Services . . . . .	250.00
TRF Area Food Shelf . . . . .	1,000.00	Strandquist Area Food Shelf . . . . .	500.00
Prairie Community Services . . . . .	300.00	Marshall County Social Services . . . . .	500.00
Oklee Fire Department . . . . .	1,000.00	RLF Volunteer Fire Department . . . . .	1,000.00
TRF Volunteer Fire Department . . . . .	1,000.00	Plummer Volunteer Fire Department . . . . .	750.00
Viking Fire & Rescue . . . . .	1,000.00	Red Lake Falls Volunteer Ambulance . . . . .	500.00
Goodridge Area Fire Department . . . . .	1,000.00	St. Hilaire Community Club . . . . .	500.00
St. Hilaire Fire & Area Rescue . . . . .	1,000.00	American Cancer Society – Red Lake Co. . . . .	500.00
NCH Trails to Treatments . . . . .	1,000.00	NCH Trails to Treatments . . . . .	500.00
Goodridge Lion Tamers . . . . .	500.00	Northland Community & Technical College . . . . .	500.00
Goodridge Area Historical Society . . . . .	500.00	Marshall County Area Veterans Memorial Park . . . . .	500.00
Inter-County Nursing Service . . . . .	500.00	Tri-Community Living at Home/Block Nursing Program . . . . .	700.00
Middle River Seniors . . . . .	500.00	Middle River - Thief Lake Living At Home Nurse Program . . . . .	1,000.00
Goodridge Senior Citizens Center, void check #1245 . . . . .	0.00	LSS Senior Nutrition Program (RLF) . . . . .	1,000.00
Middle River Veterans Outdoors . . . . .	300.00	Inter-County Nursing Service . . . . .	400.00
Thief River Falls Area Community Theater . . . . .	500.00	Early Childhood Family Education . . . . .	750.00
Falls DAC (TRF) . . . . .	500.00	Christmas for Pennington County . . . . .	500.00
Tri-Community Living at Home/Block Nursing Program . . . . .	500.00	Goodridge Senior Citizens Center, reissue check . . . . .	500.00
Little Brother/Little Sister Program (TRF) . . . . .	350.00		
TRF Area Food Shelf . . . . .	1,000.00		
Violence Intervention Project - TRF . . . . .	1,000.00		



# Capturing our power

**Mac McLennan**, President & CEO, Minnkota Power Cooperative

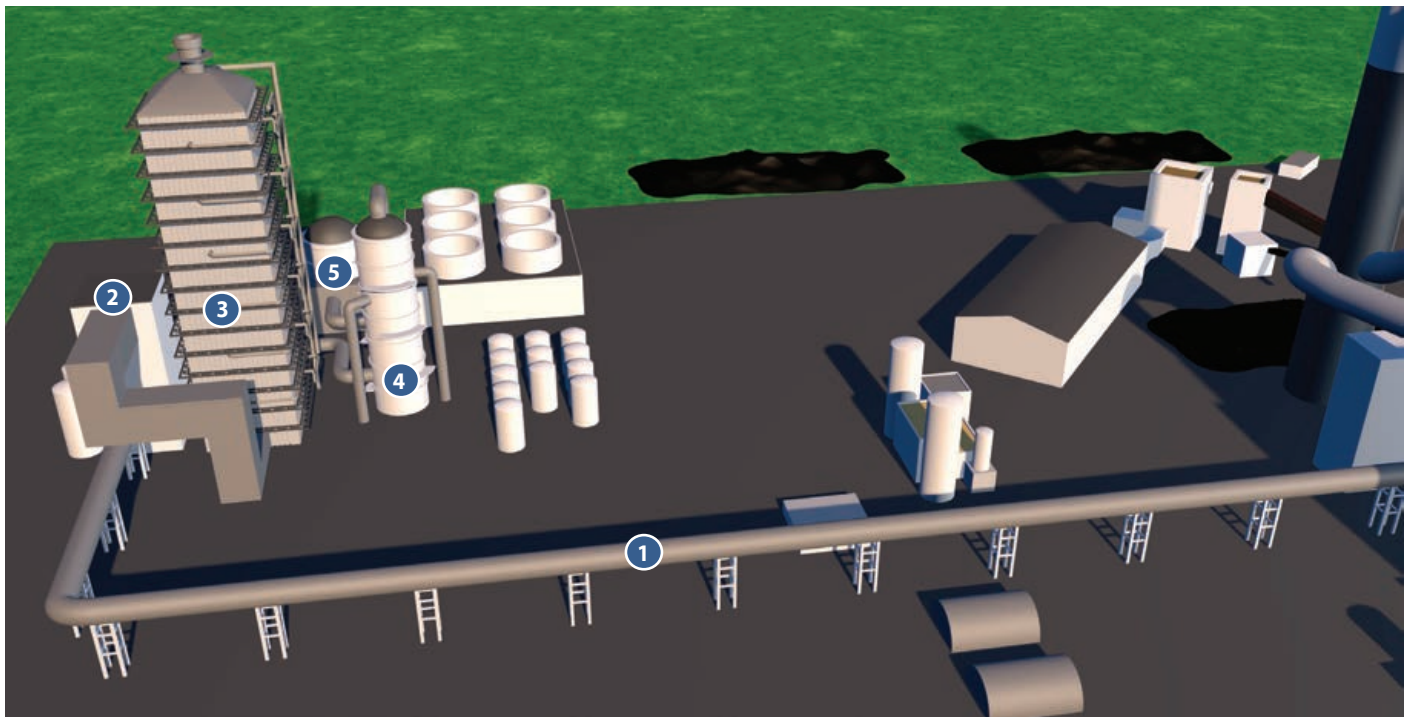
**M**innkota Power Cooperative is working to position itself as a utility of the future. We know this doesn't happen with the flip of a switch. It takes purposeful planning, forward-thinking strategies and a deep understanding of our membership, which includes Red Lake Electric Cooperative and 10 other cooperatives in eastern North Dakota and northwestern Minnesota.

When managing the changes in our industry, we are fortunate to be in a stable position financially. Our wholesale rate has remained flat in recent years and we anticipate no major increases in the near-term. We hope to see continued economic viability in the rural areas we serve.

Without question, the most ambitious initiative being pursued by Minnkota is Project Tundra. This



project, which is in the advanced design and research phase, aims to create a viable future for North Dakota's lignite coal industry through the construction of what would be the largest carbon capture facility of its kind in the world. The system would remove more than 90% of the carbon dioxide (CO<sub>2</sub>) from Unit 2 at the coal-based Milton R. Young Station and permanently store it more than a mile



## The carbon capture process

- 1) The flue gas is diverted from the power plant.
- 2) A scrubber cools the gas and removes impurities.
- 3) The gas flows into the bottom of a large absorber unit, which is filled with stainless steel structural packing. As the gas rises through the packing, an amine-based liquid solvent is released. The amine bonds with the CO<sub>2</sub> and removes it from the flue gas.
- 4) The solvent is sent to a regeneration unit. There, heat is used to separate the CO<sub>2</sub> from the liquid solvent, bringing the CO<sub>2</sub> back to a gaseous state.
- 5) The CO<sub>2</sub> is finally delivered to a compressor where it is compacted and prepared for transport via pipeline. The solvent, meanwhile, is routed back to the absorber unit where it is used again.

“

**Without question,  
the most ambitious initiative  
being pursued by Minnkota  
is Project Tundra.**

underground in a geologic formation.

The state of North Dakota and the U.S. Department of Energy have awarded research grants to conduct the initial design, engineering and evaluation of project economics. We believe the project could serve as a blueprint for other coal plants across the world. Over time, emissions would be reduced, the technology would improve and carbon capture would become a cost-effective option for our long-term energy needs.

Project Tundra is estimated to require an investment of \$1 billion. This is not a cost that Minnkota would take on alone. The cooperative is carefully evaluating federal tax credits and other partnerships to proceed with the project in a way that does not substantially (24237 Brad Nelson) impact electric rates. If Project Tundra moves forward, construction could start in the 2022-2023 time frame.

The Young Station remains a cost-effective, reliable power generation source for our membership. While renewable resources are becoming a larger part of the Upper Midwest's generation mix, coal remains essential to maintaining reliability. This was proven true during last January's Polar Vortex when temperatures dropped to 30 below zero. Electricity was available thanks in large part to the dependable operation of coal-based power plants, the strategic use of demand response and successful coordination between utilities. Very little production was received from the region's wind and solar farms during this period due to cold and

## About Project Tundra

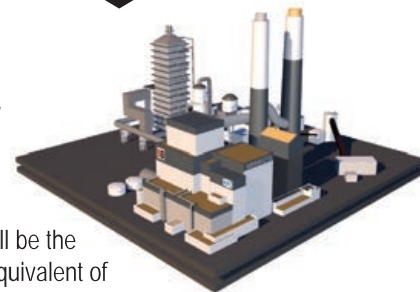
The vision for Project Tundra is to equip Unit 2 at the coal-based Milton R. Young Station with next-generation technologies to capture up to 90% of the facility's carbon dioxide (CO<sub>2</sub>) emissions. The CO<sub>2</sub> would then be safely and permanently stored in a deep geologic formation more than a mile underground.

Project Tundra is currently in the advanced research and design phase. If constructed, it will be the largest CO<sub>2</sub> capture project in the world – the equivalent of removing 600,000 gasoline-fueled cars from the road annually.

Minnkota Power Cooperative is leading the \$1 billion project, along with research support from the Energy & Environmental Research Center (EERC) at the University of North Dakota.

### Why is Project Tundra important?

- The success of Project Tundra can help jump start the development of CO<sub>2</sub> capture technology across the world.
- By capturing CO<sub>2</sub> and preventing it from being emitted into the atmosphere, Project Tundra helps address the global focus on reducing emissions.
- An all-of-the-above energy strategy is essential to the long-term reliability of our nation's electric grid. Coal plays a key role in balancing the intermittent nature of renewable resources such as wind and solar.



freezing conditions. The majority of the region's energy needs were met by coal, nuclear and, in some areas, natural gas.

As for the power delivery side of our cooperative, numerous projects are being pursued to address aging infrastructure and enhance reliability. The primary focus has been on improving the performance of our subtransmission system – the 2,300-mile network of power lines that deliver energy (29574 Jordan H. Holm) locally. More than 1,000 miles of the system has been equipped with technologies that help reduce the impacts of blink outages – those momentary losses of power often caused by a disturbance on transmission line. As that project winds down, the focus has

shifted toward full-scale rebuilds of certain line sections and substations. In fact, Minnkota plans to rebuild the Oklee substation in Red Lake Electric's service area in late 2020.

As we look to the future, it doesn't mean we will forget about our past. For the last 79 years, we've existed to serve our members. That will not change. Undoubtedly, new trends and technologies we haven't even imagined will emerge. One thing is certain: To successfully participate in this change, we will need a strong, united membership.



# 2019 Annual Meeting Minutes

## MINUTES OF THE ANNUAL MEETING OF THE MEMBERS OF THE RED LAKE ELECTRIC COOPERATIVE HELD ON WEDNESDAY, APRIL 3, 2019, AT THE RALPH ENGELSTAD ARENA IN THIEF RIVER FALLS

The 81<sup>st</sup> annual meeting of the members of Red Lake Electric Cooperative, Inc. was held on Wednesday, April 3, 2019 in the Imperial Room of the Ralph Engelstad Arena in Thief River Falls. President Randy Versdahl called the meeting to order at 10:00 a.m. Approximately 290 members and guests were in attendance.

Versdahl then introduced Kaydon Kenfield, 17-year-old son of Jason & Sara Kenfield and grandson of Red Lake Electric member Terry Schmitz of Red Lake Falls and invited him to come forth (23841 Harold Michaelson) and sing the National Anthem. Cecil Anderson, Red Lake Electric Director, gave the invocation; current board members were then introduced by Versdahl.

Versdahl entertained a motion to dispense with the reading of the proof of mailing and the notice of this meeting along with the minutes of the 2018 annual meeting and approve them as they were printed in the March Volts and Jolts. It was duly moved, seconded and carried to do so.

In his President's report, Versdahl played a short video that was produced by Minnkota Power Cooperative. Versdahl noted that the video explains how Minnkota provides electricity to energize our homes, farms, schools and businesses in eastern North Dakota and northwestern Minnesota and how we are a proud member of Minnkota Power and that we are all "Partners in Power." Versdahl shared how the last year for Red Lake Electric has been very good in many respects. He

went on to explain that the average outage time per customer last year was 1.75 hours, which was a decrease of 53 minutes from the previous five-year average of 2.6 hours. Versdahl then shared his appreciation and the efforts of the employees to not only restore service quickly, but to also maintain the electric system properly. Versdahl noted that the Cooperative fared well financially last year which enabled the pay-out of over \$565,000 in capital credits in 2018 and that this return in equity to the membership included \$490,000 in general retirements and \$75,000 that was paid to estates of deceased members. He went on to say that the board of directors was pleased to be able to make a capital credit retirement earlier last month of \$480,000 which were capital credits assigned to the membership in 2000 and 2001. Versdahl mentioned the member equity was above 42%, well within the cooperative's goal. Versdahl thanked the membership for attending the annual meeting.

Stephanie Johnson then was introduced and gave the GM report. Johnson explained the importance of the new Advanced Meter Infrastructure (AMI) system. She noted the differences in the old metering system and compared them to the new AMI system. She also explained the benefits, such as better response to outages, elimination of after-hours trips, help with billing, improvement of the integrity of the off-peak program and useful analytics to help solve voltage and power quality issues. Johnson then

provided information on National Information Solutions Cooperative (NISC). She explained that they are our new billing and account software vendor. She went on to say that the billing portion of the software was going live on Monday, April 8th. Johnson then discussed the polar vortex event that occurred at the end of January 2019. She read an article that Minnkota released that discussed the importance of a stable base load during a time when renewables were unable to meet the demand for energy.

Bregier next gave the 2018 financial report and said operating revenue was \$14.8 million due to selling 125.9 million kWhs, which was slightly higher than 2017. Bregier reviewed various operating expenses and said the Cooperative's margin was \$584,145; this is the amount that is allocated back to the members as capital credits. Bregier also revealed the look of the new electric bill due to the software conversion.

Versdahl next introduced Thomas Goeltz, Vice President of Risk Management Service for Hays Companies and the guest speaker. Goeltz's presentation to the meeting attendees was talking about his personal experience of losing his daughter, Megan, due to a distracted driver. During his presentation about distracted driving he touched on raising awareness through education, learning the dangers associated with cell phone or electronic devices while driving, the need for increased law enforcement (30426 Cody L. Sorvig) efforts and stronger legislation on



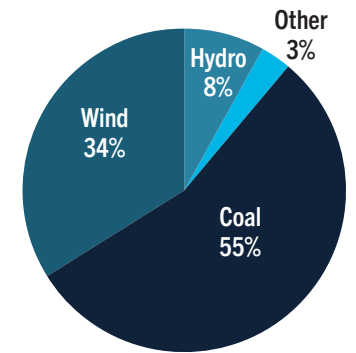
## QUICK TAKES

A look at some statistics from your Red Lake Electric Cooperative

### Where Your Power Comes From

Coal and wind provide the majority of Minnkota's energy capacity resources. About 55% of Minnkota's energy capacity comes from coal, while about 34% comes from wind. The Langdon and Ashtabula Wind Energy Centers are located in eastern North Dakota. When you include hydro, about 42% of Minnkota's generation capacity comes from renewables. The hydro allocation comes from the Garrison Dam in western North Dakota.

	(kilowatts)
<b>Milton R. Young Station – Coal</b>	
Young 1	250,000
Young 2 (78%)	355,000
<b>Coyote Station – Coal (30%)</b>	128,100
<b>Wind</b>	
Infinity	1,800
Langdon Wind Energy Center	139,500
Ashtabula Wind Energy Center	217,500
Oliver III Wind Energy Center	100,000
<b>Garrison Dam – Hydro</b>	108,871
<b>Other</b>	35,000
<b>Total power supply resources</b>	1,335,771



distracted driving in all states.

President Versdahl asked for a motion to accept the preceding reports and it was duly moved, seconded and carried to do so.

Election of directors then took place. Secretary Hanson verified the nominees elected at the district meetings and said there had been no nominations by petition. Versdahl then declared the following people duly elected as directors for three-year terms: District 3, Colette Kujava, District 6, Randy Versdahl and District 9, Peter Mosbeck.

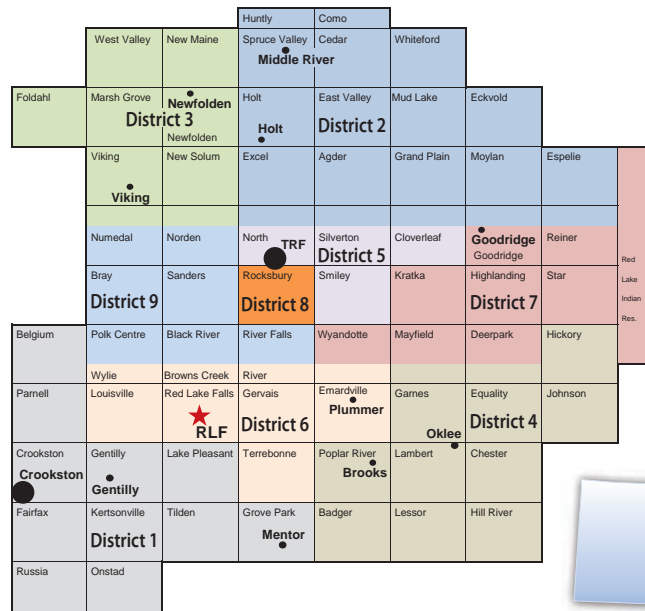
Versdahl asked for any new business or questions from the audience and there were none. It was duly moved, seconded and carried to adjourn the business session of the annual meeting.

Safety awards were presented to RLEC employees, Mike Raymond, 30 years; Brett Knott and Melanie LaCrosse, 10 years; Branden Narlock and Darcy Cardinal, 5 years.

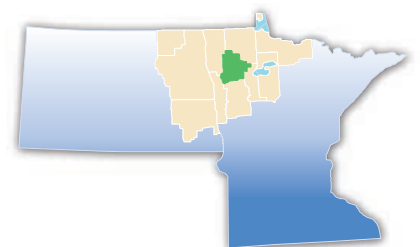
Diane Kolstoe, Vice-President of the Red Lake Electric Trust board, presented a \$1,000 grant check to Alicia Hunt, Executive Director of the Thief River Falls Food Shelf. Alicia gave a briefing on the operations of the food shelf.

Kelli Brateng awarded door prizes. A sit-down dinner was prepared by Red Barn Catering of Newfolden and served by employees and directors of RLEC. The music of Cathy Erickson and Mary Jo Sturman of Middle River entertained meeting attendees as they ate their dinner.

### Red Lake Electric Service Area



Red Lake Electric Cooperative's service area covers 2,400 square miles. Included are all of Red Lake and Pennington Counties, and parts of Marshall County, Polk County and the area served by Red Lake Electric Cooperative on the lands of the Red Lake Band of Chippewa.



# Financial Statements

## Balance Sheet

### WHAT WE HAVE (ASSETS)

	2019	2018
Electric plant	\$38,871,622	\$36,568,634
Buildings – improvements	1,514,025	1,454,465
Equipment	2,793,419	2,706,181
Less: depreciation	(18,652,696)	(17,737,871)
Net utility plant	24,526,370	22,991,409
General funds	1,399,747	1,777,614
Investments in associated organizations	1,361,659	1,354,770
Notes receivable	8,713	0
Accounts receivable	1,606,921	1,650,612
Inventories	464,831	478,748
Other assets	215,570	270,011
<b>TOTAL ASSETS</b>	<b>\$29,583,811</b>	<b>\$28,523,164</b>

### WHAT WE OWE (LIABILITIES) and Other Credits

Long-term debt – RUS	\$13,861,308	\$12,007,414
Long-term debt – CFC & CoBank	1,074,128	1,343,068
Liabilities & other credits	2,893,089	3,112,078
<b>TOTAL LIABILITIES</b>	<b>\$17,828,525</b>	<b>\$16,462,560</b>

### WHAT WE OWN (MEMBER EQUITY)

Capital stock (memberships)	\$ 168,645	\$ 167,510
Patronage capital	11,003,494	11,309,866
Other equities	583,147	583,228
<b>TOTAL MEMBER EQUITY</b>	<b>\$11,755,285</b>	<b>\$12,060,604</b>
<b>TOTAL LIABILITIES &amp; MEMBER EQUITY</b>	<b>\$29,583,811</b>	<b>\$28,523,164</b>

## Statement of Operations

### REVENUE

	2019	2018
Electric energy sales	\$15,007,491	\$14,734,318
Miscellaneous electric sales	\$175,921	\$155,640
<b>TOTAL INCOME</b>	<b>\$15,183,412</b>	<b>\$14,889,958</b>

### EXPENSES

Power	\$10,981,315	\$10,752,080
Operation of lines	529,700	533,150
Maintenance of lines	586,236	581,189
Consumer accounts	275,631	252,921
Customer service	289,212	224,537
Sales	12,147	9,665
Administrative & general	676,287	600,878
<b>TOTAL OPERATING EXPENSES</b>	<b>\$13,350,528</b>	<b>\$12,954,420</b>

### FIXED CHARGES

Depreciation	\$ 1,202,854	\$ 1,098,628
Interest on debt	416,825	358,203
Interest expense – other	22,347	12,692
Other Deductions	8,012	5,731
<b>TOTAL FIXED CHARGES</b>	<b>\$ 1,650,038</b>	<b>\$ 1,475,254</b>

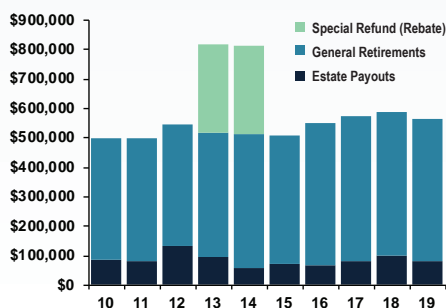
### TOTAL COST OF ELECTRIC SERVICE

	\$15,000,566	\$14,429,674
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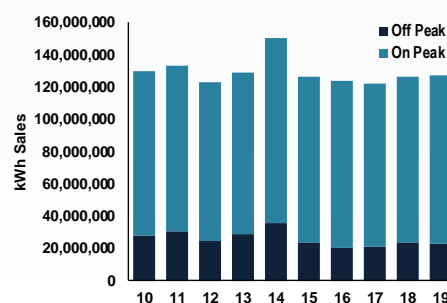
### MARGINS

Operating margin	\$ 182,845	\$ 460,284
Interest margin	91,024	96,666
Appliance/HVAC service margin	(46,718)	(4,679)
Capital credits margin	29,360	31,874
<b>TOTAL MARGINS</b>	<b>\$ 256,511</b>	<b>\$ 584,145</b>

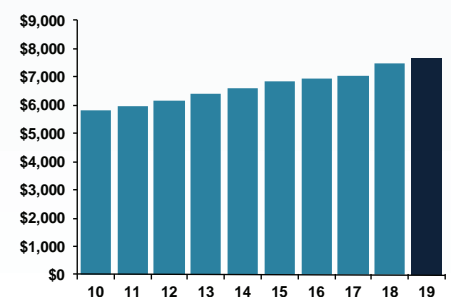
## Capital Credits Paid to Members



## Annual kWh Sales



## Investment in Plant per Customer

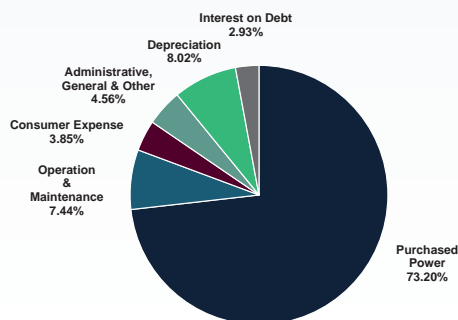




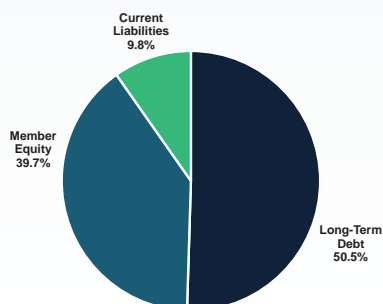
# Operating Statistics

	<u>5-Year Average</u>	<u>2019</u>
Members – at year end	4,331	4,325
Number of accounts billed – at year end	5,502	5,637
Total kWh purchased	132,707,607	135,768,293
Peak demand (kW) – without load control	30,523	30,188
Peak demand (kW) – with load control	20,653	21,287
Investment in plant – total	\$39,392,715	\$43,179,066
Investment in plant – per mile	\$15,100	\$16,443
Investment in plant – per account	\$7,154	\$7,960
Long-term debt – total	\$12,654,926	\$14,935,437
Long-term debt – per account	\$2,297	\$2,650
Miles of line – overhead	2,311	2,312
Miles of line – underground	297	314
Cost of first 1,000 kWh		
General service (25kVa)	\$140	\$142
Off-peak rate per kWh – long-term control	\$0.056	\$0.056
Off-peak rate per kWh – short-term control	\$0.078	\$0.079
Average residential usage – annual kWh	17,890	17,967
Average residential usage – monthly kWh	1,491	1,497
Energy account write-offs	\$3,804	\$285
Number of regular employees	18	18
Capital credit payments:		
To estates – on behalf of deceased patrons	\$80,596	\$82,766
General retirement – all patrons	\$475,039	\$479,745
Debt/equity ratios:		
Debt	56.2%	60.3%
Equity	43.8%	39.7%

**How Your Dollar Was Spent**



**Member Equity & Liabilities**



## Closed Good Friday

In observation of Easter, Red Lake Electric Cooperative's headquarters will be closed Friday, April 10. In case of an electrical outage or emergency, call the after-hours phone number: **218-253-2200**. Happy Easter!

## \$464,758 capital credit payment given in March

Red Lake Electric Cooperative's Board of Directors approved the payment of capital credits once again. This payment will include (20885 Dexter Gonsorowski) the balance of capital credits earned in 2001 and 40% of credits earned in the year 2002 for a total payout of \$464,758. Active members, if they received electric service in those years, will see a credit adjustment on the billing statement they receive in April. Inactive members (those no longer receiving service from RLEC) will be mailed a check.

At RLEC, capital credits are paid on a "first in, first out" basis. Capital credits are also paid in the event of the death of a member or their spouse.

## Notice of names

Hidden within the text of the articles of this issue of the *Volts & Jolts* are the names and account numbers of some Red Lake Electric Cooperative members. They will appear within the articles in parentheses as such (99999 Willie Ray Member). If you find your name and account number, clip it out and send it with your next payment. You will be credited with \$5 on your electric bill.



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[www.facebook.com/redlakeelectric](http://www.facebook.com/redlakeelectric)

## Guest Speaker



**Mac McLennan**

*President & CEO*  
Minnkota Power Cooperative

Robert "Mac" McLennan is the president & CEO of Minnkota Power Cooperative based in Grand Forks, N.D.

Minnkota generates and transmits electricity for 11 distribution cooperatives in eastern North Dakota and northwestern Minnesota. The cooperative has about 390 employees and revenues of about \$400 million annually.

McLennan has spent his career serving the rural electric cooperative industry. Prior to joining Minnkota in 2011, he was employed by Tri-State Generation & Transmission Association, an electric cooperative based in Colorado, as senior vice president of external affairs & member relations. McLennan has also worked for the National Rural Electric Cooperative Association (NRECA) as director of environmental affairs.

A Wyoming native, McLennan earned his bachelor's degree (24035 Larry Kotrba) from the University of Jamestown. He and his wife, Debbie, reside in Grand Forks.

# 82<sup>nd</sup> Annual Meeting Agenda

**Wednesday, March 25, 2020**

**Imperial Room, Ralph Engelstad Arena  
Thief River Falls, Minnesota**

- 9:00 a.m.** Registration begins. . . . . *Free coffee and donuts*
- 9:30 a.m.** Entertainment – Cathy Erickson
- 10:30 a.m.** Call to order – Randy Versdahl
- National anthem . . . . . Lane Renner
- Invocation . . . . . Aaron Chervestad
- Introductions . . . . . Randy Versdahl

### Business Session

- Notice of meeting and affidavit of mailing . . . . . Mark Hanson
- Establishment of quorum . . . . . Mark Hanson
- Reading of 2019 meeting minutes . . . . . Mark Hanson
- President's report . . . . . Randy Versdahl
- General Manager's report . . . . . Stephanie Johnson
- Financial report . . . . . Stephanie Johnson
- Guest speaker . . . . . Mac McLennan  
*President & CEO, Minnkota Power Cooperative*
- Election of directors . . . . . Randy Versdahl
- Question and answer session
- Adjournment of business session
- Award presentations
- Awarding of prizes
- Lunch and entertainment

**POSTPONED**