



MARCH 2016

Volts & Jolts

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

2015 ANNUAL REPORT



“THE CHALLENGE OF CHANGE”

78th Annual Meeting – Wednesday, March 30, 2016



MARCH 2016 – Vol. 51, No. 6

OFFICIAL PUBLICATION OF

Red Lake Electric Cooperative, Inc.

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

Roger Johannek General Manager
Shirley Bregier Office Manager
Steve Conely Manager of Electric
System Operations
Kelli Brateng Manager of Member Services

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MINNESOTA STATE ELECTRICAL INSPECTORS

Pennington and Marshall Counties:

Scott Stenvik – 218-689-5406

Red Lake and Polk Counties:

Bryan Holmes – 218-686-1413

Any time you or an electrician does wiring or other electrical work at your home or farm, Minnesota state requires a state wiring inspector to conduct a proper inspection 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 for more information. The inspectors can be reached weekday mornings between 7:00 a.m. and 8:30 a.m.

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.

Report to the Membership

“The Challenge of Change” has been chosen as our theme for this year’s annual meeting. If there was ever an annual meeting theme that we could apply to any given year in our Cooperative’s 78-year history, it might be this year’s theme. When hasn’t your electric Cooperative, the members, the directors and the employees confronted change or been challenged to manage whatever it is that was changing? The fact that your electric Cooperative has been successful at serving the membership for 78 years says something not only about the value of service provided, but about the Cooperative’s history of rising to challenges and adapting to changes.

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.

2015 in review: If we were to pare down this annual report to answering one question for our membership, one could argue the most important question for us to answer as your energy supplier is: “How good of a job did we do keeping the lights on?” Perhaps it’s a bit simplified to sum up the year that way, but for those of you who like simple, we’ll answer that question before we fulfill our assumed duty to report on some of the many measurements we take or tasks performed to gauge what kind of a year your Cooperative had.

Officially, the lights were kept on an average of 99.96 percent of the time in 2015. Two windstorms – one in May and one in mid-August – were the main cause of average outage time increasing to 3.8 hours per account (out of 8,760 hours in a year), an increase of an hour from the previous five-year average.

Energy sales: Energy sales to the membership decreased in 2015, joining 2012 and 2010 as years in the past 10 in which sales to the membership decreased from the previous year. Part of the challenge in setting rates members pay for energy is budgeting for energy sales. Energy conservation improvements, weather,

new customer growth and competing fuel prices all play a role in the challenge budgeting places on us to reliably forecast the needs of the Cooperative’s membership. A comfort to counter our concerns of forecasting has been the Cooperative business model itself, and the example of accountability your Cooperative’s directors have shown the membership by rebates given in years when sales and margins exceeded expectations and need.

Construction activity was slightly below average in terms of number of new services built in 2015. Red Lake has averaged 58 new services the past 10 years and in 2015, 49 new services were built:

- 27 for residential or cabins
- 4 for shops/buildings
- 4 for grain bin services
- 7 for new drain tile pumps
- 3 for irrigation
- 4 for miscellaneous services.

Thirty-one existing services were upgraded to handle more capacity and 49 services were upgraded to a double throw loop to allow generator hookup.

Electric system maintenance and replacement continued in 2015. A total of 219 poles (Cooperative has 40,000 poles in service) were changed out due to rot as part of our pole inspection program. Four miles of three-phase underground cable replacement west of Red Lake Falls was the largest construction project in the service area in 2015. Two road regrading projects in Marshall and Pennington County required moving and replacing 2.6 miles of line as well as a mile of line moved in Red Lake County to comply with transmission line clearance requirements. Two line projects totaling 1.4 miles in length will improve service to members by providing additional tie-line options and elimination of one river crossing.

Security lighting: In 2014, the Cooperative began upgrading the 3,444 security lights in service to more efficient LED lighting. The LED lighting upgrade continued in 2015 and now a fourth of all security lights in service are illuminated with LED technology. As the older technology lighting mercury vapor and high pressure sodium lights fail, they are

replaced with the new style LED lighting. While our experience with the newer-style LED lighting is still relatively new, we are encouraged by industry studies and our experience to date, that they will be a reliable and preferred lighting option for our members. Lower maintenance, brighter lighting and improved efficiency make LEDs a good option for our security light service. Also relatively new to our security light program is the option for members to have a metered security light controlled by both an automatic and manual on/off switch, which enables the member to control when they want outdoor lighting. Currently, there are 13 members who have opted for the metered/manual switch feature.

Rates: 2015 marked another year without raising retail rates to the membership. However, wholesale power costs increased in April 2015 by 5 percent and will increase by 3.3 percent in April 2016. A combination of these two rate increases will add \$850,000 to our annual cost of power. In December, members were notified of a retail rate increase effective March 1, 2016, that will total approximately 6.1 percent.

Capital credits: Despite a drop in energy sales to the membership, the Cooperative finished the year with a positive margin of just above a half-million dollars. The board of directors continued its policy of equity revolvment and again approved a capital credit retirement of \$562,000 in 2016 to follow up the total retirement of capital credits retired of \$507,000 in 2015. Members receiving service in 1996 and 1997 received a credit on their March 2015 bill as their equity payment. Members receiving service in 1997 through 1999 will receive a credit on their March 2016 billing for this year's capital credit payment.

With the 2015 capital credit retirement, the total equity paid back to the membership has surpassed \$11.6 million.

Cooperative newsletter and communications: Faced with the news that the Cooperative would need to find a new printer for its monthly newsletter, *Volts & Jolts*, the Cooperative chose

Minnkota Power to do the monthly task. While the Minnkota print shop has done annual report printing for RLEC in the past, the monthly report printing is new and started with the October 2015 issue. Along with that decision to have Minnkota print the monthly newsletter, the board of directors moved to publish the newsletter 10 times per year instead of 12. By combining the May/June and July/August issues, some savings in printing and mailing costs would be realized. Not done solely as a cost-cutting measure, the Cooperative recognizes that communication options today are expanded and different than when the Cooperative started out in 1938. In addition to the *Volts & Jolts* newsletter, the Cooperative provides communication via the monthly energy bill, its website and through social media. Like us on Facebook at www.facebook.com/redlakeelectric for information regarding major outage updates and other topics.

After hours service: In December, the Cooperative moved its after-hour dispatch service from Minnkota Power Cooperative to Garden Valley Telephone in Erskine. Garden Valley has been providing dispatch services to a number of rural electric cooperatives and has made the transition a smooth one, we think, for Red Lake Electric members.

Retirement: The Cooperative said goodbye to longtime employee Robert "Bob" Guillemette, who retired on March 31 after 41-plus years of service with the Cooperative. Steve Conely, a RLEC employee for 14 years as the Cooperative's engineering technician, was promoted to fill the operations manager position upon Guillemette's retirement.

Invitation: We extend an invitation to join us and your fellow members for your Cooperative's annual meeting at the Ralph Engelstad Arena on Wednesday, March 30.

If you haven't been to the annual meeting before or if it has been awhile, we have made some changes we think will make the experience a good one for you. Shuttle service via golf carts from the parking lots to the front door of the



Bonnie Christians
Board President



Roger Johanneck
General Manager

arena are provided. Attendees will be served a "sit down" meal, so there is no need to leave your chair after the meeting and stand in line for food. The plate and food logistics are made easy (3728006.11 Janel K. Engelstad) by the directors and employees who will serve your meal. Musical entertainment, prizes and quick but informative reports on your electric Cooperative will be heard.

Clean Power Plan: You will also hear an informative update on the EPA's Clean Power Plan given by our guest speaker, Stacey Dahl.

As we have shared here in previous issues of *Volts & Jolts*, the EPA's Clean Power Plan raises great concerns, not only for Minnkota and Red Lake Electric, but for the many states that rely on coal power plants for the backbone of their electric energy supply. We encourage you to come and hear Stacey's presentation.

While every year brings with it change and a new set of challenges, we think an informed membership and a unified voice will do much to help our Cooperative continue meeting the challenge of change. History shows that when we work together, we accomplish great things. We will need to continue with this Cooperative attitude as we move forward.

Thank you for your patronage this past year. We are prepared to serve you, and look forward to a good 2016.

In the spirit of cooperation,

Bonnie Christians,
Board President

Roger Johanneck
General Manager

2015 Annual Meeting Minutes

MINUTES OF THE ANNUAL MEETING OF THE MEMBERS OF THE RED LAKE ELECTRIC COOPERATIVE HELD ON WEDNESDAY, MARCH 25, 2015 AT THE RALPH ENGELSTAD ARENA IN THIEF RIVER FALLS

The 77th annual meeting of the members of Red Lake Electric Cooperative, Inc., was held on Wednesday, March 25, 2015, in the Imperial Room of the Ralph Engelstad Arena in Thief River Falls. President Bonnie Christians called the meeting to order at 10:30 a.m. Approximately 200 members and guests were in attendance.

Christians then introduced Grace Harmoning, 10-year-old daughter of Red Lake Electric members Kurt and Carmen Harmoning of Red Lake Falls and invited her to come forth and sing the national anthem. Director Randy Versdahl gave the invocation and current board members were introduced by Christians.

President Christians then called the business meeting to order and invited Secretary Mark Hanson to read the quorum declaration.

Christians 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 2014 annual meeting and approve them as they were printed in the March *Volts & Jolts*. It was duly moved, seconded and carried to do so.

In her President's report, Christians noted that the Cooperative had a good year in many areas of its operations in 2014. Christians noted that the Cooperative continues to have challenges, but that the Cooperative has always faced challenges. Christians stated our challenge to provide the membership with safe, reliable and affordable energy 24/7 is a big challenge. Christians noted that while rates have not changed since 2011, the Cooperative is well aware of how the cost of providing service has risen. Christians noted that when compared to the cost of many other goods and services we all rely on for our daily living, electricity remains a good value and that not counting heat, the cost to power for the average RLEC residential member is \$5-\$6 per day. Christians thanked the membership for their attendance today and then introduced a video titled "A Jewel on the Prairie," showcasing

Minnkota's Milton R. Young generation station.

Roger Johanneck, general manager, gave a report on the Cooperative's activities during the past year and focused his comments on how Red Lake Electric is meeting today's challenges, specifically the challenge of keeping energy safe, reliable and affordable. Johanneck stated that Minnkota has generation in place to meet the generation needs well into the future and the newly completed Center to Grand Forks transmission line will add to the reliable delivery of energy into Minnkota's service territory. Johanneck noted that meeting the reliability challenge has changed in scope with the ever-increasing regulatory requirements placed on physical plant and cybersecurity. Johanneck said on the distribution side Red Lake Electric is meeting the reliability challenge in part by the systematic upgrades and maintenance done by the Cooperative. Current work plan projects amount to over \$1.25 million per year. Meeting the reliability challenge also includes adequate staffing and trained employees. Johanneck noted employee retirements and hires that took place in 2014.

Johanneck explained how the good year enabled the Cooperative to issue a \$300,000 rebate on the members' January energy bills in addition to retiring over a half-million dollars in equity to the membership in 2014. An increase in energy sales and expenses coming in as expected both contributed favorably to the Cooperative's operating margin.

Johanneck said meeting the affordable challenge is impacted by legislative issues at both the state and federal level. The current Minnesota renewable mandate that calls for 25 percent renewables by 2025 has been met. Johanneck said there is a push by some to have more energy generated from renewables, but that adding more generation at a time when Minnkota has adequate generation in place for years to come will add to the cost of members' energy bills. Johanneck said utilities in the state are advocating a message to let the current

renewable mandate play out through 2025 before we create a new mandate.

Johanneck completed his report by saying that wholesale power cost components will increase to RLEC on April 1 by 5 percent and while RLEC does not forecast a rate increase in 2015, most likely an increase in retail rates to cover this cost will happen in 2016. Johanneck noted the main driver in this rate increase is to pay for the new 250-mile transmission line that cost Minnkota \$355 million.

Bregier next gave the 2014 financial report and said energy sales were up from the previous year largely as a result of a colder winter to start and end the year, and increased use of grain drying and handling equipment during the harvest.

The Cooperative sold 149.9 million kWh in 2014. Revenues were \$14.2 million, the cost of wholesale power was \$10.5 million and operating expenses were \$1.9 million. Bregier said the Cooperative's margin was \$825,752; this is the amount that is allocated back to the members as capital credits. Bregier reviewed various operating expenses, fixed expenses and items on the balance sheet. She said RLEC's cost of wholesale power comprises 77 percent of the Cooperative's cost of doing business.

Christians next introduced Lidia Jacobson, the director of Safety and Loss Control at the Minnesota Rural Electric Association (MREA). Lidia's presentation to the meeting attendees was that building a safety culture involves all of us, not just linemen. Lidia built her presentation around the word "RESPECT," that we all need to respect the power of electricity. Each letter in the word "RESPECT" stood for a safety message of working with and around electricity.

President Christians 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. Christians then declared the following people duly elected as directors for three-year terms: District 2, Stacy Blawat; District 7, Aaron Chervestad; and District 8, Robert Finstad.

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

Safety awards were presented to RLEC employees in recognition for their safe work records. Employees recognized for surpassing five-year increments of accident free work were Aaron Derosier, five years; Kelli Brateng, five years; Casey Thronson, 10 years; and Troy Schmitz, 10 years.

Johannek then presented a plaque to outgoing director Kelly Lundeen in thanksgiving and recognition for his 21 years of service to the membership as director from District 7.

Bonnie Christians, ex officio director of the Red Lake Electric Trust board, presented a \$1,000 grant check to Joel Sorvig of the St. Hilaire Fire and Rescue Department. Sorvig thanked the members for their participation in the Operation Round Up program and said the grant would be used to purchase fireman's gear.

Kelli Brateng awarded door prizes and a special attendance prize to long-term member and frequent meeting attendee Vernon Gagnon of Red Lake Falls. A sit-down meatball dinner was prepared by Black River Lutheran Church of Red Lake Falls and served by employees and directors of RLEC. Meeting attendees were entertained by the music of Vernon Rogalla of Goodridge while eating their dinner.

Bonnie Christians, *President*
Mark Hanson, *Secretary-Treasurer*

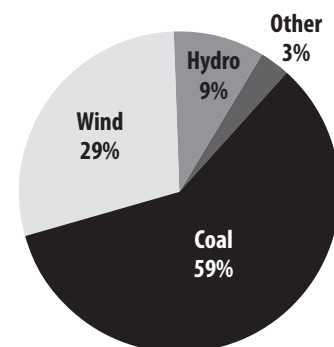
QUICK TAKES

A look at some statistics from your Red Lake Electric Cooperative

Where Your Power Comes From

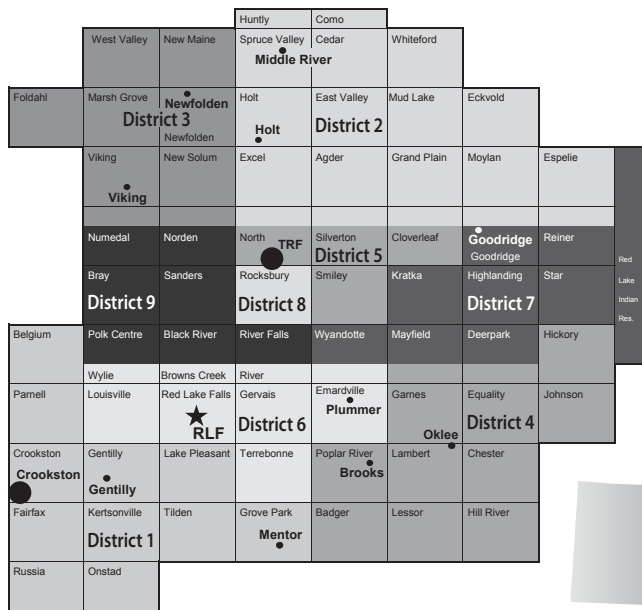
Coal and wind provide the majority of Minnkota's energy capacity resources. About 59 percent of Minnkota's energy capacity comes from coal, while about 29 percent comes from wind. The Langdon and Ashtabula wind energy centers are located in eastern North Dakota. When you include hydro, about 38 percent of Minnkota's energy capacity comes from renewables. The hydro allocation comes from the Garrison Dam in western North Dakota.

	(kilowatts)
Milton R. Young Station – Coal	
Young 1	250,000
Young 2 (78%)	355,000
Coyote Station – Coal (30%)	128,100
Wind	
Infinity	1,800
Langdon Wind Energy Center	139,500
Ashtabula Wind Energy Center	217,500
Garrison Dam – Hydro	108,800
Other	35,000
Total power supply resources	1,235,700

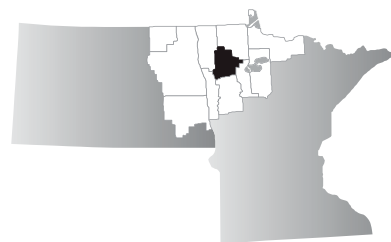


Minnkota Power
MPC COOPERATIVE, INC.
Your Touchstone Energy® Partner

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 County, 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.



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www.facebook.com/redlakeelectric



Two tables covered with more than 100 pieces of artfully turned bowls, vases and plates. No two pieces are the same.

Jim Johanneck, wood artistry

By Evelyn Glass

Living on the farm where he grew up and lived with his parents Ray and Gladys Johanneck, James (Jim) and his wife, Waivel, are enjoying their retirement. They have three children, Greg and



The past four years, Jim has spent many hours creating bowls and other works of art on the lathe. He has pieces of his work in eight or nine different states.

his family who live next door, Dean and his family who live in Portland, Oregon, and Shannon French and her family who live in Glenwood, Minn. Like most grandparents, they delight in being a part of the lives of their five grandchildren.

After spending the years of 1977-2014 in the business known as Jim's Heating and Plumbing, Jim retired. Waivel spent those years helping him with the bookkeeping and all duties that were important in keeping the business running smoothly. They still live in their home, which they built 38 years ago. It is nestled among the woods east of Red Lake Falls. Next door to it is a well-equipped shop

where Jim spends many hours each day. For the past four years Jim has been creating bowls and other works of art on the lathe.

Driving into the yard we were greeted by Jim standing at the door of his shop. Entering the shop I was awed by the assortment of hand-turned wood pieces. Each one had their distinct beauty. Before us were (1135001.12 Dean Engen) two tables covered with more than 100 pieces of artfully turned bowls, vases and plates. Also there were several cutting boards made of different varieties of wood. It would be impossible to tell which piece I liked the best.

There were bowls which had been turned on the lathe with some of the bark still on them; others were fashioned out of the burls found on cottonwood, oak and basswood trees. Sizes varied from small to very large. One bowl had a natural edge, meaning the edge still had the bark on it, and others had a live edge. Some were turned from the part of the tree where the branch grew out from the trunk creating an unusual grain effect.



Jim uses 25 different types of wood in his work. The wood seems to have a design within that speaks to Jim and guides him as he creates each piece.



Cutting boards were designed in a way that will remind you of quilting patterns.

Smaller pieces were designed to be Christmas tree ornaments in the shape of bells, stars and sea urchins. Jim showed us pieces made with inside-out turning. The sides of these pieces were almost sheer as they showed the grains to the best advantage. Other pieces were turned in four different turnings and glued together to make a decorative piece hollowed from within.

Cutting boards were designed in various patterns that reminded me of the quilt patterns used to make quilts. One had the name Drunken Cutting Board; it resembled the pattern of a Drunkard's

Continued on page 10



Jim's shop is well-organized and equipped with various saws, sanders, a shaper, a scroll saw and other machines.

Red Lake Electric Board of Directors



From left, clockwise: Mark Hanson, Secretary/Treasurer District 5; Aaron Chervestad, District 7; Colette Kujava, District 3; Peter Mosbeck, District 9; Bonnie Christians, President, District 1; Steve Linder, District 4; Stacy Blawat, District 2; Robert Finstad, District 8; Randy Versdahl, Vice President, District 6; Roger Johannek, General Manager.

Red Lake Electric Employees



Member Service Department – Michael Raymond, HVAC Technician; Kelli Brateng, Member Services Manager; Javen Eidsmoe, Power Use Advisor.



Office Department – Shirley Bregier, Office Manager; Christie Klipping, Accounting Assistant; Jenny Kelley, Administrative Assistant; Melanie LaCrosse, Accounting Assistant.



Line Department – Front row: Darcy Cardinal, Journeyman Lineman; Troy Schmitz, Line Crew Foreman; Aaron Derosier, Journeyman Lineman; Steve Kruse, Lead Lineman; Casey Thronson, Line Crew Foreman; Steve Conely, Manager of Operations. Back row: Sam Pahlen, Journeyman Lineman; Branden Narlock, Journeyman Lineman; Jordon Gervais, Journeyman Lineman; Brett Knott, Lead Lineman.

Financial Statements

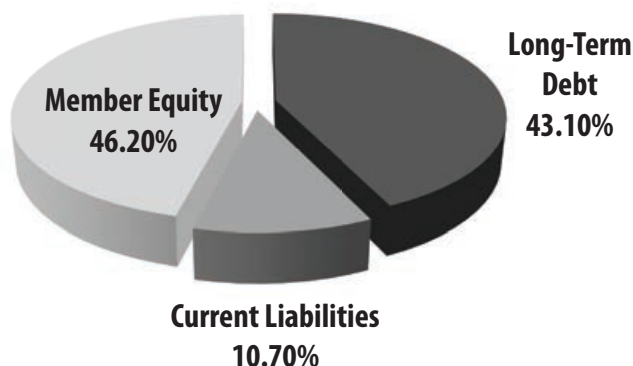
Balance Sheet

ASSETS		
	2015	2014
Electric plant	\$ 32,905,933	\$ 31,699,796
Buildings – improvements	1,209,160	1,209,160
Equipment	2,569,585	2,226,235
Less: depreciation	(15,440,494)	(14,741,126)
Net utility plant	21,244,184	20,394,065
General funds	1,155,638	1,501,923
Investments in associated organizations	1,330,198	1,311,851
Accounts receivable	1,398,638	1,330,509
Inventories	425,629	422,168
Other assets	411,370	444,475
TOTAL ASSETS	\$ 25,965,657	\$ 25,404,991
LIABILITIES		
Long-term debt – RUS	\$ 9,142,867	\$ 8,465,689
Long-term debt – CFC & CoBank	2,176,873	2,266,741
Liabilities & other credits	2,649,833	2,681,998
TOTAL LIABILITIES	\$ 13,969,573	\$ 13,414,428
MEMBER EQUITY		
Capital stock (memberships)	\$ 158,835	\$ 157,090
Patronage capital	11,256,099	11,257,910
Other equities	581,150	575,563
TOTAL MEMBER EQUITY	\$ 11,996,084	\$ 11,990,563
TOTAL LIABILITIES & MEMBER EQUITY	\$ 25,965,657	\$ 25,404,991

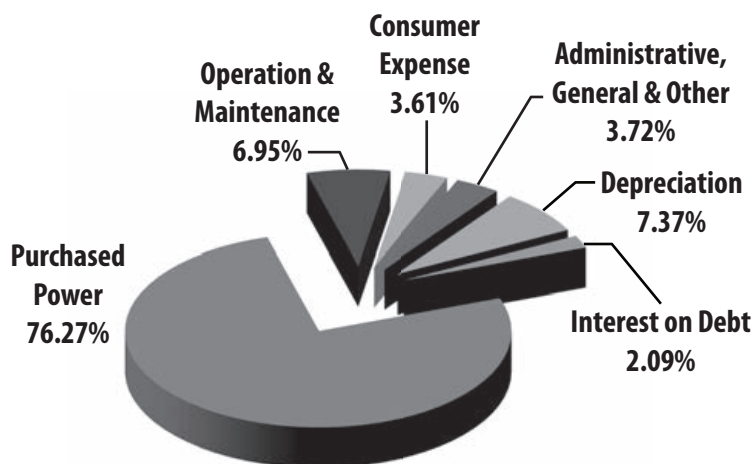
Statement of Operations

REVENUE		
	2015	2014
Electric energy sales	\$ 13,571,934	\$ 14,229,509
Miscellaneous electric sales	155,352	96,478
TOTAL INCOME	\$ 13,727,286	\$ 14,325,987
EXPENSES		
Cost of purchased power	\$ 10,172,225	\$ 10,470,890
Operation of lines	453,025	480,129
Maintenance of lines	473,264	500,391
Consumer accounts	223,953	242,400
Customer service	257,280	252,095
Sales	9,350	7,657
Administrative & general	481,363	441,674
TOTAL OPERATING EXPENSES	\$ 12,070,460	\$ 12,395,236
FIXED CHARGES		
Depreciation	\$ 982,858	\$ 935,896
Interest on debt	278,410	257,059
Interest expense – other	4,732	5,915
Other deductions	1,026	9,570
TOTAL FIXED CHARGES	\$ 1,267,026	\$ 1,208,440
TOTAL COST OF ELECTRIC SERVICE	\$ 13,337,486	\$ 13,603,676
MARGINS		
Operating margin	\$ 389,800	\$ 722,311
Interest margin	58,609	48,577
Appliance/HVAC service margin	10,553	(7,709)
Capital credits margin	49,356	62,573
TOTAL MARGINS	\$ 508,318	\$ 825,752

Member Equity & Liabilities



How RLEC Spent Your Dollar in 2015



Operating Statistics

	<u>5-Year Average</u>	<u>2015</u>
Members – at year end	4,296	4,304
Number of accounts billed – at year end	5,283	5,369
Total kWh purchased	138,987,539	133,336,721
Peak demand (kW) – without load control	31,952	32,707
Peak demand (kW) – with load control	20,585	20,638
Investment in plant – total	\$33,764,781	\$36,684,679
Investment in plant – per mile	\$13,063	\$14,131
Investment in plant – per account	\$6,388	\$6,832
Long-term debt – total	\$10,249,860	\$11,191,470
Long-term debt – per account	\$1,939	\$2,084
Miles of line – overhead	2,323	2,317
Miles of line – underground	261	279
Cost of first 1,000 kWh		
General service (25kVa)	\$132	\$132
Off-peak rate per kWh – long-term control	\$0.055	\$0.055
Off-peak rate per kWh – short-term control	\$0.075	\$0.075
Average residential usage – annual kWh	19,739	18,363
Average residential usage – monthly kWh	1,645	1,530
Energy account write-offs	\$6,179	\$7,151
Number of regular employees	19	18
Capital credit payments:		
To estates on behalf of deceased patrons	\$89,026	\$72,289
General retirement – all patrons	\$427,166	\$435,201
Debt/equity ratios:		
Debt	53.2%	53.8%
Equity	46.8%	46.2%

Closed Good Friday

In observation of Easter, Red Lake Electric Cooperative's headquarters will be closed Friday, March 25.

In case of an electrical outage or emergency, call the after-hour phone number: **218-253-2200**. Happy Easter!

\$481,766 general capital credit payment given in March

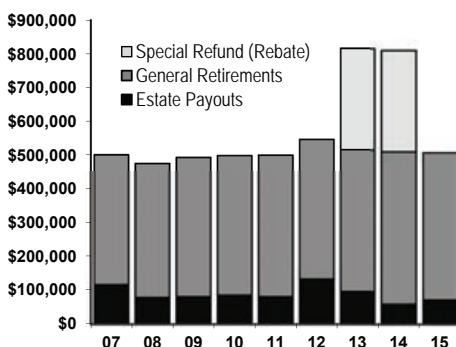
Red Lake Electric Cooperative's Board of Directors approved the payment of capital credits totaling \$481,766. This payment will include the remaining balance of capital credits earned in 1997, all of 1998 and 1 percent of the assignment for 1999. Active members, if they received electric service in those years, will see (2702002.03 Nathan C. McCloud) a credit adjustment on their March billing statement. 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.

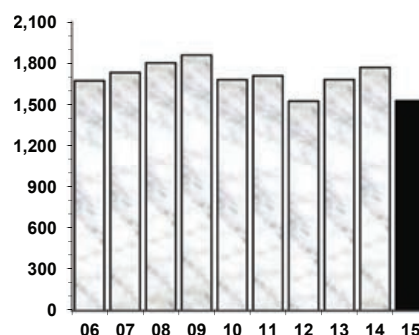
NOTICE OF NAMES

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 parenthesis as such (9999999.99 Willie Ray Member). If you find your name and account number, clip it out and send it with you next payment. You will be credited with \$5 on your electric bill.

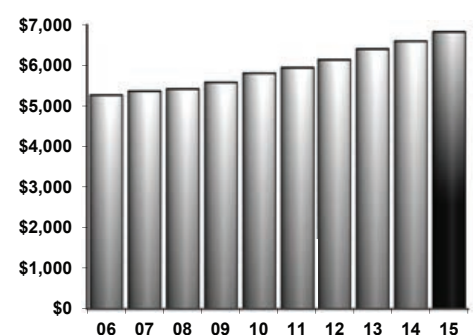
Capital Credits Paid to Members



Monthly kWh Usage Residential Account



Investment in Plant per Customer



Jim Johanneck, wood artistry *Continued from page 6*

Path Quilt. Another had pieces cut and arranged to resemble the Tumbling Block pattern. Trivets were made out of some of the same patterns.

Jim was especially proud of a salad set he made for his son and his wife. The set consisted of the main bowl and 12 individual bowls made out of a total of 4,300 pieces of wood. They were finished with a food grade varnish so a quick wash with soapy water, a rinse and towel drying was all the care they needed.

Jim puts a coat of mineral oil on each piece and then many are finished with a polyurethane varnish. The mineral oil accents the different features of each type of wood by enhancing the grain.

The designs of the bowls derive their inspiration from the art of different nations and also from each individual piece of wood. Jim said that the individual pieces speak to him and guide him as he creates each bowl. Like those who sculpture art forms from the shape and features of marble and other stones, the wood seems to have a design within it that the artist discovers.

Jim uses 25 different types of wood in his work. Friends often bring him special pieces, and he also harvests logs and pieces of wood that he feels have a special beauty within. Some of the lesser-known woods are the source of especially beautiful pieces. Some of these are coco bola, Russian olives, African blackwood, honey locust, ironwood, different varieties of apples and choke cherry. Diamond willow, tulip poplar, mesquite, hawthorn, white and red cedar, red pine, box elder and basswood are some of the other varieties Jim uses. Add to these oak, birch, black walnut, ash, elm, maple, flowering crab and white pine and you have a lovely assortment of woods.

The shop where Jim works is well-ordered and equipped with various saws, sanders, a shaper, a scroll saw and other machines. His shaping tools are arranged in a neat and orderly manner. He has other appliances in his shop that help him in his work. Some of the unusual techniques he uses are not methods we are familiar with. For instance, to dry different pieces of wood he has developed a way to use the microwave (4617001.02 Doloris Mickelson) in the drying process. He also has boiled wood in water to hasten the drying.

Jim's bowls are decorating homes in eight or nine different states. He will be

displaying his work in several shows this year, enabling others to be able to purchase his bowls. The first one will be held in Thief River Falls, Minn., April 9-10, 2016, for the Home, Sport and Family Show. He will also be at the Grand Cities artfest in East Grand Forks and the Grand Forks art show later this year. Individu-

als are welcome to give him a call and go to his shop to purchase special gifts for friends and family.

This is one business/hobby that would be unable to function without Red Lake Electric. The dependable source of power keeps Jim's machines operating and enables him to make his artful creations.

2016 PowerSavers Residential Incentives for Members



PowerSavers incentives, criteria and guidelines for resident and business members can be found at www.redlakeelectric.com or by calling 218-253-2168.

Equipment	Specifications	Rebate
CFL Bulb	Replace incandescent bulb with CFL. ENERGY STAR® recommended.	\$2/bulb
LED Screw-In Bulb	40-60W equivalent incandescent. ENERGY STAR recommended.	\$4/bulb
LED Screw-In Bulb	65W or greater equivalent incandescent. ENERGY STAR recommended.	\$8/bulb
LED Fixture	Complete fixture or replacement kit. ENERGY STAR recommended.	\$8/install
LED Outdoor Fixture	LED Outdoor Fixture Wattage of <40 Watts. Dusk-to-dawn operation required. DesignLights™ Consortium or ENERGY STAR recommended.	\$20/fixture
LED Outdoor Fixture	LED Outdoor Fixture Wattage of >40 Watts. Dusk-to-dawn operation required. DesignLights™ Consortium or ENERGY STAR recommended.	\$40/fixture
Clothes Washer	Must be ENERGY STAR approved.	\$50/unit
Clothes Dryer	Must be ENERGY STAR approved.	\$50/unit
Refrigerator or Freezer	Must be ENERGY STAR approved.	\$25/unit
Remove & Recycle Old Refrigerator or Freezer	Recycling receipt required. Form online in Residential Incentives Application.	\$25/unit
Engine Block Heater Timer		\$10/unit
Electric Water Heater	Minimum 80-gallon total capacity, EF ≥0.91. Must be controlled under the utility's load management program.	\$150/unit
Programmable Thermostat		\$25/unit
Tune-Up for Central AC	Not valid on window AC units. Checklist on form must be completed with application.	\$25/unit
Tune-Up for Air-Source Heat Pump or Mini-Split Ductless Air-Source Heat Pump	Checklist on form must be completed with application.	\$25/unit
Supplemental Heating Source Air-Source Heat Pump	Must modulate to allow ENERGY STAR-rated Air-Source Heat Pump to operate down to 5° F and be on load control.	\$500/unit
Air-Source Heat Pump	14 SEER, 8.2 HSPF	\$400/unit
Air-Source Heat Pump	15 SEER, 8.5 HSPF	\$500/unit
Furnace (Air Handler) with ECM Blower	Furnace with an ECM Blower	\$100/unit
Mini-Split/Ductless Air-Source Heat Pump	15 SEER	\$500/unit
Ground-Source Heat Pump Open Loop <135,000 BTUH @ 59° F	16.2 EER/3.6 COP Maximum incentive \$2,500/home	\$200/ton
Ground-Source Heat Pump Closed Loop <135,000 BTUH @ 77° F	14.1 EER/3.3 COP Maximum incentive \$5,000/home	\$400/ton
Air Sealing	Pre- and post-blower test results required.	30% of sealing cost, max. \$300
Attic Insulation & Air Sealing	Must include air sealing. Improved from R-30 or less to R-50. Attic knee walls insulated to a minimum of R-25 up to R-30.	30% of sealing cost, max. \$500
Wall Insulation	Wall insulation improved from R-5 or less to R-11 or higher. Attic knee walls excluded.	30% of insulation cost, max. \$500



The Operation Round Up® program at Red Lake Electric enjoyed another successful and generous year in 2015. A total of \$22,950 was granted to 30 different nonprofit and community organizations. That brings the total of grants made since the program began in 1993 to \$465,366.

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 Round Up program are tax deductible.

There are 4,092 members who contribute to Operation Round Up. They represent 95 percent participation of the 4,304 Red Lake Electric members, an outstanding participation level. For an average of 50 cents a month or \$6 a year, (5513001.07 Patricia Kay Sorenson) members can be part of a very large community-wide charitable program.

Red Lake Electric Trust, Inc.

BOARD OF DIRECTORS

Patty Mickelson
President

Tishara Melcher
Vice President

Van Swanson
Secretary-Treasurer

Bonnie Christians
Ex-Officio Director

Roger Johanneck
Ex-Officio Director

Red Lake Electric Trust, Inc. FINANCIAL REPORT

For the year ended December 31, 2015

CASH BALANCE FORWARD **\$ 6,659.68**

RECEIPTS

Operation Round Up donations	\$23,374.77
Other contributions	0.00
Checking account interest	3.54
Total receipts	\$23,378.31

EXPENDITURES

Administrative expenses:	
Director meeting fees & expenses	\$ 355.85
Annual filing fee, state of Minnesota	25.00
Annual compilation (audit) fee	220.00
Total administration	\$ 600.85

Grants made (30):

Golden Link Senior Center	\$ 250.00
Goodridge Area Fire and Rescue	1,000.00
Goodridge Lions Club	750.00
Goodridge Senior Citizens Center	500.00
Inter-County Nursing Service	500.00
Little Brother/Little Sister	500.00
Middle River Volunteer Fire Department	1,000.00
NCTC - Pioneer 90.1 Radio	250.00
Plummer Volunteer Fire Department	1,000.00
Red Lake County Victim Services	500.00
Red Lake Falls Volunteer Ambulance	1,000.00
Safety Camp	500.00
St. Hilaire Fire & Rescue Department	1,000.00
Sun Country and You	250.00
Viking Fire and Rescue	1,000.00
Violence Intervention Project	500.00
American Cancer Society	1,000.00
Christmas for Pennington County	500.00
Early Childhood Family Education	700.00
Girl Scout Troop #20246	250.00
Goodridge Area Fire and Rescue	1,500.00
Inter-County Nursing Service	750.00
Life Care Center	1,000.00
LSS Senior Nutrition Program	750.00
Marshall County Social Services	500.00
Middle River-Thief Lake Living at Home	500.00
Pennington County Crime Victim Services	1,000.00
Red Lake County Holiday Gift Program	500.00
Red Lake County Victim Services	500.00
TRF Volunteer Fire Department	1,500.00
Tri-Community Living at Home	500.00
Violence Intervention Project	1,000.00
Total grants made	22,950.00

Total expenditures **\$23,550.85**

CASH BALANCE December 31, 2015 **\$ 6,487.14**



**Red Lake Electric
Cooperative Inc.**

Guest Speaker



Stacey Dahl

Stacey Dahl is manager of external affairs for Minnkota Power Cooperative, Inc., in Grand Forks, N.D. Stacey's role at Minnkota is focused primarily on industry regulations and government affairs. Prior to joining Minnkota in 2012, she was a state legislator in the North Dakota House of Representatives, a Grand Forks Assistant City Prosecutor and an attorney in private practice. She resides in Grand Forks with her husband and two children.

78th Annual Meeting Agenda Wednesday, March 30, 2016

Imperial Room, Ralph Engelstad Arena
Thief River Falls, Minnesota

9:00 a.m. Registration begins *Free coffee and donuts*

10:00 a.m. Entertainment – Vernon Rogalla

10:30 a.m. Call to order – Bonnie Christians

National anthem Karleen Wilde

Invocation Stacy Blawat

Introductions Bonnie Christians

Business Session

Notice of meeting and affidavit of mailing Mark Hanson

Establishment of quorum Mark Hanson

Reading of 2015 meeting minutes Mark Hanson

President's report Bonnie Christians

General Manager's report Roger Johanneck

Financial report Shirley Bregier

Guest speaker Stacey Dahl
Manager of External Affairs, Minnkota Power Cooperative

Election of directors Bonnie Christians

Question and answer session

Adjournment of business session

Award presentations

Awarding of prizes

Lunch and entertainment

"THE CHALLENGE OF CHANGE"