



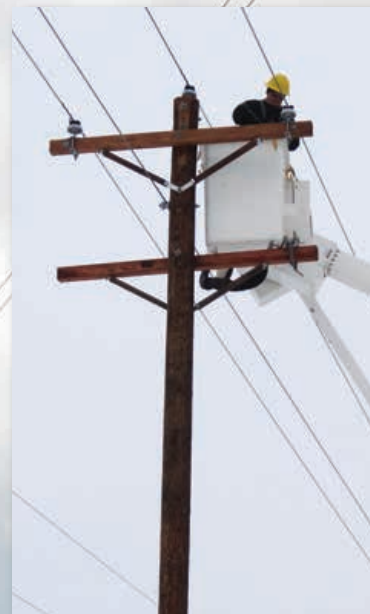
MARCH 2017

Volts & Jolts

Published monthly for the members of Red Lake Electric Cooperative, Inc.

One of the Minnkota Power Systems

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



2016
ANNUAL
REPORT

Powerful Connections

79th Annual Meeting – Wednesday, March 29, 2017



MARCH 2017 – Vol. 52, No. 6

OFFICIAL PUBLICATION OF

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Secretary-Treasurer Mark Hanson
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Robert Finstad, Colette Kujava,
Steve Linder, Peter Mosbeck

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Shirley Bregier Manager of Finance
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MINNESOTA STATE ELECTRICAL INSPECTORS

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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 law 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 week-day 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

“**Powerful Connections**” has been chosen as our theme for this year’s annual meeting. The obvious reference to this theme, at least for a power company, would be the electrical connections necessary to deliver energy from the generator to its end use.

Our intention here for the theme “Powerful Connections” is to also recognize the value of the many other connections this Cooperative has formed that are vital to its ongoing success: the people (5404001.03 Jason Espeseth) and organizational connections in addition to the electric connections needed to reliably deliver power to your home or business.

The constant flow of electric energy we all count on 24/7 would not be possible without a reliable transmission line to carry power from the power plant to a substation and a distribution power line to deliver energy from the substation to your meter.

To make our electric system more reliable, electric utilities interconnect with each other to provide backup when man, nature or mechanical failure intervene. Through this interconnection, members of Red Lake Electric become part of a large electric grid that enables energy to travel via multiple paths and creates a more reliable flow of power than would be experienced if we and other electric providers were to go it alone.

This year’s annual meeting guest speaker from Minnkota Power Cooperative, Gerry Pfau, will give an informative presentation about a major outage experienced by Minnkota this past year, and the work that was accomplished to get the power plant up and running again. Interruption of this power source went unnoticed by Red Lake Electric members because of the interconnections Minnkota has with the regional electric grid. By being connected to this complex grid system made up of multiple power sources and many connections, the power keeps flowing through the grid even when all is not well with some parts of it.

People and organizational connections are also vital to the strength and viability of your Red Lake Electric Cooperative.

People connections can be traced back to the Cooperative’s formative years and continue today as an important piece of the fabric that makes up the electric cooperative business model. If you know about the history of this and other electric cooperative formative years, it wasn’t about the accomplishments of one person that got the Cooperative formed. It was about the connections made neighbor to neighbor, all investing \$5 in a membership to get Red Lake Electric started. It was about the connection farmers had with the local county extension agent who provided guidance and a path to the Rural Electrification Administration (REA) in Washington where loans and

engineering guidance were obtained to get the Cooperative built.

It’s important for us to recognize and remind ourselves of the variety and value of the various connections we have in place today to help make Red Lake Electric an efficient and reliable source of energy for our members.

Here are examples of connections we recognize as important to our continued success:

- Our members, directors and employees working together to carry out the mission of this electric Cooperative.
- Members attending Cooperative meetings, and participating in the director election process.
- Members staying informed through the Cooperative’s newsletter, *Volts & Jolts*, our website and through social media. Like us on Facebook at www.facebook.com/redlakeelectric for updates on energy-saving tips and other useful information.
- Members heeding our requests to take part in grassroots efforts by contacting our elected officials on matters important to our industry.
- Cooperatives working together with their neighboring electric cooperatives to lend and receive mutual aid when nature deals a serious blow to our electric system.
- Membership with Minnkota and the associated systems to share common ownership in generation (6104007.01 Bernard V. Fallon) and transmission resources to reliably and responsibly meet our energy needs.
- Membership and participation with our statewide organization, the Minnesota Rural Electric Association (MREA), where we share services and costs for safety instruction, employee training and a unified voice on legislative issues important to our state’s 43 electric cooperatives.
- Membership in our National Rural Electric Cooperative Association (NRECA). This organization is made up of more than 800 rural electric cooperatives nationwide and provides services of employee training, employee benefits program, product research and a voice for addressing common cooperative issues in Washington, D.C.

2016 in review – Energy sales to the membership decreased in 2016; this is the fourth year in the past 10 where energy sales have decreased from the previous year. The flat trend in energy use by the membership is happening at a time your Cooperative is growing, albeit modestly, in members and accounts served. The 5,421 services in place at year end is an increase of 374 services or 7 percent since 2006. Despite a drop in energy sales revenue, the Cooperative was able to reduce expenses in various categories to end the year with a

margin better than budgeted.

Capital credits – The board of directors continued its policy of equity revolvment and again approved a general and estate capital credit retirement of \$565,000 in 2017 to follow up the total retirement of capital credits of \$551,000 in 2016. Members receiving service in 1997 and 1998 received a credit on their March 2016 bill as their equity payment. Members receiving service in 1999 will receive a credit on their March 2017 billing for this year's capital credit payment.

With the 2016 capital credit retirement, the total equity paid back to the membership has surpassed \$12.2 million.

Service construction activity picked up in 2016; a total of 74 new services were constructed. This is up from 2015's 49 new services built and above the past 10-year average of 60 new services. The new services constructed were for the following:

- 30 for residential
- 16 for new drain tile pumps
- six grain bin sites
- five for irrigation pivots
- three cellular towers
- two commercial
- two telephone fiber boost sites
- three cabins
- five miscellaneous
- two wellsite/fencer for livestock

Sixteen existing services were upgraded to handle more capacity and 24 services were upgraded to a double throw loop to allow generator hookup.

Rates – As a counter to Minnkota wholesale power cost increases in April 2015 of 5 percent and a 3.3 percent in April 2016, RLEC increased its retail rate by 6.1 percent effective March 1, 2016. A combination of these two wholesale rate increases added \$850,000 to RLEC's annual cost of power.

Conservation Improvement Program (CIP) – By Minnesota statute, Red Lake Electric Cooperative and other electric utilities are governed by the Next Generation Energy Act of 2007. Originally created in 2001, it carried a directive for electric utilities to spend a portion of annual revenue on funding member energy conservation. Since 2007, the CIP program carries a directive for implementing conservation measures to achieve kilowatt-hour savings equal to 1.5 percent of retail sales. To date, Red Lake Electric has spent more than \$1.1 million on member energy conservation programs. Rebates paid to members for qualifying appliance, lighting and HVAC products (products that are rated more energy efficient) are examples of CIP program expenditures. These rebates, as well as all CIP program expenditures, are funded through the Cooperative's retail rates.

The leveling off in energy use trends by the membership is testimony that energy conservation makes a difference. Changes in lighting, windows and improvements in building insulation at your Cooperative's headquarters have netted significant reductions in energy use. We recommend members to contact the Cooperative and let us know how we can help in an evaluation of energy efficiency projects you are considering.

Infinity Renewable Wind Energy – Elsewhere in this annual report is a listing of the generation resources our power supplier, Minnkota Power, has in place to serve Red Lake Electric and the other Minnkota member systems. The portion of renewables (wind and hydro) providing power for RLEC members now totals more than 42 percent of generation resources. For members wanting to ensure that a greater portion or all of their energy use is from a renewable source, the Infinity Wind program available through Red Lake Electric Cooperative is your simple solution. The only requirement to be eligible for Infinity Wind is that you be a member of this Cooperative or one of the Minnkota member systems. Contact the RLEC office to find out more on the Infinity Wind renewable energy program if you have questions or are interested in increasing your share of energy generated from renewables.

Security lighting – In 2014, the Cooperative began upgrading security lights in service to more efficient LED lighting. The LED lighting upgrade continued in 2016, and now nearly half of all security lights in service are illuminated with LED technology. As the older technology 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 and when they do not. Currently, there are 20 members who have opted for the metered/manual switch feature.

Aging Turtle system – Twenty years ago marked the first installation of the "Turtle" automated meter reading (AMR) equipment in our meters. That technology changed the way members reported their energy use; manual recording of readings written on a postcard ended with the implementation of the Turtle



Bonnie Christians
Board President



Roger Johanneck
General Manager

equipment. Today, that system is near the end of its useful life. New Turtle equipment is no longer readily available to maintain the meters. Used equipment purchased from other electric utilities that are changing out their Turtle system has enabled us to keep our AMR system working. The present course of action will need to give way to a new automated metering system, most likely in 2017. We have more options available for automated metering equipment today than when the Turtle was invented, and we are currently evaluating options for the best path forward for our Cooperative.

Invitation – We extend an invitation to join us and your fellow members for your Cooperative's annual meeting at the Ralph Engstad Arena on Wednesday, March 29.

If it has been a while since you have joined us for our annual meeting, we continually look for ways to improve upon and make the experience a good one for you. Shuttle service via golf carts from the parking lots to the front door of the arena is 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 (6715005.18 Christie M. Hagans) by the directors and employees who will serve you your meal. Musical entertainment, prizes and quick but informative reports on your electric Cooperative will be heard.

Thank you, Red Lake Electric members, for your continued patronage this past year. We appreciate the opportunity to serve as your board president and general manager. We give you our pledge to do our best to keep you informed about issues important to this Cooperative and ask that you let us know when and how we can do better. Good communication between the members, directors and employees is an important link in the Powerful Connections needed to keep this Cooperative thriving, and the power flowing. We are here to serve you, and we look forward to a good 2017.

In the spirit of cooperation,

Bonnie Christians,
Board President

Roger Johanneck
General Manager

2016 Annual Meeting Minutes

MINUTES OF THE ANNUAL MEETING OF THE MEMBERS OF THE RED LAKE ELECTRIC COOPERATIVE HELD ON WEDNESDAY, MARCH 30, 2016 AT THE RALPH ENGELSTAD ARENA IN THIEF RIVER FALLS

The 78th annual meeting of the members of Red Lake Electric Cooperative, Inc. was held on Wednesday, March 30, 2016, 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 250 members and guests were in attendance.

Christians then introduced Karleen Wilde, 11-year-old daughter of Red Lake Electric members Ryan and Sunny Wilde of Thief River Falls, and invited her to come forth and sing the national anthem. Director Stacy Blawat 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 2015 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 2015. Christians noted that the Cooperative continues to have challenges but that the Cooperative has always faced challenges. Christians thanked the membership for their attendance and then introduced a video titled, "Recognize, Respect & Report," on electrical safety. It was a good reminder that it is not only good to look up for power lines, but to look around and know where equipment is located so we can live, work and play safely with and around electricity and the equipment it takes to deliver it.

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 the "Challenge of Change;" specifically, the challenge of keeping energy safe, reliable and affordable. Johanneck reviewed two major storms over the spring/summer of 2015 that required recovery help from neighboring cooperatives.

Challenges we face today in our cooperative also deal with changes in regulations with federal standards of OSHA. Employees working with or near energized equipment must wear specialized clothing that is protective against arc flash. This arc-rated clothing protects against any potential electrical burns. Other protective gear mentioned were buck-straps. These devices help protect employees against falls when climbing a power pole.

Safety is also a concern for those working around power poles and lines. Farming equipment has increased in size over the years, making clearance under these lines an issue. With larger equipment also comes a greater risk at hitting poles with this equipment. In 2015, Red Lake Electric had a total of 30 incidents of vehicles or equipment damaging power poles or coming in contact with a power line, which is an increase of 60 percent. Also the construction of grain bins and buildings must be constructed an adequate distance from any existing power poles or lines to avoid any potential hazards.

Red Lake Electric had one retirement in 2015. Robert "Bob" Guillemette, manager of operations, retired in March of 2015.

Another challenge for us is the ever-changing face of technology. Our automated metering system that we began integrating in 1996 with an expected life of 25 years is now outdated and new equipment is no longer available for purchase. We have begun looking toward

AMI equipment, which will provide more timely data with its two-way communication capabilities. This will improve service reliability to the membership.

Johanneck also reminded members of the Infinity wind program that is available to members desiring to become 100 percent certified in renewable energy. Renewable energy credits (RECs) can be purchased through Red Lake Electric for an average of less than \$4 per month (costs vary upon a member's usage).

Wholesale power costs have increased 74 percent over the last seven years to \$10,172,225 in 2015, where distribution costs have only increased an average of 1.1 percent, totaling \$3,165,261 in 2015.

Johanneck completed his report highlighting rebate programs for purchasing more efficient lighting, certain household appliances and HVAC equipment. Johanneck stated that RLEC can assist members in evaluating and making wise energy conservation choices.

Next, Bregier gave the 2015 financial report and said energy sales were down slightly from the previous year largely as a result of a warmer winter to start and end the year.

The Cooperative sold 126 million kWh in 2015. Revenues were \$13.7 million, the cost of wholesale power was \$10.2 million and operating expenses were \$1.9 million. Bregier said the Cooperative's margin was \$508,300; 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 76 percent of the Cooperative's cost of doing business.

Christians next introduced Stacey Dahl, manager of external affairs for Minnkota Power Cooperative, Inc., in Grand Forks, N.D. Stacey's presentation

to the meeting attendees was regarding the EPA's final carbon regulations and the impact the Clean Power Plan will bring to our region.

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 3, Colette Kujava; District 6, Randy Versdahl; and District 9, Peter Mosbeck.

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 a RLEC employee in recognition for his safe work record. Employees recognized for surpassing five-year increments of accident-free work were: Roger Johanneck, 35 years.

Tishara Melcher, vice president of the Red Lake Electric Trust board, presented a \$750 grant check to Jane Anderson of the Thief River Falls Area Community Theater. Anderson thanked the members for their participation in the Operation Round Up program and said the grant would be used to help with costs of summer productions and participation fees.

Kelli Brateng awarded door prizes. A sit-down pork loin dinner was prepared by St. Joseph's 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*

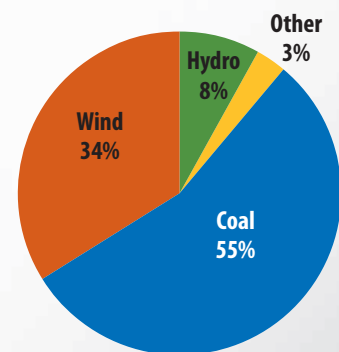
QUICK TAKES

A look at some statistics from your Red Lake Electric Cooperative

Where Your Power Comes From

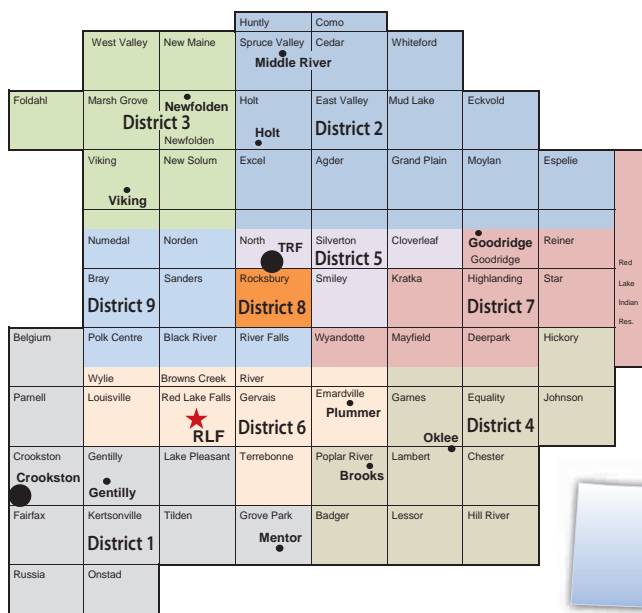
Coal and wind provide the majority of Minnkota's energy capacity resources. About 55 percent of Minnkota's energy capacity comes from coal, while about 34 percent comes from wind. The Langdon and Ashtabula Wind Energy Centers are located in eastern North Dakota. When you include hydro, about 42 percent of Minnkota's generation 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
Oliver III Wind Energy Center	100,000
Garrison Dam – Hydro	108,871
Other	35,000
Total power supply resources	1,335,771

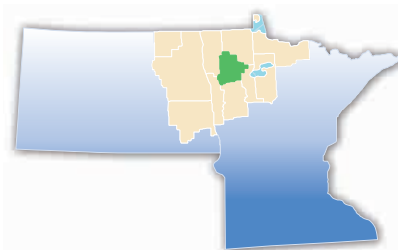


Minnkota Power
MPC COOPERATIVE, INC.
Your Touchstone Energy® Partner


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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Ensuring reliability

To address a boiler tube thinning issue, a worker uses a grinder to provide an acceptable surface for the weld overlay.

Young 2 major outage completed in December

Proactive maintenance strategies at the Milton R. Young Station helped identify a potential equipment failure before it could occur.

A large section of waterwall tube thinning was detected during one of the most extensive boiler condition assessments in the 40-year history of Unit 2. The inspection was conducted during a major scheduled maintenance outage that began Sept. 10. Addressing the thinning tube issue,

which was caused by corrosion, required an additional 10 weeks of outage time beyond the original project schedule.

The 455-megawatt (MW) coal-based plant, located near Center, N.D., returned to full service Dec.

24 – just in time for the winter season when Minnkota experiences a high demand for electricity. Minnkota provides wholesale electricity to Red Lake Electric Cooperative.

“Even with all of the negatives associated with

such an event, we’re still thankful the corrosion was identified and that we could manage it on our own terms,” said Craig Bleth, environmental manager. “We’re grateful to have the support of management and our members to make these repairs; to have capable staff members to manage the repairs and (3804003.01 Caleb Holthusen) that we were able to mobilize a highly-qualified weld overlay contractor very quickly.”

The repair process included sandblasting and grinding to remove sulfide contamination and provide an acceptable weld surface for the overlay. At its peak, about 40 weld overlay machines were working in the boiler with multiple activities progressing concurrently. Following completion of the work, ultrasonic scans were conducted to verify that the tubes were reestablished to appropriate thickness.

Gerry Pfau, senior manager of power production, said that extensive outage preplanning has helped plant staff respond to unforeseen circumstances that can occur during major outages.

“Many hours of hard work went into planning this major outage,” Pfau said. “To guide our outage activities, we have developed a schedule possibly more detailed than ever, and we’re leaps



Paul Koedam, maintenance supervisor, inspects the HP-IP turbine blades during the Unit 2 major outage.

and bounds ahead of recent outage planning. This preplanning has paid off in identifying area conflicts, where work scopes and manpower needs have required adjustment. By finding these problems now, and resolving them, we're ensuring greater cost savings, efficiency and safety."

Specialty contractors worked alongside Minnkota employees during the outage. At its peak, there were an additional 400 people on-site. Even with the extended outage time, no major safety issues were experienced by Minnkota staff.

Minnkota owns Unit 1 and operates Unit 2 on behalf of owner Square Butte Electric Cooperative. Square Butte is governed by Red Lake Electric and the 10 other cooperatives that own Minnkota. Unit 2 energy is sold to Minnkota and Minnesota Power of Duluth, Minn.

Turbine inspection

Inspections of other important plant equipment were completed with positive results during the outage. The boiler feed pump turbine and the high pressure-intermediate pressure (HP-IP) turbine were both examined for the first time since being upgraded in 2007. No major issues were identified during thorough review of this equipment.

Other significant projects include replacement of several thousand hot-side air heater tubes and repairs on various station fans, coal handling equipment and the scrubber.

Major outages are typically scheduled every three years on each unit at the Young Station to make repairs and conduct routine maintenance.

Transmission crews use downtime

With Young 2 offline, Minnkota's transmission crews used the additional downtime to install a new generator step-up (GSU) transformer to replace the existing unit that had been in service for 40 years. This transformer "steps up" the voltage from 20-kV (generator voltage) to 230-kV (transmission voltage). All of the net power produced by the Young 2 generator flows through the GSU.

The unit was manufactured in the Netherlands and shipped (3721008.03 Tim & Cheryl Johnson) by cargo vessel into the port of Houston, Texas. It was then delivered by rail to Hensler, N.D., and by truck to the Young Station.

The shipping weight of the transformer was approximately 474,000 pounds. Fully assem-

bled, the transformer weighs approximately 657,000 pounds and will hold approximately 17,700 gallons of oil. The old GSU will be stored at the plant as an emergency backup.

Grant Gunderson, senior manager of power delivery engineering, said the project required significant coordination between multiple departments and contractors.

"The new Young 2 GSU project was completed on time, under budget and was successful due to the collaborative efforts of Minnkota engineering and field personnel from Generation and Transmission divisions, the manufacturer, and some very competent contractors," Gunderson said.



A flurry of activity occurs on the turbine floor as routine maintenance and inspections are completed.



From their bucket trucks, Minnkota transmission crew members help position the new generator step-up (GSU) transformer at the Young Station.

Financial Statements

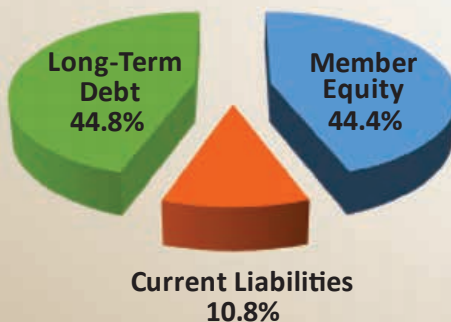
Balance Sheet

ASSETS		
	2016	2015
Electric plant	\$ 33,729,868	\$ 32,905,933
Buildings – improvements	1,210,382	1,209,160
Equipment	2,605,310	2,569,585
Less: depreciation	(16,043,923)	(15,440,494)
Net utility plant	21,501,637	21,244,184
General funds	1,674,721	1,155,638
Investments in associated organizations	1,338,235	1,330,198
Notes receivable	0	0
Accounts receivable	1,747,391	1,398,638
Inventories	536,949	425,629
Other assets	369,914	411,370
TOTAL ASSETS	\$ 27,168,847	\$ 25,965,657
LIABILITIES		
Long-term debt – RUS	\$ 10,256,737	\$ 9,142,867
Long-term debt – CFC & CoBank	1,909,616	2,176,873
Liabilities & other credits	2,935,021	2,649,833
TOTAL LIABILITIES	\$ 15,101,374	\$ 13,969,573
MEMBER EQUITY		
Capital stock (memberships)	\$ 161,025	\$ 158,835
Patronage capital	11,323,511	11,256,099
Other equities	582,937	581,150
TOTAL MEMBER EQUITY	\$ 12,067,473	\$ 11,996,084
TOTAL LIABILITIES & MEMBER EQUITY	\$ 27,168,847	\$ 25,965,657

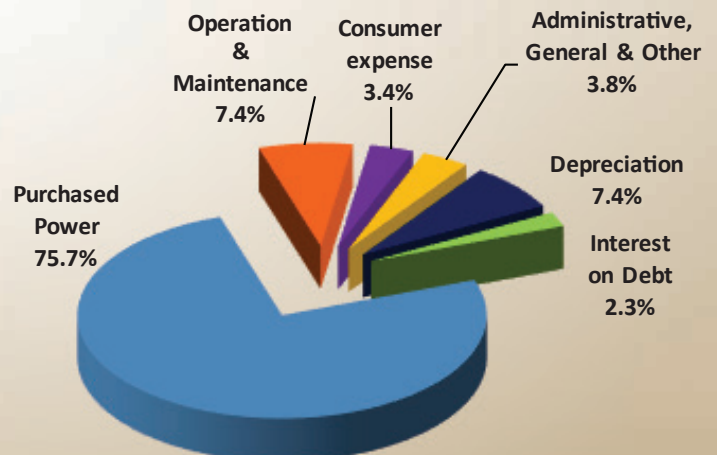
Statement of Operations

REVENUE		
	2016	2015
Electric energy sales	\$ 14,058,621	\$ 13,571,934
Miscellaneous electric sales	173,304	155,352
TOTAL INCOME	\$ 14,231,925	\$ 13,727,286
EXPENSES		
Cost of purchased power	\$ 10,379,385	\$ 10,172,225
Operation of lines	456,988	453,025
Maintenance of lines	559,171	473,264
Consumer accounts	213,481	223,953
Customer service	251,906	257,280
Sales	9,088	9,350
Administrative & general	510,069	481,363
TOTAL OPERATING EXPENSES	\$ 12,380,088	\$ 12,070,460
FIXED CHARGES		
Depreciation	\$ 1,019,904	\$ 982,858
Interest on debt	305,391	278,410
Interest expense – other	7,014	4,732
Other deductions	6,744	1,026
TOTAL FIXED CHARGES	\$ 1,339,053	\$ 1,267,026
TOTAL COST OF ELECTRIC SERVICE	\$ 13,719,141	\$ 13,337,486
MARGINS		
Operating margin	\$ 512,784	\$ 389,800
Interest margin	76,901	58,609
Non-operation/ HVAC service margin	(7,068)	10,553
Capital credits margin	35,970	49,356
TOTAL MARGINS	\$ 618,587	\$ 508,318

Member Equity & Liabilities



How RLEC Spent Your Dollar in 2016



Operating Statistics

	<u>5-Year Average</u>	<u>2016</u>
Members – at year end	4,302	4,314
Number of accounts billed – at year end	5,323	5,421
Total kWh purchased	137,208,730	131,244,947
Peak demand (kW) – without load control	31,321	29,452
Peak demand (kW) – with load control	20,711	19,909
Investment in plant – total	\$35,058,978	\$37,545,560
Investment in plant – per mile	\$13,533	\$14,446
Investment in plant – per account	\$6,583	\$6,926
Long-term debt – total	\$10,782,705	\$12,166,353
Long-term debt – per account	\$2,024	\$2,224
Miles of line – overhead	2,320	2,310
Miles of line – underground	270	289
Cost of first 1,000 kWh		
General service (25 kVa)	\$134	\$142
Off-peak rate per kWh – long-term control	\$0.055	\$0.056
Off-peak rate per kWh – short-term control	\$0.076	\$0.079
Average residential usage – annual kWh	19,148	17,571
Average residential usage – monthly kWh	1,596	1,464
Energy account write-offs	\$5,204	\$2,548
Number of regular employees	18	19
Capital credit payments:		
To estates on behalf of deceased patrons	\$85,903	\$66,465
General retirement – all patrons	\$439,679	\$480,601
Debt/equity ratios:		
Debt	53.7%	55.6%
Equity	46.3%	44.4%

Closed Good Friday

In observation of Easter, Red Lake Electric Cooperative's headquarters will be closed Friday, April 14. In case of an electrical outage or emergency, call the after-hour phone number: 218-253-2200. Happy Easter!

\$490,153 general capital credit payment given in March

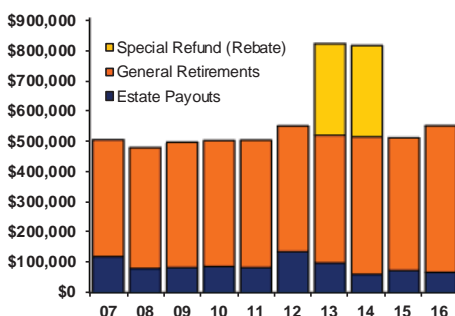
Red Lake Electric Cooperative's Board of Directors approved the payment of capital credits totaling \$490,153. This payment will include 98.5 percent of capital credits earned in 1999. Active members, if they received electric service in those years, will see a credit adjustment on the billing statement (3718001.04 Chris Baird) they receive in March. 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.

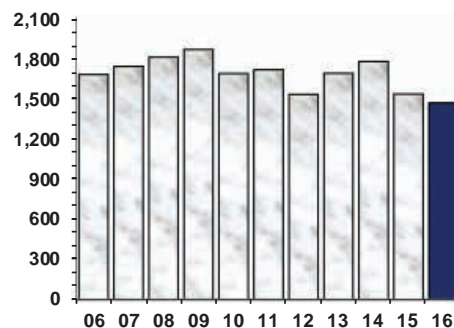
NOTICE OF NAMES

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 (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.

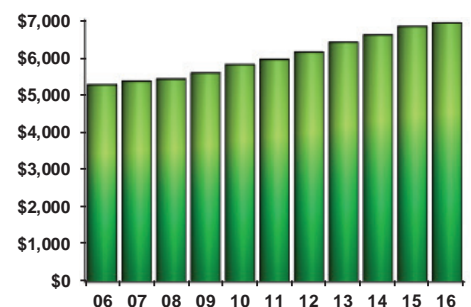
Capital Credits Paid to Members



Monthly kWh Usage Residential Account



Investment in Plant per Customer



Red Lake Electric Board of Directors

Bonnie Christians,
President District 1
Randy Versdahl
Vice President District 6
Mark Hanson
Secretary/Treasurer District 5
Stacy Blawat District 2
Colette Kujava District 3
Steve Linder District 4
Aaron Chervestad District 7
Robert Finstad District 8
Peter Mosbeck District 9

Red Lake Electric Employees

Roger Johanneck
General Manager
Shirley Bregier
*Manager of Finance
and Administration*

- Melanie LaCrosse
Member Account Specialist
- Christie Klipping
Accountant
- Jenny Kelley
Administrative Assistant

Kelli Brateng
Manager of Member Services

- Mick Raymond
HVAC Technician
- Javen Eidsmoe
Power Use Advisor

Steve Conely
*Manager of Electric System
Operations*

- Chris Knott
Engineering Technician
- Troy Schmitz
Crew Foreman
- Casey Thronson
Crew Foreman
- Brett Knott
Lead Lineman
- Steve Kruse
Lead Lineman
- Aaron Derosier
Journeyman lineman
- Sam Pahlen
Journeyman lineman
- Jordon Gervais
Journeyman lineman
- Darcy Cardinal
Journeyman lineman
- Branden Narlock
Journeyman lineman

New year. Same great rebates.

Add comfort and energy efficiency to your home with help
from Red Lake Electric Cooperative and PowerSavers



Make your home more comfortable and energy efficient with help from Red Lake Electric Cooperative. Great rebates and incentives have been extended through 2017 to help you upgrade your heating and cooling system, water heater, lighting and other electric appliances.

Not sure where to start? Contact Red Lake Electric Cooperative (4518008.02 Chris Bjerken) for expert advice on improving your home's energy performance. Check out our rebate list below.



Heating and cooling system rebate checklist

Must be on off-peak.

Combined heating and cooling rebate maximum of \$600.

☐ Electric plenum heaters

Easily converts your existing fossil fuel furnace into a dual-fuel heating system. You are able to use the most efficient, cost-effective heating source – fossil fuel or electricity – at any time.

Electric Heat rebate: \$20 per kilowatt (kW), maximum of \$600

PowerSavers rebate: \$500 if installed with ENERGY STAR®-rated air-source heat pump. Must modulate to allow ASHP to operate down to 5 degrees F, and be on off-peak.

☐ Electric thermal storage heaters

Draws electricity during off-peak hours when it is cheaper. Heat is stored in specially designed bricks to provide comfort 24 hours a day.

Electric Heat rebate: \$20 per kW, maximum of \$600

PowerSavers rebate: \$500 if installed with ENERGY STAR®-rated air-source heat pump. Must modulate to allow ASHP to operate down to 5 degrees F, and be on off-peak.

☐ Air-source heat pumps (including mini-split ductless option)

Works just like a central air conditioner in the summer. In the fall and winter, they provide super-efficient supplemental heat.

Electric Heat rebate: \$100 per ton, maximum of \$600

PowerSavers rebate: \$400-500 depending on efficiency ratings

☐ Geothermal heat pumps

Provides the highest efficiency for space heating and cooling available today. The system transfers heat to and from the earth using only small amounts of electricity.

Electric Heat rebate: \$200 per ton, maximum of \$600

PowerSavers rebate: Open loop, \$200 per ton, maximum of \$2,500. Closed loop, \$400 per ton, maximum of \$5,000. Must meet program efficiency requirements.

☐ Underfloor electric heating

A popular off-peak option because the system transfers consistently across the floor to reach people and objects, providing both comfort and efficiency. Applications include electric boiler with hydronic tubing or electric cables or mats.

Electric Heat rebate: \$20 per kW, maximum of \$600

☐ Other electric heating systems

Options include electric baseboard, cove heaters and more.

Electric Heat rebate: \$20 per kW, maximum of \$600

Other ways to save on heating and cooling:

- Seal air leaks. **PowerSavers rebate:** 30% of sealing cost, maximum incentive \$300 (Preblower and postblower tests required)
- Insulate and air seal your attic. **PowerSavers rebate:** 30% of sealing cost, max. \$500. (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.)
- Add wall insulation. **PowerSavers rebate:** 30% of insulation cost, max. \$500. (Wall insulation improved from R-5 or less to R-11 or higher. Attic knee walls excluded.)
- Install a furnace air handler with ECM blower.
PowerSavers rebate: \$100 per unit



Electric water heater rebate checklist

Must be on off-peak

- ☐ 100 gallon or greater

Water heater rebate: \$200

PowerSavers rebate: \$150

- ☐ 56-99 gallon

Water heater rebate: \$150

PowerSavers rebate: \$150

- ☐ 55 gallon or less

Water heater rebate: \$100

- ☐ **Bonus rebates:**

Add \$250 if converting from natural gas or propane.

Add \$100 for new building construction.

Appliance rebate checklist

Must be

ENERGY STAR®-approved

- ☐ Clothes washer

PowerSavers rebate: \$50

- ☐ Clothes dryer

PowerSavers rebate: \$50

- ☐ Refrigerator or freezer

PowerSavers rebate: \$25

Additional rebate for recycling old unit: \$25



CFL and LED light bulb rebate checklist

ENERGY STAR®-recommended.

Rebate up to dollar amount listed per bulb or 75% of the purchase price.

- ☐ Replace incandescent bulb with screw-in CFL

PowerSavers rebate: \$2 per bulb

- ☐ Replace incandescent bulb with screw-in LEDs

PowerSavers rebate: \$4 per bulb (40-60 watts)

PowerSavers rebate: \$8 per bulb (65 watts or greater)

PowerSavers rebate: \$8 per install of fixture/replacement kit

- ☐ Install LED outdoor fixtures (dusk-to-dawn operation required)

PowerSavers rebate: \$20 per fixture (40 watts and under)

PowerSavers rebate: \$40 per fixture (greater than 40 watts)



The Operation Round Up® program at Red Lake Electric enjoyed another successful and generous year in 2016. A total of \$23,750 was granted to 32 different nonprofit and community organizations. That (4429008.03 Douglas Becker) brings the total of 796 grants made since program began in 1993 to \$489,116.

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 4,165 members who contribute to Operation Round Up®. They represent 96 percent participation of the 4,329 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

Julie Stennes

Vice President

Patty Mickelson

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, 2016

CASH BALANCE FORWARD **\$ 6,487.14**

RECEIPTS

Operation Round Up donations	\$ 24,264.49
Other contributions	0.00
Checking account interest	<u>3.43</u>
Total receipts	\$ 24,267.92

EXPENDITURES

Administrative expenses:	
Director meeting fees & expenses	\$ 582.78
Annual filing fee, state of Minnesota	25.00
Annual compilation (audit) fee	<u>220.00</u>
Total administration	<u>\$ 827.78</u>

Grants Made (32):

Inter-County Nursing Service	\$ 1,000.00
Middle River Senior Club	250.00
North Valley Public Health	250.00
Northland Community & Technical College	500.00
Polk County Historical Society	500.00
RLF Volunteer Ambulance Service	1,500.00
Safety Camp	500.00
St. Hilaire Fire & Rescue Department	1,500.00
St. Hilaire Senior Center	500.00
Strandquist Area Food Shelf	500.00
Thief River Falls Area Community Theater	750.00
TRF Area Food Shelf	1,000.00
Viking Fire and Rescue	1,500.00
Violence Intervention Program	1,000.00
Early Childhood Family Education (Red Lake County)	500.00
Goodridge Area Fire and Rescue	1,000.00
Goodridge Area Historical Society, Inc.	500.00
Little Brother / Little Sister Program (TRF)	500.00
Marshall County Mounted Posse	500.00
Marshall County Social Services	500.00
Middle River - Thief Lake Living At Home Program	500.00
NCH Trails to Treatments	1,000.00
Oklee Fire Department	1,000.00
Oklee Volunteer Ambulance Service	1,000.00
Plummer Volunteer Fire Department	1,000.00
Red Lake County Holiday Gift Program (Salvation Army)	500.00
Red Lake County Victim Services	500.00
Silverton 4-H Club	500.00
St. Hilaire Fire & Rescue Department	1,000.00
TRF Area Food Shelf	1,000.00
Tri-Community Living At Home/Block Nurse Program	500.00
Violence Intervention Program	<u>500.00</u>
Total grants made	\$ 23,750.00

Total expenditures **\$ 24,577.78**

CASH BALANCE December 31, 2016 **\$ 6,177.28**



**Red Lake Electric
Cooperative Inc.**

Guest Speaker



Gerry Pfau

*Senior Manager
of Power Production
Minnkota Power Cooperative*

Gerry Pfau is senior manager of power production at Minnkota Power Cooperative.

Pfau oversees Minnkota's coal-based Milton R. Young Station power plant near Center, N.D.

Pfau joined Minnkota in 1981. He was named plant manager of operations in October 2009. Pfau became sole plant manager on Feb. 5, 2011, and was later promoted to senior manager of power production.

A native of Upham, N.D., Pfau received a mechanical engineering degree from North Dakota State University in 1981.

Minnkota is Pfau's first and only full-time job.

79th Annual Meeting Agenda

Wednesday, March 29, 2017

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

- 9:00 a.m. Registration begins *Free coffee and donuts*
10:00 a.m. Entertainment – Cathy Erickson
10:30 a.m. Call to order – Bonnie Christians
National anthem Kelly Schultz
Invocation Javen Eldsmoe
Introductions Bonnie Christians

Business Session

- Notice of meeting and affidavit of mailing Mark Hanson
Establishment of quorum Mark Hanson
Reading of 2016 meeting minutes Mark Hanson
President's report Bonnie Christians
General Manager's report Roger Johanneck
Financial report Shirley Bregier
Guest speaker Gerry Pfau
Senior Manager of Power Production, Minnkota Power Cooperative
Election of directors Bonnie Christians
Question and answer session
Adjournment of business session
Award presentations
Awarding of prizes
Lunch and entertainment

Powerful Connections