



MARCH 2018

# ***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*

2017  
ANNUAL  
REPORT

*This New Road  
We're Traveling*

**80<sup>th</sup> Annual Meeting  
Wednesday, March 28, 2018**





MARCH 2018 – Vol. 53, No. 6

OFFICIAL PUBLICATION OF

**Red Lake Electric Cooperative, Inc.**

P.O. Box 430 • 412 International Drive S.W.

Red Lake Falls, MN 56750-0430

(USPS 663-400)

**Subscription rate: \$2.50 per year**

*This institution is an equal opportunity provider and employer.*

Published 10 times a year, January through May, July and September through December, by the Red Lake Electric Cooperative, Inc., in the interest of its members and others. Periodical postage paid at the U.S. Post Office in Red Lake Falls, Minnesota 56750. POSTMASTER, SEND ADDRESS CHANGES to Volts & Jolts, c/o Red Lake Electric Cooperative, Inc., P.O. Box 430, Red Lake Falls, Minnesota 56750-0430. Email: [info@redlakeelectric.com](mailto:info@redlakeelectric.com).

#### OFFICERS AND DIRECTORS

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

Roger Johannek. .... General Manager

Shirley Bregier ..... Manager of Finance  
& Administration

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

Kelli Brateng. .... Manager of Member Services

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#### CALL BEFORE YOU DIG

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#### MINNESOTA STATE ELECTRICAL INSPECTORS

Northwest corner of Polk and western Marshall Counties:

**Wayne Bergstrom – 701-520-9771**

Pennington and eastern Marshall Counties:

**Bryan Holmes – 218-686-1413**

Red Lake and most of 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 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](http://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

This month marks your Cooperative's 80<sup>th</sup> annual meeting. It is safe to say that very few of today's members were around when this Cooperative was formed or experienced "when the lights came on." To look back 80 years and get a feel for what the rural folks were experiencing without electricity to power their farms and homes – it is difficult for those of us who grew up with electricity to imagine or fully understand the challenges of life in 1938. For the members living during the Cooperative's formative years – it would have been difficult for them to imagine, too, how electric energy would change the world as they knew it; and all the new ways that electric energy would be utilized some 80 years later. Many did not believe this Cooperative would ever make a go of it. It took some convincing of the doubters from those who did believe that banding together and forming an electric cooperative business would help transform the countryside and improve the lives of those who lived there.

Before we think harshly of those who drug their feet and needed prodding to invest in a \$5 membership to get the Cooperative started, try placing yourself in their shoes and ask yourself to envision what you think this Cooperative, rural life, farms and homes will be like 80 years from now. It is not easy to visualize the year 2098; or a life much different from what we are used to living.

There are pictures and stories that give us some sense of the Cooperative's early years that help us understand life back then. There is also this: more than a billion people across our globe still do not have access to central station power. That's a lot of folks still cooking with wood and charcoal, relying on the sun and lanterns to light their way, and using buckets to haul water. To reflect on your Cooperative's history or to look at those less fortunate people and areas of the world who live without the electric energy we all rely on, should give ample perspective of the difference your Cooperative has made these past 80 years. As we all know, however, service from your electric Cooperative has evolved

into much more than improvements in cooking, lighting and pumping water. We can all be grateful and proud of Red Lake Electric Cooperative's hand, along with that of our power supplier, Minnkota Power, in the many advancements made possible with reliable electricity.

It has not been a straight and easy path for this Cooperative to get to where we are today. There have been many twists and turns throughout our 80-year history: recruiting members, challenges of raising capital, securing financing, agreeing on a headquarters location and building, building the electric system, the constant challenges Mother Nature poses to our electric distribution system, the changing regulatory landscape, rapid technological (5203003.01 Charles Carlson) changes and evaluating which ones to invest in have all had a hand in directing the course of our history.

As we come together to conduct business and celebrate our 80<sup>th</sup> annual meeting, we have chosen the theme "This New Road We're Traveling." It is a fitting expression that recognizes the many changes of our past, and the changes recently made or in progress – all of them important if we are to remain a thriving business, while meeting the expectations of our membership.

#### 2017 in review

This past year, your Cooperative was busy in a number of different areas. Improvements in both the electric distribution system and headquarters facility were made. A rundown of some of the more notable projects and accomplishments are as follows:

**New Meter Technology** – One of the most significant decisions made this past year was to invest in a new Advanced Meter Infrastructure or AMI technology. A considerable amount of time and effort was spent evaluating the various options to replace the Cooperative's existing and aging metering equipment. AMI allows for two-way communication and has capabilities to track a wider range of data and analytics. Information provided will include kilowatt-hour readings, voltage,

kilowatt demand, load profiling, alarms signaling power interruption, remote connect and disconnect. Employees have received training on installation of the network equipment that provides the communication link enabling the transfer of information between the member's meter and the Cooperative's data server. We are in the beginning stages of equipment installation and hope to complete this project in two or three years.

**Headquarters Upgrades** – Management recommended and directors approved to budget for some needed upgrades to our headquarters building. The Cooperative's headquarters was originally constructed and first occupied in 1949. There have been expansions to the office in 1976 and a warm shop addition in 2004. The improvements completed in 2017 consisted of:

- New tile flooring to replace original tile flooring in the general office and hallways.
- Remodeling of the restroom facilities.
- Replacement of a portion of the parking lot with new concrete.
- Replacement of the shop and office heating system.
- Energy efficiency upgrades of insulation, windows and door replacements where needed.
- Replacement of the office filing cabinets.
- Installation of an automatic standby generator for the headquarters.
- Replacement of lighting fixtures where needed to LED lighting.

#### **New After-Hours Dispatch Service**

– The process for handling after-hours calls from members experiencing a power outage or service problem has evolved over the years. Red Lake Electric has contracted out that service for many years now and this past December, transitioned to a new provider, Cooperative Response Center (CRC), when we learned our current provider was discontinuing dispatch services. CRC, like Red Lake Electric, is a cooperative form of business. CRC was formed in 1992 by 19 midwest rural electric cooperatives and is headquartered

in Austin, Minn. Today, CRC serves more than 350 utilities in 42 states.

**New Computer Software Service Selected** – Another evaluation process we completed in 2017 involved the search for a new data processing services provider. Our current provider did a good job for us, but they had lost a number of customers and we, as well as the few remaining cooperatives they served, were concerned they would not provide the stability and services we wanted going forward. After researching three different companies, Red Lake Electric chose to do business with National Information Solutions Cooperative (NISC) headquartered in Mandan, N.D. It will be a big project to convert our billing, accounting and member online information presentation to NISC, which we are scheduled to start in the fall of 2018. We think NISC, which provides utility software solutions to electric cooperatives all across the United States, will help us improve the way we currently accomplish that work. We believe features of the NISC software and its company's mission will position us to grow and stay current with new data processing technologies as they develop in the future.

**Management Change** – Stephanie Johnson has been selected by your board of directors to serve as the general manager of Red Lake Electric Cooperative effective May 16. The board advertised the position nationally, interviewed candidates and selected Johnson, who currently is employed with Roseau Electric Cooperative as its finance manager. Johnson will be the seventh manager to serve in the Cooperative's 80-year history. On behalf of all the employees and membership, we welcome Stephanie Johnson to Red Lake Electric Cooperative.

**Invitation** – We extend an invitation to join us and your fellow members for your Cooperative's annual meeting held in Thief River Falls at the Ralph Engestad Arena (REA) on Wednesday, March 28. The annual meeting is a perfect time to visit and ask questions with employees who serve you and directors you have elected to represent you. We'll have



Randy Versdahl  
*Board President*



Roger Johanneck  
*General Manager*

some displays on hand to show the new AMI equipment members will soon see throughout our service territory. We'll again provide golf cart shuttle service from the parking lot to the front door of the REA, serve dinner after the meeting, listen to (26203001.04 Chad & Layle Jerome) musical entertainment and hand out a few door prizes.

**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 to the membership and their support of our mission, has enabled the Cooperative to complete another successful year in 2017.

It is their collective expertise and steadfast effort at what they do that helps us move forward confidently down this new road we're traveling; as we search and discover new and better ways to serve our members.

In the spirit of cooperation,

Randy Versdahl,  
*Board President*

Roger Johanneck  
*General Manager*



# 2017 Annual Meeting Minutes

## MINUTES OF THE ANNUAL MEETING OF THE MEMBERS OF THE RED LAKE ELECTRIC COOPERATIVE HELD ON WEDNESDAY, MARCH 29, 2017, AT THE RALPH ENGELSTAD ARENA IN THIEF RIVER FALLS

The 79th Annual Meeting of the members of Red Lake Electric Cooperative, Inc. was held on Wednesday, March 29, 2017, 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 Kelly Schultz, 17-year-old daughter of Red Lake Electric members Lyndon and Lori Schultz of Red Lake Falls and invited her to come forth and sing the national anthem. Javen Eidsmoe, RLEC power use advisor, gave the invocation; current board members were then 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 2016 annual meeting and approve them (4508001.03 Patti J. Klopp) 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 the many important "Powerful Connections" the Red Lake Electric Cooperative has made throughout its 79-year history, and still values today in helping this Cooperative carry out its mission. Christians went on to explain how one of those important connections this Cooperative has is with the National Rural Electric Cooperative Association, the NRECA. Christians then introduced a video titled, "Energy Is

Us." The video spotlights how collectively electric co-ops are meeting today's challenges, and are well-positioned to keep energy safe, affordable and reliable for their members.

Roger Johanneck, general manager, said that while the Cooperative has been successful in a number of areas of operation this past year, there are still areas for improvement. Johanneck noted that with proper planning in the areas of tree planting, standby generators and adding new load, the membership could help the Cooperative be more efficient, more reliable and the membership less vulnerable to service interruptions.

Johanneck noted that the Cooperative has spent more than \$2 million in brushing the past 12 years, not including the cost of brushing and removing trees from the line caused by storms. Johanneck thanked the membership for allowing RLEC crews doing meaningful brushing in areas where trees needed to be cut back. Johanneck also talked about the need to let the Cooperative know when additional load is planned for a service. Upgrading services during normal working hours is more efficient and safer than responding to an outage caused by service overload.

Johanneck then discussed the issue of momentary blinks in electric service and explained some of the causes for these blinks. Johanneck stated that along with the distribution line work that is done to fix blink interruptions, Minnkota Power Cooperative has also committed additional funds to perform work on its transmission system. Minnkota's investment in blink mitigation upgrades will help improve service and

reduce blinks on the line. Johanneck also discussed a new off-peak rate for electric vehicle chargers that included rebates for chargers up to \$500 and an off-peak rate to qualifying charger installations.

Bregier next gave the 2016 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 2016. 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 Gerry Pfau, senior manager of power production for Minnkota Power Cooperative, Inc., in Grand Forks, N.D. Pfau oversees Minnkota's coal-based Milton R. Young Station power plant located near Center, N.D. Pfau's presentation to the meeting attendees touched on a number of areas Red Lake Electric's wholesale provider worked on the past year, including maintenance during a major outage to Minnkota's Young 2 generator.

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 meet-

ings and said there had been no nominations by petition. Christians then declared the following people duly elected as directors for three-year terms: District 1, Bonnie Christians; District 4, Steve Linder; and District 5, Mark Hanson.

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 of safe work records. Employees recognized for surpassing five-year increments of accident-free work were: Shirley Bregier, 45 years; Steve Conely, 15 years; and Jordon Gervais and Sam Pahlen, both five years. Johanneck stated the Cooperative has gone 8½ years without a lost-time accident.

Tishara Melcher, president of the Red Lake Electric Trust board, presented a \$1,000 grant check to Sue Helm of the NCH Trails to Treatments. Helm thanked the members for their participation in the Operation Round Up program and said the grant would be used to help those in need of funding during their cancer treatments.

Kelli Brateng awarded door prizes. A sit-down ham dinner was prepared by Oak Park Lutheran Church of Oklee and served by employees and directors of RLEC. Meeting attendees were entertained by the music of Cathy Erickson of Middle River while eating their dinner.

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

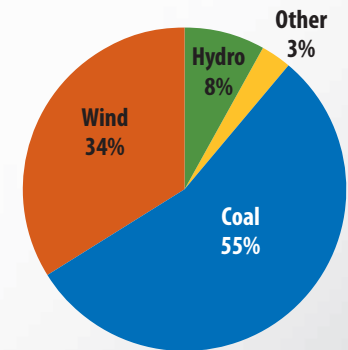
## QUICK TAKES

A look at some statistics from your Red Lake Electric Cooperative

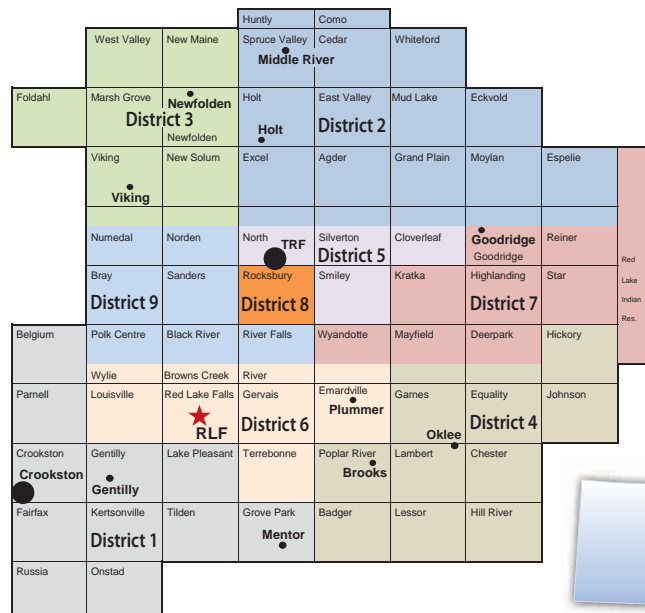
### Where Your Power Comes From

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.

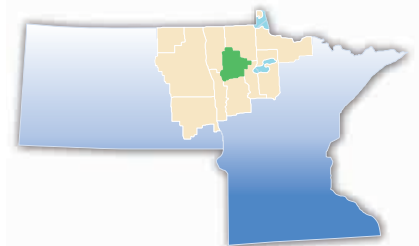
	(kilowatts)
<b>Milton R. Young Station – Coal</b>	
Young 1	250,000
Young 2 (78%)	355,000
<b>Coyote Station – Coal (30%)</b>	128,100
<b>Wind</b>	
Infinity	1,800
Langdon Wind Energy Center	139,500
Ashtabula Wind Energy Center	217,500
Oliver III Wind Energy Center	100,000
<b>Garrison Dam – Hydro</b>	108,871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



## 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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# Banner year for Young Station

**T**he 47<sup>th</sup> year of operation at the Milton R. Young Station was one of the best in plant history.

The two-unit coal-based facility reached milestones in the areas of safety, reliability and environmental performance. When asked about the formula for the successful year, Gerry Pfau, senior manager of power production, said it came down to communication and focus from the 177 employees working on-site near Center, N.D.

“It takes a lot of coordination and teamwork to keep the units online and operating reliably,” Pfau said. “We had great communication throughout the year with our entire staff, which helped us operate safely and efficiently.”

From a production perspective, the Young Station generated 5,330,955 net megawatt-hours (MWh) during the year – the second-highest total ever behind 2008’s 5,412,978 MWh. Cumulatively, the units achieved an availability rating above 95 percent, which is the best since both units have been in operation. Young 1 came online in 1970, while Young 2 began operation in 1977.

“With no major maintenance outages scheduled during 2017, we recognized the opportunity to have a very productive year,” Pfau said. “Fortunately, we had very low forced outage rates, which translated into low power costs for our members.”

The challenge with no significant project work during the year is complacency when it comes to safety, Pfau said. But at year-end, plant employees had gone 536 days without experiencing a lost-time incident. Other statistics, including near

misses, on-the-job injuries and OSHA recordable injuries, are all better than historical averages.

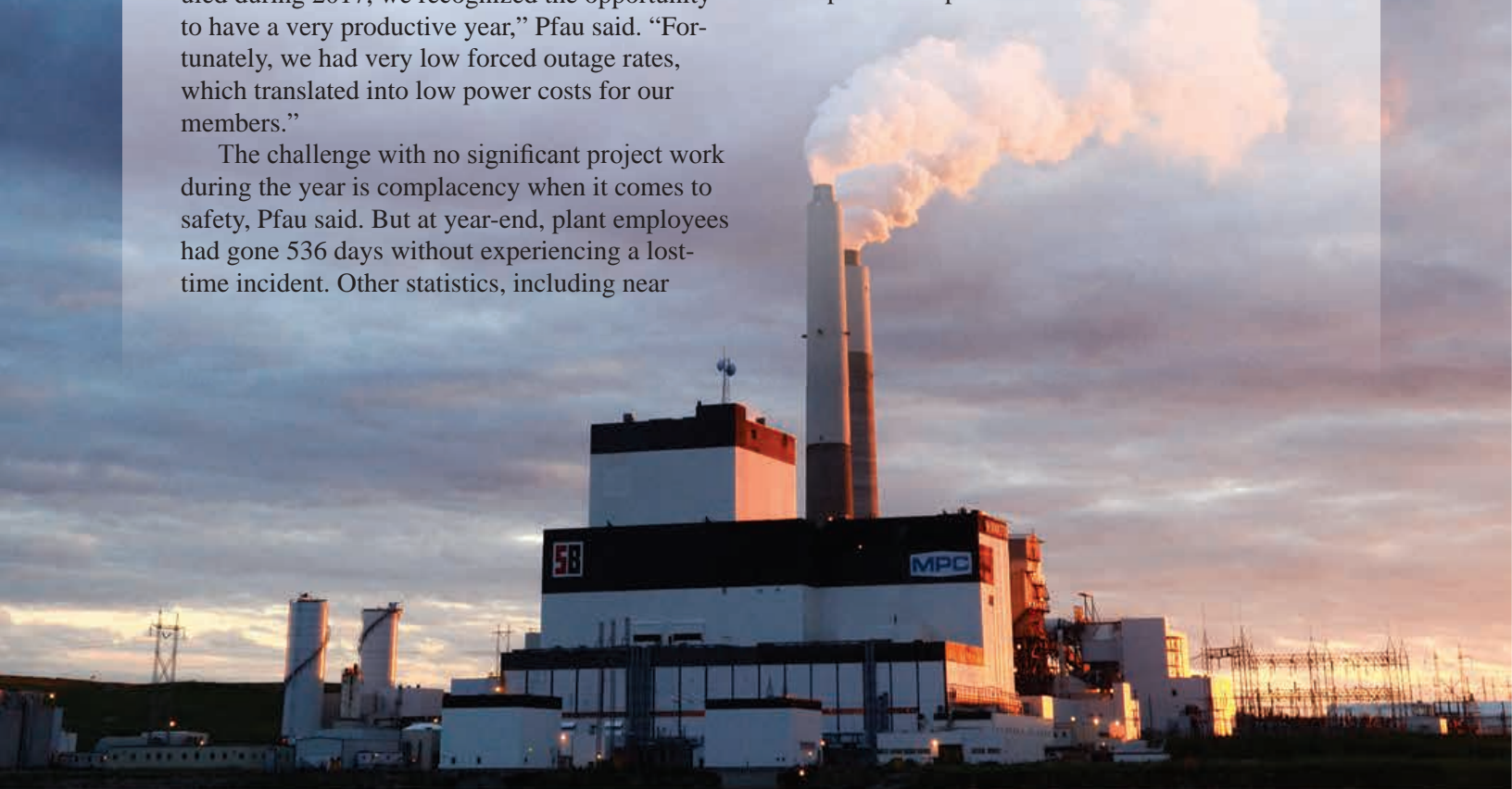
Plant environmental performance was also strong. Both units met 100 percent of their air quality compliance obligations during the year.

## Rx initiative

Young Station staff has been working on continuous improvement in the areas of safety, environmental compliance and cost control for more than five years through what is known as Reliability Excellence or Rx. The initiative has helped define, develop and apply processes and procedures that aid in employee knowledge transfer.

An objective assessment of the plant’s operating and maintenance (6029005.01 KMN Properties LLC) practices was conducted in January 2018. It rated the plant as proactive in almost all areas.

“We’re pleased with the progress made through the Rx initiative,” Pfau said. “But we think there are still areas where we can improve at operating and maintaining the plant so it costs less, reduces forced outages and makes us as competitive as possible.”



# Project Tundra receives boost with support from ND delegation



Sen. Heidi Heitkamp



Rep. Kevin Cramer



Sen. John Hoeven

## *Grant funding, tax incentives to benefit CO<sub>2</sub> capture*

The pursuit of carbon capture technology in North Dakota received a big boost in February thanks in large part to the work of the state's congressional delegation.

Sen. Heidi Heitkamp (D-ND) co-sponsored legislation, which was signed into law Feb. 9, that expands tax credits for CO<sub>2</sub> capture and utilization. In the House, Rep. Kevin Cramer led efforts to co-sponsor CO<sub>2</sub> tax credit reform legislation and was vital in getting support from House leadership.

A week later, the U.S. Department of Energy awarded \$6 million in grant funding for Project Tundra research, which Minnkota is pursuing with Allele Clean Energy, BNI Energy and the Energy and Environmental Research Center (EERC) at the University of North Dakota. Sen. John Hoeven (R-ND) was instrumental in prioritizing and enabling the funding.

"Advancing CO<sub>2</sub> capture technology represents an enormous opportunity for our state and nation," said Mac McLennan, Minnkota president & CEO. "The state of North Dakota has once again proven that it is committed to leading the way in developing energy technologies that help keep coal as an important part of our energy mix."

Minnkota is partnering in Project Tundra, which proposes to retrofit Unit 2 at the Milton R. Young Station with a system that would capture a significant portion of its CO<sub>2</sub> emissions. The CO<sub>2</sub> would then be utilized for (4304002.03 Marvin Koop) enhanced oil recovery (EOR) or safe, permanent geologic storage. Minnkota operates the coal-based energy facility near Center, N.D.

The project is currently in the early feasibility stages. The DOE funding is critical in starting the initial engineering, testing, design work and economic modeling.

"This funding is an investment in bringing these breakthrough technologies one

step closer to application in North Dakota," McLennan said.

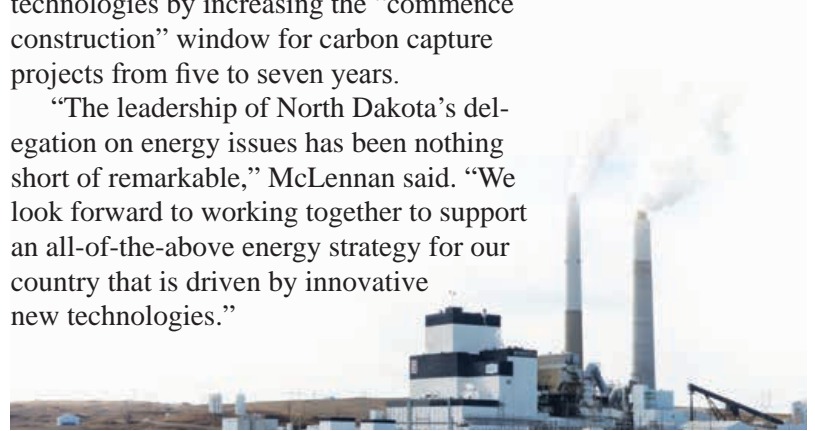
If the project moves forward, it will benefit from expansion of tax incentives to help develop carbon capture technology. Known as the FUTURE Act, the legislation expands the 45Q tax credit that incentivizes projects that capture and use CO<sub>2</sub> for EOR, storage or conversion into useable products.

The bipartisan bill, introduced by Sen. Heitkamp, increases the credit to \$35 per ton for CO<sub>2</sub> that is captured and used for EOR and \$50 per ton that is captured and stored in a geologic formation deep underground. In addition to extending 45Q, the bill strengthens support for carbon capture technologies by increasing the "commence construction" window for carbon capture projects from five to seven years.

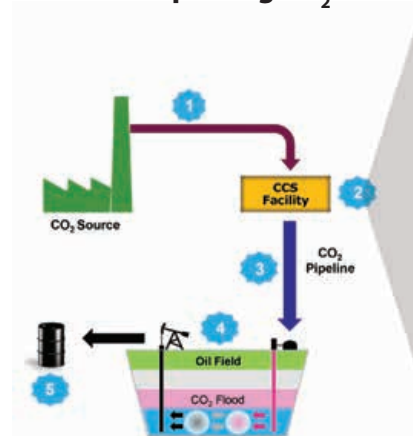
"The leadership of North Dakota's delegation on energy issues has been nothing short of remarkable," McLennan said. "We look forward to working together to support an all-of-the-above energy strategy for our country that is driven by innovative new technologies."

**"The leadership of North Dakota's delegation on energy issues has been nothing short of remarkable."**

— MAC MCLENNAN  
President & CEO  
Minnkota Power  
Cooperative



### Capturing CO<sub>2</sub> for Enhanced Oil Recovery



1. Acquire flue gas from the facility
2. Capture and condition carbon for transport via pipeline
3. Transport CO<sub>2</sub> to nearby oil fields
4. Inject CO<sub>2</sub> into EOR-favorable oil fields
5. Increase oil production at qualifying wells



# Financial Statements

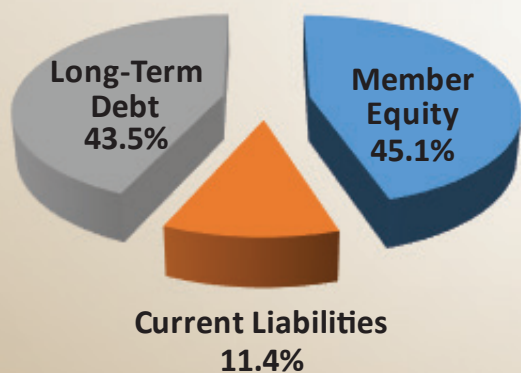
## Balance Sheet

ASSETS		
	2017	2016
Electric plant	\$ 34,798,762	\$ 33,729,868
Buildings – improvements	1,413,547	1,210,382
Equipment	2,612,679	2,605,310
Less: depreciation	(17,023,769)	(16,043,923)
Net utility plant	21,801,219	21,501,637
General funds	1,052,656	1,674,721
Investments in associated organizations	1,346,392	1,338,235
Notes receivable	0	0
Accounts receivable	1,801,726	1,747,391
Inventories	420,558	536,949
Other assets	311,273	369,914
<b>TOTAL ASSETS</b>	<b>\$ 26,733,824</b>	<b>\$ 27,168,847</b>
LIABILITIES		
Long-term debt – RUS	\$ 9,999,098	\$ 10,256,737
Long-term debt – CFC & CoBank	1,631,792	1,909,616
Liabilities & other credits	3,037,679	2,935,021
<b>TOTAL LIABILITIES</b>	<b>\$ 14,668,569</b>	<b>\$ 15,101,374</b>
MEMBER EQUITY		
Capital stock (memberships)	\$ 165,745	\$ 161,025
Patronage capital	11,317,672	11,323,511
Other equities	581,838	582,937
<b>TOTAL MEMBER EQUITY</b>	<b>\$ 12,065,255</b>	<b>\$ 12,067,473</b>
<b>TOTAL LIABILITIES &amp; MEMBER EQUITY</b>	<b>\$ 26,733,824</b>	<b>\$ 27,168,847</b>

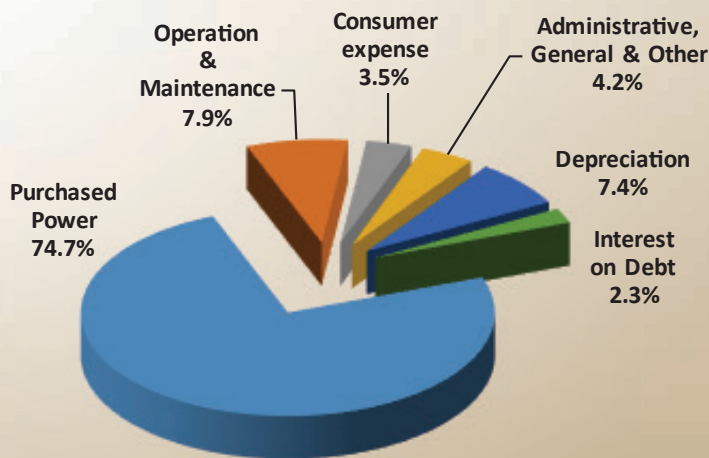
## Statement of Operations

REVENUE		
	2017	2016
Electric energy sales	\$ 14,398,338	\$ 14,058,621
Miscellaneous electric sales	144,395	173,304
<b>TOTAL INCOME</b>	<b>\$ 14,542,733</b>	<b>\$ 14,231,925</b>
EXPENSES		
Cost of purchased power	\$ 10,530,134	\$ 10,379,385
Operation of lines	502,116	456,988
Maintenance of lines	614,296	559,171
Consumer accounts	222,336	213,481
Customer service	268,682	251,906
Sales	9,249	9,088
Administrative & general	585,364	510,069
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 12,732,177</b>	<b>\$ 12,380,088</b>
FIXED CHARGES		
Depreciation	\$ 1,042,687	\$ 1,019,904
Interest on debt	317,401	305,391
Interest expense – other	7,499	7,014
Other deductions	3,142	6,744
<b>TOTAL FIXED CHARGES</b>	<b>\$ 1,370,729</b>	<b>\$ 1,339,053</b>
<b>TOTAL COST OF ELECTRIC SERVICE</b>	<b>\$ 14,102,906</b>	<b>\$ 13,719,141</b>
MARGINS		
Operating margin	\$ 439,827	\$ 512,784
Interest margin	96,260	76,901
Appliance/HVAC service margin	(371)	(7,068)
Capital credits margin	30,845	35,970
<b>TOTAL MARGINS</b>	<b>\$ 566,561</b>	<b>\$ 618,587</b>

## Member Equity & Liabilities



## How RLEC Spent Your Dollar in 2017





## Operating Statistics

	5-Year Average	2017
Members – at year end	4,318	4,362
Number of accounts billed – at year end	5,380	5,519
Total kWh purchased	137,132,793	129,845,386
Peak demand (kW) – without load control	31,051	30,499
Peak demand (kW) – with load control	20,805	20,337
Investment in plant – total	\$36,396,460	\$38,824,988
Investment in plant – per mile	\$14,013	\$14,898
Investment in plant – per account	\$6,761	\$7,034
Long-term debt – total	\$11,153,918	\$11,630,889
Long-term debt – per account	\$2,072	\$2,107
Miles of line – overhead	2,317	2,308
Miles of line – underground	280	298
Cost of first 1,000 kWh		
General service (25 kVa)	\$136	\$142
Off-peak rate per kWh – long-term control	\$0.055	\$0.056
Off-peak rate per kWh – short-term control	\$0.077	\$0.079
Average residential usage – annual kWh	18,987	17,528
Average residential usage – monthly kWh	1,582	1,461
Energy account write-offs	\$4,884	\$4,121
Number of regular employees	18	18
Capital credit payments:		
To estates on behalf of deceased patrons	\$75,530	\$82,252
General retirement – all patrons	\$455,210	\$490,147
Debt/equity ratios:		
Debt	54.3%	55.6%
Equity	45.7%	44.4%

## Closed Good Friday

In observation of Easter, Red Lake Electric Cooperative's headquarters will be closed Friday, March 30. In case of an electrical outage or emergency, call the after-hours phone number: 218-253-2200. Happy Easter!

## \$489,502 general capital credit payment given in March

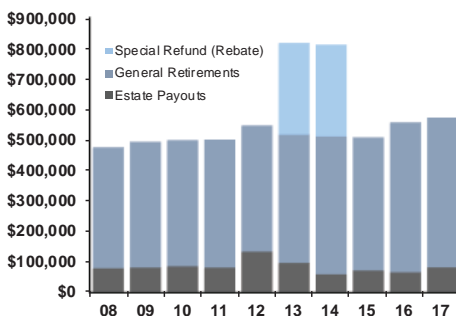
Red Lake Electric Cooperative's board of directors approved the payment of capital credits once again. This payment will include the balance of capital credits earned in 1999 and 100 percent of credits earned in the year 2000 for a total payout of \$489,502. Active members, if they received electric service in those years, will see a credit adjustment on the billing statement they receive (3635001.04 Treston Magner) 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.

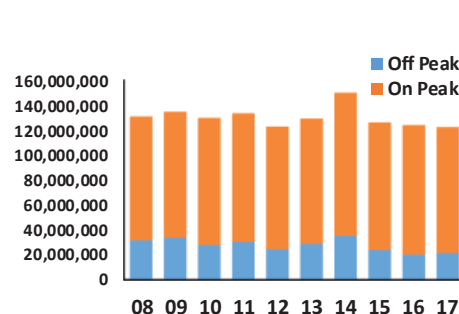
## NOTICE OF NAMES

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.

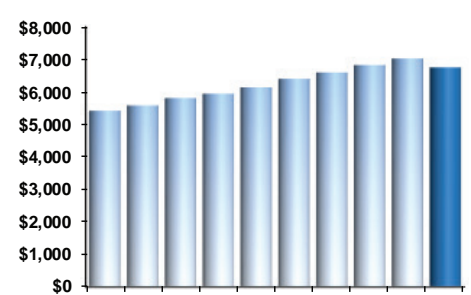
Capital Credits Paid to Members



Annual kWh Sales



Investment in Plant per Customer



# New year. Great rebates.

## Electric Heating Rebate Checklist

*Must be on off-peak.*



### ☐ 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.

**Rebate of \$50 per kilowatt (kW)**

### ☐ 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.

**Rebate of \$60 per kW**

### ☐ 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.

**Up to 16 SEER: Rebate of \$300 per ton**  
**17 SEER or greater: Rebate of \$500 per ton**

### ☐ 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.

**Closed loop: Rebate of \$400 per ton**  
**Open loop: Rebate of \$200 per ton**

### ☐ Electric underfloor boiler

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.

**Rebate of \$50 per kW**

### ☐ Other electric heating systems

Options include electric baseboards, cove heaters, electric floor cable, mats and more.

**Rebate of \$20 per kW**

## Electric Water Heater Rebate Checklist

*Must be on off-peak*



### ☐ 100 gallon or greater

**\$350 rebate**

### ☐ 56-99 gallon

**\$300 rebate**

### ☐ 55 gallon or less

**\$150 rebate**

### ☐ Bonus rebates:

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

**Add \$100**  
for  
new building  
construction.

## Electric Vehicle Charger Rebate Checklist – 240V Level 2 Charger

*Must be on off-peak*



Residential Charger      Commercial Charger

### ☐ Electric vehicle (EV)

**\$50 rebate**

### ☐ Residential – Electric golf carts, ATVs, lawn mowers, etc.

**\$50 rebate**

### ☐ Commercial – Forklifts, Zambonis, etc.

**\$50 rebate**

**All equipment must be new and installed  
on Red Lake Electric Cooperative's system.**

**Equipment must be installed on RLEC's off-peak program.**

*Contact Member Services for more details!*

**218-253-2168**

## Red Lake Electric Employees

Kelli Brateng  
*Manager of Member Services*

Shirley Bregier  
*Manager of Finance & Administration*

Darcy Cardinal  
*Journeyman Lineman*

Steve Conely  
*Manager of Electric Operations*

Aaron Derosier  
*Journeyman Lineman*

Javen Eidsmoe  
*Power Use Advisor*

Jordon Gervais  
*Journeyman Lineman*

Roger Johannek  
*General Manager*

Jenny Kelley  
*Administrative Assistant*

Christie Klipping  
*Accountant*

Chris Knott  
*Engineering Technician*

Brett Knott  
*Lead Lineman*

Melanie LaCrosse  
*Member Accounts Specialist*

Laurie Malwitz  
*Custodian*

Warren Malwitz  
*Custodian*

Branden Narlock  
*Journeyman Lineman*

Sam Pahlen  
*Journeyman Lineman*

Mick Raymond  
*HVAC Service Technician*

Troy Schmitz  
*Crew Foreman*

Casey Thronson  
*Crew Foreman*

## Red Lake Electric Board of Directors

Randy Versdahl, *President*, District 6  
Mark Hanson, *Secretary-Treasurer*, District 5  
Stacy Blawat, *Vice President*, District 2  
Bonnie Christians, *Director*, District 1  
Colette Kujava, *Director*, District 3  
Steve Linder, *Director*, District 4  
Aaron Chervestad, *Director*, District 7  
Robbie Finstad, *Director*, District 8  
Pete Mosbeck, *Director*, District 9





The Operation Round Up® program at Red Lake Electric enjoyed another successful and generous year in 2017. A total of \$23,600 was granted to 41 different projects for nonprofit and community organizations. That brings (7031001.03 Genevieve & Ray Stirling) the total of grants made since the program began in 1993 to \$512,716.

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 now 4,238 members who contribute to Operation Round Up. They represent 97 percent participation of the 4,362 Red Lake Electric members, an outstanding participation level. For an average of fifty cents a month or \$6.00 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*

**Roger Johanneck**

*Ex-Officio Director*

## Red Lake Electric Trust, Inc. FINANCIAL REPORT

*For the year ended December 31, 2017*

**CASH BALANCE FORWARD** **\$ 6,177.28**

### RECEIPTS

Operation Round Up Donations	\$ 25,019.44
Other Contributions	0.00
Checking Account Interest	3.66
<b>Total Receipts</b>	<b>\$ 25,023.10</b>

### EXPENDITURES

Administrative Expenses:	
Director Meeting Fees & Expenses	\$ 416.14
Annual Filing Fee, State of Minnesota	25.00
Annual Compilation (Audit) Fee	220.00
<b>Total Administration</b>	<b>\$ 661.14</b>

### Grants Made: (41):

NCH Trails to Treatments	\$ 1,000.00
TRF Volunteer Fire Department	1,000.00
Viking Fire and Rescue	1,000.00
RLF Volunteer Fire Department	1,000.00
Goodridge Area Fire and Rescue	600.00
St. Hilaire Fire & Rescue Department	600.00
Plummer Volunteer Fire Department	600.00
Strandquist Area Food Shelf	500.00
Falls DAC (TRF)	500.00
Middle River - Thief Lake Living At Home Program	500.00
Red Lake County Central Elementary Backpack Program	250.00
Inter-county Nursing Service - TRF	1,000.00
Little Brother / Little Sister Program (TRF)	500.00
Little Brother / Little Sister Program (Marshall Co)	500.00
Violence Intervention Project - TRF	250.00
Thief River Falls Police Department	250.00
Thief River Falls Area Community Theater	250.00
Pennington County Crime Victim Services	250.00
Life Care Center	250.00
Northwest Community Action Head Start/Early Head Start	250.00
American Cancer Society - Red Lake Co Chapter	250.00
Girl Scout Troop 20246	250.00
Kratka 4-H Club	250.00
Violence Intervention Project - TRF	1,000.00
Polk Co Mounted Posse	700.00
RLF Volunteer Ambulance Service	1,000.00
St. Hilaire Fire & Rescue Department	650.00
Newfolden Volunteer Fire Dept	1,000.00
Goodridge Area Fire and Rescue	1,000.00
Red Lake County Victim Services	500.00
American Cancer Society - Red Lake Co Chapter	250.00
Goodridge Area Historical Society	500.00
Polk County Historical Society	500.00
Middle River Seniors	500.00
Tri-Community Living at Home/Block Nurse Program	700.00
Marshall County Social Services	500.00
Safety Camp	500.00
ECFE Red Lake County	500.00
Red Lake County Holiday Gift Program	500.00
Christmas for Pennington County	500.00
TRF Area Food Shelf	1,000.00
<b>Total grants made</b>	<b>\$ 23,600.00</b>

**Total Expenditures** **\$ 24,261.14**

**CASH BALANCE December 31, 2017** **\$ 6,939.24**



**Red Lake Electric  
Cooperative Inc.**

## ***Guest Speaker***



**Mac McLennan**

*President & CEO*  
Minnkota Power Cooperative

Robert "Mac" McLennan is the president & CEO of Minnkota Power Cooperative, Red Lake Electric Cooperative's wholesale power provider 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 from the University of Jamestown. He and his wife, Debbie, reside in Grand Forks.

# **80<sup>th</sup> Annual Meeting Agenda** **Wednesday, March 28, 2018**

**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 – Randy Versdahl

National anthem . . . . . Grace Harmoning

Invocation . . . . . Aaron Chervestad

Introductions . . . . . Randy Versdahl

### **Business Session**

Notice of meeting and affidavit of mailing . . . . . Mark Hanson

Establishment of quorum . . . . . Mark Hanson

Reading of 2017 meeting minutes . . . . . Mark Hanson

President's report . . . . . Randy Versdahl

General Manager's report . . . . . Roger Johanneck

Financial report . . . . . Shirley Bregier

Guest speaker . . . . . Robert "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

*This New Road We're Traveling*