

Small Change, BIG Impact.

REA's Operation Round Up has surpassed **\$1 MILLION** in grants!

NEWSLINE

September 2020

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\$1 million in grants to local non-profit organizations and community service programs - CONGRATULATIONS and THANK YOU REA Members!

“On behalf of the REA Trust Board, I want to thank all REA members who agree to have their electric bills rounded up to the nearest dollar,” said REA Trust Board Chairman Rod Borden. “It’s amazing how much good can come from just a few cents per month!”

Over the past 17 years, Operation Round Up funds have been used to help youth and senior organizations, food shelves, community

organizations, park and rec associations, health groups, emergency responders and more. The list of recipients from the August distribution meeting will be featured in the October issue of *Newsline*.

Are you participating in Operation Round Up? Simply look on the top portion of your bill to see if Operation Round Up is listed.

If you are currently not signed up for Operation Round Up but would like to participate, please call the REA office at 800-473-1722 or email rea@runestoneelectric.com. *Your small change can do great things!*



“Thanks”
Robin from the Grant County Humane Society



“A”
Kathryn from the Alexandria Senior Center



“Million”
Bob from the Grant County Historical Society



“REA”
Ruth from AAUCP



“Members”
Lucas & Isaac from Boy Scouts



“For”
Brad from Central Lakes Symphony Orchestra



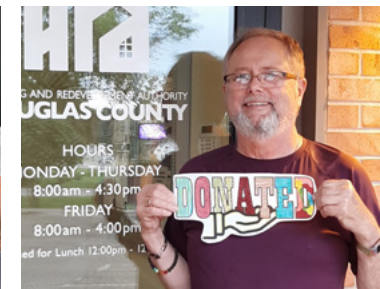
“1”
Tim from D.O.U.G.L.A.S



“Million”
Kris from Douglas County Car Care



“Dollars”
from Alex Veteran's Park



“Donated”
Al from Douglas County HRA



“To”
Chuck from Red Willow Arts Association



“Nonprofits”
Emily from Knute Nelson Foundation



“Since”
Nancy from Alexandria Senior Center



“2003”
Mary from Titus II

Although we were not able to gather to celebrate the **\$1 Million Milestone**, we celebrated at a distance. Check out (above) how a few organizations that Operation Round Up has funded throughout the years came together (but apart) to say: **“Thanks a million REA members for \$1 million donated to nonprofits since 2003”**

A Note from your President and Interim CEO

No In-Person 2020 Annual Meeting Due To Pandemic



Barbara Johnson
President

We hope this message finds you and yours in good health. The last six months have been very unique and challenging as we deal with the COVID-19 pandemic.

REA's 84th Annual Meeting was scheduled for April 16, which of course, had to be postponed. Our bylaws allowed mail-in voting for the board of directors election, which is one of the major activities associated with the annual meeting. On April 16, Pemberton Law representatives counted the ballots for the District 7 election, and REA's attorney, Paul Johnson, certified the results. In District 7, Matthew Mattson received 121 votes prevailing over incumbent Brad Burklund with 94 votes. The director elections for District 3 served by director Audrey Hjelle and District 6 served by director Clif Patrick were uncontested, so balloting for those positions was not required. The board appointed Director Hjelle and Director Patrick to continue to serve until confirmation can be made at the next annual meeting.



Al Haman
Interim CEO

Director Patrick to continue to serve until confirmation can be made at the next annual meeting.

A reorganization meeting was held on April 30, 2020, to elect officers for the cooperative. Elected were Barbara Johnson - District 2, President; Audrey Hjelle - District 3, Vice President; Gary (Andy) Anderson - District 1, Secretary; and Mike Loken - District 5, Treasurer. Other directors on the board include David Staples - District 4, Clif Patrick - District 6, and Matthew Mattson - District 7.

At each subsequent monthly Board meeting since April, staff and legal counsel have reported on various options available to hold a rescheduled annual meeting. We continued the postponement of the annual meeting as we hoped for an easing of the public meeting restrictions. Finally, in July, the Board reviewed five different options for the Annual Meeting within the framework of the REA Bylaws. Because of the Governor's Executive Orders and recommendations from the Minnesota Department of Health, which comprise the "Stay Safe" Minnesota plan, including the large group prohibitions and requirements, the board determined that holding an in-person annual meeting was ill-advised and unsafe for the cooperative members. It was simply not in the best interests of the cooperative members to hold a live in-person annual meeting. A live

online meeting was considered, but it would be subject to concerns about the lack of internet access by many of the members together with technological challenges. With the election part of the Annual Meeting completed, the Board determined that it was in the best interests of the members to fulfill the business requirements of the annual meeting by providing reports on 2019 from the President and CEO in this issue of Newsline. Electronic versions of this newsletter are available at www.runestoneelectric.com. It is disappointing we can't have an opportunity to gather, but we wanted to wrap up 2019 in the best way possible. Thank you for your understanding.

The annual report was mailed to all members in mid-March. The graphs and statistics shown on page 3 reflect the content of the annual report. Overall, 2019 was an excellent year, and the cooperative continues to be in a sound financial position. Auditors issued a clean opinion on the financial statements for 2019. Growth was steady, and electrical reliability indices were at historical highs. Interest rates continue to be low as we take advantage of available sources of funding for new construction of distribution lines and electric services. REA's operations and maintenance programs are adequately funded as we care for and improve the delivery system. Our power supplier, Great River Energy, continues to forecast steady wholesale power rates into the near future while it works to position the power supply portfolio towards renewables.

Since we are over halfway through 2020, we would like to provide an interim report. The COVID-19 pandemic has not materially impacted the cooperative's operation or financial health. While we have had to modify some of our business practices, such as closing the lobby for a period of time, social distancing of employees, exploring work from home opportunities for some employees, and most recently the implementation of face coverings, employees continued to operate as close to normal as could be possible. We experienced a revenue shift from commercial accounts to residential accounts while the stay-at-home order was in effect. However, the shift was off-setting, and the warm weather this summer has resulted in strong revenue coupled with a reduction in expenses, particularly power supply cost. Hopefully, the remainder of the year will follow in line with the budget for a positive finish.

In closing, we look forward to returning to some sense of normal by holding our usual events in 2021, including the annual meeting, pancake feed, Member Advisory Council meetings, and more. Thank you to all the members that participate in Operation Round Up. Your small change has made a huge difference in the communities we serve - a million-dollar difference!

REA Board of Directors:

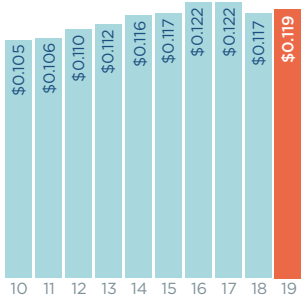
August 2020

Mike Loken - District 5,
Audrey Hjelle - District 3,
Barbara Johnson - District 2,
Gary (Andy) Anderson - District 1,
Clif Patrick - District 6,
David Staples - District 4,
Matthew Mattson - District 7



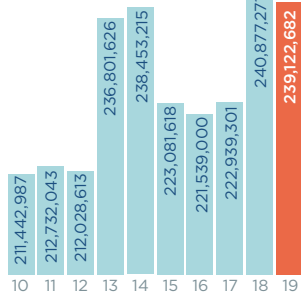
2019
STATISTICS

REVENUE PER KWH
Cents/kWhs Sold



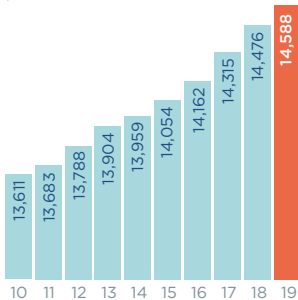
Revenue per kilowatt-hour sold went up to 11.9 ¢.

KWH SOLD



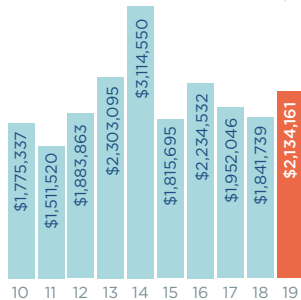
This chart represents the total amount of energy sold to our members.

TOTAL CONSUMERS
Total Service Accounts



This chart shows the number of electrical service accounts served by the cooperative at the end of the year.

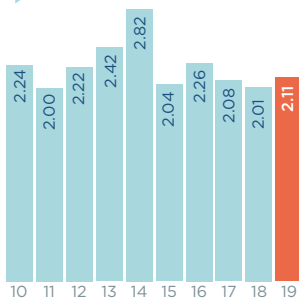
NET MARGINS



Margins include REA net margins and patronage capital allocated from our power supplier and other associated organizations.

TIER

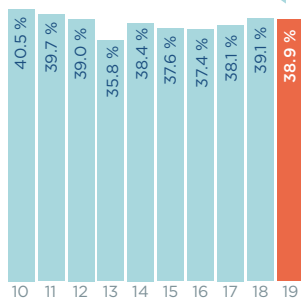
Time Interest Earned Ratio



TIER (Time Interest Earned Ratio) is a measure of the cooperative's ability to pay its interest expense. The minimum ratio for our lenders is 1.25.

EQUITY

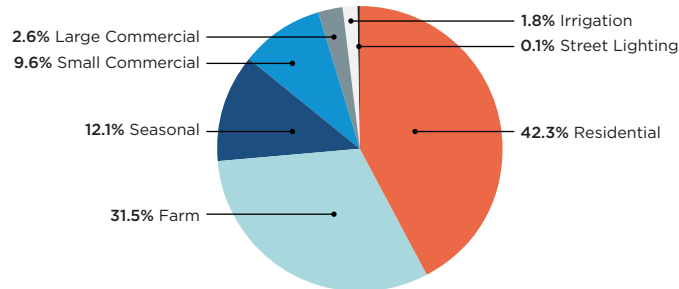
Percent



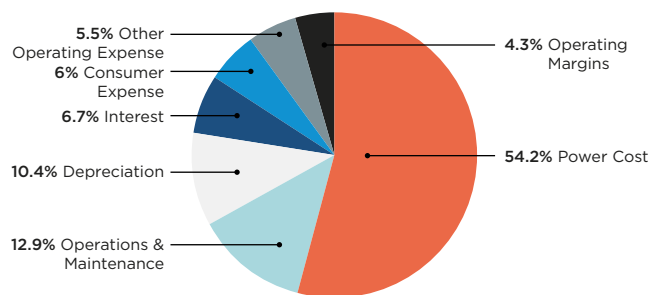
This graph represents our members' equity in their cooperative or how much they own as a percent of assets.

2019
ELECTRIC DOLLAR

WHERE IT CAME FROM



WHERE IT WENT



IN COMPARISON CONSUMERS PER MILE OF LINE

REA:
4.9 Consumers

Local Municipal:
35 Consumers

National Average Investor Owned Utility:
35 Consumers

As of December 31, 2019, **REA has 4.9 Consumers per mile of line**



As of December 31, 2019, **REA has 2,987 miles of line**

1,945 miles overhead

1,042 miles underground

1 mile

REA Board of Director Meeting Highlights - July 2020

- » Mrs. Nelson reviewed the Financial Report for June 2020 noting strong energy sales and low operating expense for the month increased the REA margin in June. The Great River Energy COVID relief refund for the months of July, August & September will be used as a credit WPCA to REA's members, and deferred revenue will be used for tree clearing.
- » Mr. Rooney reviewed the GroShed Demonstration Project, Simonson's DC Fast Charger ribbon-cutting ceremony, and noted an increase in REA Generator program inquiries and

installs. To date, 30 generators have been sold since the inception of the program in 2018.

- » Interim CEO Haman reviewed REA's COVID preparedness plan.
- » Office hours will remain 7:30 a.m. to 4:00 p.m. year-round for improved customer service and better alignment of work schedules.
- » **The regular September Board Meeting will be September 29, 2020 at 9:00 a.m.**

DIRECTOR SPOTLIGHT

Mike Loken

Mike is the District Five Director, representing La Grande and Alexandria Townships. Mike is more than just a director; when he's not volunteering, he's busy gardening and farming. Read more about Mike below:



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Office Hours:

7:30 a.m. to 4 p.m. Mon- Fri.

REA will be closed on Monday, Sept. 7

Board of Directors

- District 1: Gary (Andy) Anderson, Secretary
- District 2: Barbara Johnson, President
- District 3: Audrey Hjelle, Vice President
- District 4: Dave Staples, Director
- District 5: Mike Loken, Treasurer
- District 6: Clif Patrick, Director
- District 7: Matthew Mattson, Director

Editorial Staff

Al Haman, Interim CEO

Sue Lundeen, Editor

Ally Coleman, Communications Specialist

In Case of a Power Outage

- » Please call 800-473-1722 for 24-hour service. Please report any tree branches in lines, twisted wires, broken poles and if your neighbors are also out of power.
- » Be sure to have a corded phone or a charged cell phone in the house, because cordless phones won't work when the power is out.
- » Program the number above into your cell phone for easy access.
- » Never assume we know you are without power. Always call to report an outage.

REA is an Equal Opportunity Provider

Know what's below, Call before you dig!



Call 811 or visit
gopherstateonecall.org
before you dig

How many years have you been on the board?

I have served on the board two and one half years.

Where do you live?

I live in La Grand Township, south of Garfield on the Barrett Road.

Where is your hometown/high school?

I live on a little piece of the farm I grew up on. I went to country school out here until eight grade and then graduated from Jefferson High School in Alexandria.

Tell us about your family.

Ginny and I have been married for 17 years. We both lost our spouses in 2001 just a few months apart. We were introduced to each other in 2002, and we were married in 2003. Between us we have 7 children, 15 grandchildren and 2 great-grandchildren.

What is your passion as a board member?

I'm passionate about helping REA prepare for the new world when we are not using fossil fuels to generate electricity and maybe for a time when the amount of electricity used will be greatly increased through us having electric cars, buses, trucks and tractors. I think it is a very exciting time.

What is your favorite REA program?

There are quite a few programs that help members use electricity in the best possible manner, but maybe my favorite program is Operation Round Up where all the members are able to make small contributions every month. In total we've raised over the million dollar mark in giving back to our communities. Our area is blessed with tremendous resources and still, in spite of that, there are unmet needs. There are a lot of non-profits working in this area to help meet these needs and this million dollars from Operation Round Up does a lot to help meet the needs.

What keeps you busy outside of being a director for REA?

I live on 35 acres so I use some of the acres to plant corn and some acres are hay fields I need to maintain. We have a really big garden that all take time too. When I moved back here, I became involved with Habitat for Humanity and Love INC during their early years, serving on their boards and helping raise money to get the organizations started. I still volunteer with West Central Community Action to help prepare taxes for low income people as a free service. I think this was my 12th or 13th year of doing this. I'm also active in my church.

What is something others might not know about you?

I can't sing and I enjoy cooking!

What is the best advice you've either given or received?

I don't know exactly, but I think I hold in high value the Three F's - faith, family and friends. I think that if you have a strong faith, a supporting family, and a few good, close friends, you are equipped to handle whatever challenge comes your way.

Three words that best describe you:

Honest, big-picture and forward looking

BONUS Questions:

Tractors - Red or Green?
I grew up with red, orange and green, but I'm pretty much a green guy at this point in my life.

Lefsa - Sugar or No Sugar?
Brown sugar and butter - lefsa should be served warm.

Do you say Wash or Wash?
Wash