

# ANNUAL REPORT

## 2020: The year of challenges, unknowns, and successes

Due to the Covid-19 pandemic, 2020 and thus far in 2021 have been a time of changes and adaptation at Runestone Electric Association (REA). The District Meetings were held in January 2020, elections were held by mail, but unfortunately, we were unable to hold the Annual Meeting. This year the District Meetings that are normally held in January or February have been postponed until outdoor meetings can be held in June. The Annual Meeting is planned in August. More information on that will come later.

Because of the lateness of the Annual Meeting, we are publishing our 2020 Annual Report in this issue of Newsline.

The year 2020 was financially a good year for the cooperative. We have received a clean report from the auditors. At year end, the total assets of the cooperative were \$95 million. That includes the office and warehouse building, our 19 substations, poles, wires, both overhead and underground, transformers, and much more. The mild weather has allowed crews to focus on plant improvement projects. Our equity is at 39.3%, up .4% from the previous year, and our ratios exceeded lending requirements. Our expenses were lower than budgeted, primarily due to changes required by the pandemic. We had an opportunity to refinance some of our long-term loans to lower interest rates, saving the cooperative money. Because REA's membership is highly residential, we have seen

little impact financially from the pandemic.

A big benefit to you of belonging to a cooperative is that excess margins are returned back to you in the form of capital credits, rather than to stockholders. In 2020, we retired \$1.3 million in capital credits. The general retirement checks were sent out to our members last March. In total, we have retired \$17.9 million cumulative. The board has also authorized payments this year, and those checks will be sent out on April 28, 2021.

In April 2020, we named Al Haman to be our interim CEO after the resignation of Kris Dolan. After nine months of being interim, the Board of Directors named Al to be our full-time CEO and also head of Operations and Engineering, effective January 1, 2021. The transition has been smooth, and Al has handled well all the unknowns that have come up with the pandemic. The employees have all done a great job of keeping the systems running smoothly and keeping your lights on.

We look forward to meeting with you in-person at the District 2 and District 5 meetings in June and at the Annual Meeting in August.

**Barbara Johnson**  
Board President



### Meet your Board of Directors

Listed left to right: Mike Loken (District 5), Audrey Hjelle (District 3), Barbara Johnson (District 2), Gary (Andy) Anderson (District 1), Clif Patrick (District 6), Dave Staples (District 4), Matthew Mattson (District 7).

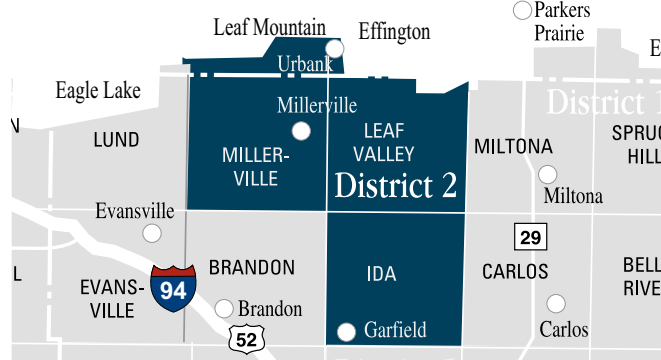


### DISTRICT 2 MEETING

Join us at:

*gathered oaks*

4550 Co Rd 34 NW  
Alexandria, MN 56308



#### District 2 Townships:

Millerville, Leaf Valley, and Ida

Monday,  
June 14, 2021

6:30 p.m.

### DISTRICT 5 MEETING

Join us at:



1951 Englund Rd SW  
Alexandria, MN 56308



#### District 5 Townships:

LaGrand and Alexandria

Thursday,  
June 17, 2021

6:30 p.m.



**REA's 84th  
Annual Meeting:  
August 2021**

More details to come

# BALANCE SHEET

# REVENUE & EXPENSE

WHAT WE OWN

### UTILITY PLANT

Electric Plant in Service	\$100,487,327
Construction Work in Progress	93,627
<b>TOTAL UTILITY PLANT</b>	<b>\$100,580,954</b>
Less: Reserve for Depreciation	25,307,706
<b>NET UTILITY PLANT</b>	<b>\$75,273,248</b>
<b>NON UTILITY PROPERTY</b>	<b>\$161,897</b>
<b>PATRONAGE CAPITAL - ASSOCIATED ORGANIZATIONS</b>	<b>\$11,936,647</b>
<b>CFC INVESTMENTS</b>	<b>\$586,630</b>
<b>OTHER INVESTMENTS</b>	<b>\$747,064</b>

### CURRENT & ACCRUED ASSETS

Cash & Temporary Investments	\$2,251,946
Accounts Receivable, Less Reserve	2,894,474
Interest Receivable	6,794
Materials & Supplies	694,121
Prepayments	186,293
<b>TOTAL CURRENT &amp; ACCRUED ASSETS</b>	<b>\$6,033,628</b>
<b>DEFERRED DEBITS</b>	<b>\$587,311</b>
<b>TOTAL ASSETS &amp; OTHER DEBITS</b>	<b>\$95,326,425</b>

<b>LONG-TERM OBLIGATION TO FFB</b>	<b>\$45,887,019</b>
<b>LONG-TERM OBLIGATION TO CFC</b>	<b>\$4,240,772</b>
<b>LONG-TERM OBLIGATION TO COBANK</b>	<b>\$613,996</b>
<b>LONG-TERM OBLIGATION-RURAL DEVELOPMENT</b>	<b>\$300,000</b>
<b>OTHER NON-CURRENT LIABILITIES</b>	<b>\$230,174</b>

### EQUITIES & MARGINS

Capital Credits Assigned to Membership - REA & Other	\$23,903,804
Capital Credits Assigned to Membership - GRE	9,912,688
Capital Credits Assignable Current Year	2,097,601
Other Equities	1,590,243
Donated Capital	4,128
<b>TOTAL EQUITIES AND MARGINS</b>	<b>\$37,508,464</b>

### CURRENT & ACCRUED LIABILITIES

Accounts & Notes Payable	\$3,320,620
Consumer Deposits	38,826
Taxes & Interest Payable	387,300
Current Maturities of Long-Term Debt	1,901,331
Other Liabilities	428,844
<b>TOTAL CURRENT &amp; ACCRUED LIABILITIES</b>	<b>\$6,076,921</b>

<b>DEFERRED CREDITS</b>	<b>\$469,079</b>
<b>TOTAL LIABILITIES &amp; OTHER CREDITS</b>	<b>\$95,326,425</b>

WHAT WE OWE

### OPERATING SALES & REVENUE

	2020	2019
Electric Energy Revenue	\$28,856,364	\$28,550,357
Consumer Late Payments	114,738	137,551
Miscellaneous Electric Revenue	92,447	109,140
<b>TOTAL OPERATING REVENUE</b>	<b>\$29,063,549</b>	<b>\$28,797,048</b>

### OPERATING EXPENSE

Cost of Power	\$15,814,362	\$15,605,081
Operations and Maintenance Expense	3,553,198	3,720,439
Depreciation	3,388,005	2,985,499
Interest	1,779,679	1,929,173
Consumer Service and Information	941,114	1,003,382
Consumer Accounting and Collecting	690,673	731,551
General Office Expense	643,946	673,083
Maintenance of General Property	476,418	519,296
Special Services	147,712	132,663
Miscellaneous General Expense	130,479	171,264
Directors' Fees and Expense	73,849	82,976
Other Deductions	8,175	10,500
<b>TOTAL OPERATING EXPENSE</b>	<b>\$27,647,610</b>	<b>\$27,564,907</b>

<b>OPERATING MARGINS</b>	<b>\$1,415,939</b>	<b>\$1,232,141</b>
<b>NON OPERATING MARGINS - Interest</b>	<b>\$120,064</b>	<b>\$235,192</b>
<b>NON OPERATING MARGINS - Other</b>	<b>\$92,046</b>	<b>\$133,861</b>
<b>TOTAL REA MARGINS</b>	<b>\$1,628,049</b>	<b>\$1,601,194</b>

### CAPITAL CREDITS ASSIGNABLE:

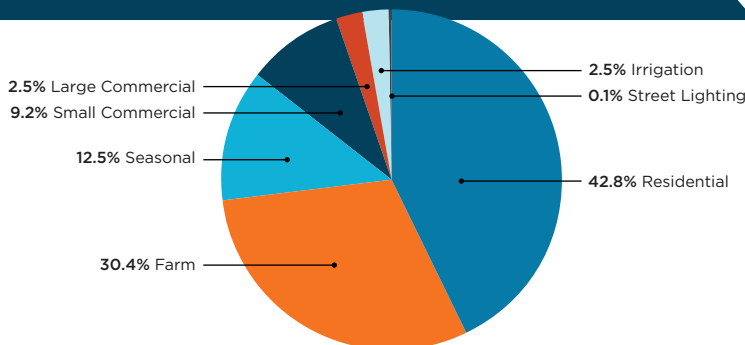
Runestone Electric Association Margin	\$1,628,049	\$1,601,194
Power Supply Patronage Capital	\$377,031	\$438,170
Other Patronage Capital	\$92,521	\$94,797
<b>TOTAL ASSIGNABLE CURRENT YEAR</b>	<b>\$2,097,601</b>	<b>\$2,134,161</b>

<b>PRINCIPAL AND INTEREST PAYMENTS</b>	<b>\$3,995,520</b>	<b>\$3,962,555</b>
<b>PROPERTY TAX PAYMENTS</b>	<b>\$233,249</b>	<b>\$213,089</b>
<b>kWh PURCHASED</b>	<b>250,627,662</b>	<b>254,381,502</b>
<b>kWh SOLD</b>	<b>235,434,444</b>	<b>239,122,682</b>

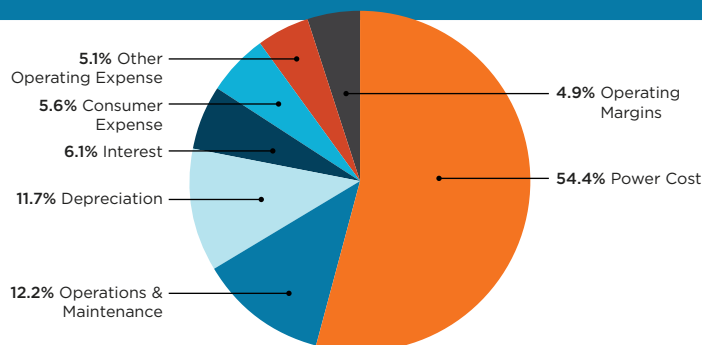


In total, REA has retired **\$17.9 MILLION** IN CAPITAL CREDITS to our members

### WHERE IT CAME FROM

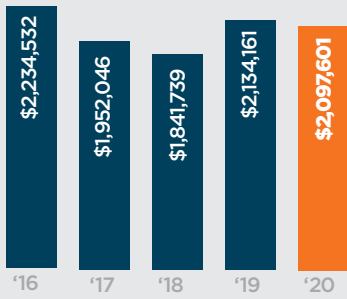


### WHERE IT WENT



# 2020 Statistics

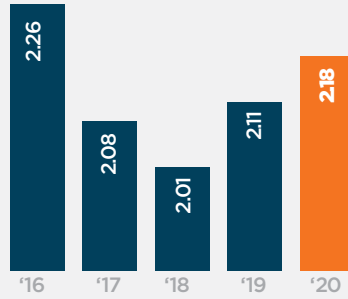
## Net Margins



REA net margins and patronage capital allocated from GRE and other associated organizations.

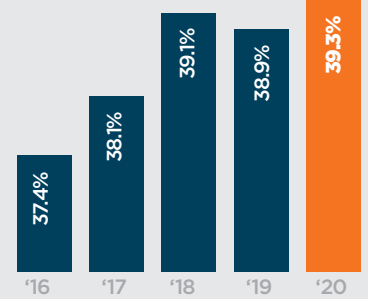
## TIER

Time Interest Earned Ratio



REA's ability to pay its interest expense. (1.25 Minimum)

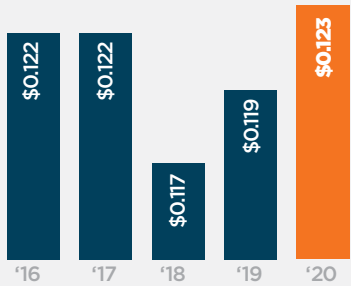
## Equity %



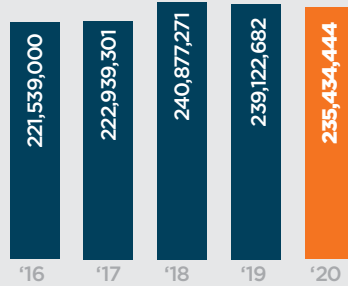
Member's ownership as a percent of assets.

## Revenue Per kWh Sold

Cents/kWhs Sold

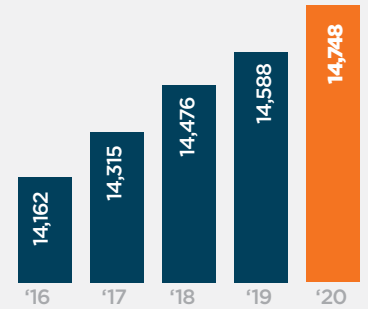


## kWhs Sold

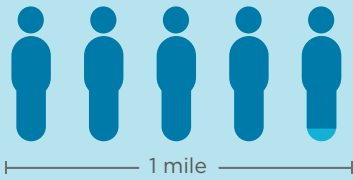


## Total Consumers

Total Service Accounts



REA has 4.9 service accounts per mile of line in 2020



**\$3 MILLION**

SAVED THROUGH ENERGY WISE MN RESIDENTIAL PROGRAMS

Like off-peak heating and cooling, storage water heaters, rebate programs, electric vehicle program + MORE!

Interested in these programs? Contact REA at 800-473-1722



**\$12,000**

In scholarships given in 2020  
*Funded by unclaimed capital credits*

## 2020 Outage Count

424 Total outages, with the average outage lasting 1.45 hours



**37%**

of our 14,748 service accounts take control of their account using:



Sign up today:  
[www.runestoneelectric.com](http://www.runestoneelectric.com)

## REA Fast Facts:

Headquarters: Alexandria  
Year Founded: 1935  
Employees: 36 full-time  
Members: 12,364  
Miles of Line: 2,989 total  
1,078 underground,  
1,911 overhead



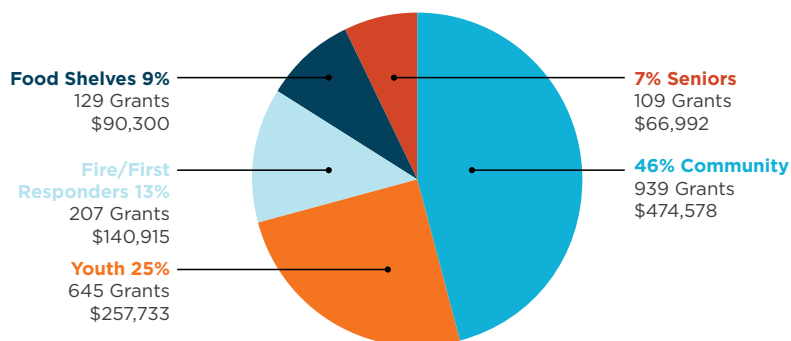
# 2020 Highlights

## Operation Round Up®

In August, Operation Round Up exceeded \$1 million in grants to local non-profit organizations and community service programs. 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. With 65% of REA members contributing an average of \$6 per year, it proves that small change can have a big impact.



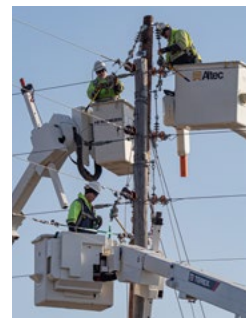
## Total Distribution of Grants Since 2003



Total Grants: **2,029** Total Amount: **\$1,030,518**

## System Improvements

In 2020, we spent \$850,000 on right-of-way clearing, changed out 726 poles, plowed in 18 miles of new underground cable, converted over 10 miles of overhead wire to underground cable, changed out 220 old transformers, added 183 new electric services, replaced the transformer in the Leaf Valley Substation and much more.



## WCA "Sota Grown Project"

REA, Great River Energy and Horizon Public Health partnered with West Central Area Schools in Barrett in a 'Sota Grown project. The GroShed agricultural demonstration project provides hands-on experience for students resulting in fresh, local produce, even during Minnesota's long winters.



## Electric Vehicle Infrastructure

REA is one of several partners responsible for the installation of an EV fast-charger at the Simonson's Station Store in Alexandria. Last fall, REA was recognized by ReCharge Minnesota for the education and promotion of zero-emission (electric) vehicles.



### VALUES

Service, Integrity, Dependability, Engagement, Stewardship



### VISION

To be better than our members expect us to be.



### MISSION

To serve our members with safe, reliable, and affordable electricity.



### FOUNDATION

7 Cooperative Principles, Our Members, Our Employees, Our Communities