

# ANNUAL REPORT



**Barbara Johnson**  
*Board President*

## A Note from your Board President: **Celebrating Growth, Students, and the Future!**

The year 2021 was financially a solid year for REA. We received a clean report from the auditors. At year-end, the total assets of the cooperative were \$99 million. That includes plant assets, like the office and warehouse building, our 19 substations, and overhead and underground poles, wires, and transformers. It also includes patronage from Great River Energy (our wholesale power supplier), other investments, cash and materials. The Cooperative currently has more material inventory than typical, to mitigate supply chain issues. Our equity is at 38.5%. All our ratios exceed lending requirements. Actual gross margin and expenses were close to budget for 2021.

The Cooperative finished 2021 with 254 new accounts – the most new accounts we’ve seen in many years, with many new residential and agricultural-related accounts. It’s good to see REA experiencing consistent growth over the past few years.

Looking forward –

The changing wholesale cost of power is one item we are watching. We will be looking for ways to take advantage of opportunities to hold electricity prices stable.

We are closely watching the evolution of electric vehicles. Will EVs become prevalent in rural America? Up to now, adoption has not been widespread, but we need to be prepared to accommodate this new demand for electricity.

Cybersecurity has been prominent in the news over the last few months. Be assured everyone in the industry of delivering electricity has this as a top priority. At REA, we train employees about cyber-attacks, internally review our systems, and take prudent steps to secure electronic and physical assets under our control.

CEO Al Haman has discussed potential changes to the fixed charge over the past year, encouraging member input. He has received calls, emails and letters from members. The need for change was discussed at the two District Meetings in February and at a Member Advisory Council meeting in March as part of our member comment period. The Annual Meeting brings the member comment period to a close. A final decision on how to move forward will be made in the coming months, with the plan’s implementation later in the year or possibly in 2023. We hope to give members sufficient time to prepare for any change.

I encourage you to come to the Annual Meeting to learn more about these subjects and other interesting topics. We’re excited to bring back the \$25 gift certificate to REA-member businesses for members attending the meeting. You can also join us in celebrating the fourteen students who will receive \$1,000 scholarships. We look forward to seeing you on April 28th!

*Must be present at Annual Meeting to receive a gift certificate.*

**Attend the Annual Meeting and receive a**

**\$25 Gift Certificate**  
*(1 per membership)*



**Redeemable only at Participating REA Member Businesses:**

- |  |  |
|--|--|
| <b>22 Northmen Brewing</b><br>320-846-5443               | <b>Jim &amp; Judy’s</b><br>320-852-7604              |
| <b>Beau Coffee Company</b><br>320-239-2078               | <b>Kadejan Market</b><br>320-460-8710                |
| <b>Brother’s Market - Carlos</b><br>320-852-7331         | <b>Lake Café at Arrowwood Resort</b><br>320-762-1124 |
| <b>Brother’s Market - Miltona</b><br>218-943-3333        | <b>Lake Miltona Golf Club</b><br>218-852-7078        |
| <b>Burr Vineyards</b><br>651-726-4397                    | <b>Lake Reno Bar &amp; Grill</b><br>320-283-5030     |
| <b>Carlos Creek Winery</b><br>320-846-5443               | <b>L’Etoile du Nord Vineyard</b><br>320-298-4686     |
| <b>Chet’s Lakeside Inn</b><br>218-943-2471               | <b>Long Lake Lodge</b><br>320-524-2755               |
| <b>Country Blossom Farm</b><br>320-334-1620              | <b>Rolling Forks Vineyards</b><br>320-634-7655       |
| <b>Diamond Waves &amp; Wags Car Wash</b><br>320-759-8040 | <b>Selective TV</b><br>320-763-5924                  |
| <b>Doraisamy Farm</b><br>320-524-2513                    | <b>Stivland Gardens</b><br>320-283-5227              |
| <b>Erickson’s Petting Zoo</b><br>320-762-0184            | <b>Stoke Wood-Fired Pizza</b><br>320-846-5443        |
|  | <b>Tipsinah Mounds Golf Course</b><br>219-685-4271   |



April 28, 2022

## REA ANNUAL MEETING

**Alexandria Area High School**

**4 - 5 P.M. - Registration**  
**5 P.M. - Annual Meeting**

## Meet your **Board of Directors**

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



# BALANCE SHEET

# REVENUE & EXPENSE

WHAT WE OWN

### UTILITY PLANT

Electric Plant in Service	\$103,937,664
Construction Work in Progress	135,675
<b>TOTAL UTILITY PLANT</b>	<b>\$104,073,339</b>
Less: Reserve for Depreciation	27,431,681
<b>NET UTILITY PLANT</b>	<b>\$76,641,658</b>

### NON UTILITY PROPERTY

<b>NON UTILITY PROPERTY</b>	<b>\$161,897</b>
<b>PATRONAGE CAPITAL - ASSOCIATED ORGANIZATIONS</b>	<b>\$12,471,754</b>
<b>CFC INVESTMENTS</b>	<b>\$582,707</b>
<b>OTHER INVESTMENTS</b>	<b>\$795,517</b>

### CURRENT & ACCRUED ASSETS

Cash & Temporary Investments	\$3,520,843
Accounts Receivable, Less Reserve	2,907,467
Interest Receivable	6,730
Materials & Supplies	1,750,992
Prepayments	44,393
<b>TOTAL CURRENT &amp; ACCRUED ASSETS</b>	<b>\$8,230,425</b>

### DEFERRED DEBITS

<b>DEFERRED DEBITS</b>	<b>\$351,977</b>
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### LONG-TERM OBLIGATION TO FFB

<b>LONG-TERM OBLIGATION TO FFB</b>	<b>\$48,807,465</b>
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### LONG-TERM OBLIGATION TO CFC

<b>LONG-TERM OBLIGATION TO CFC</b>	<b>\$3,499,567</b>
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### LONG-TERM OBLIGATION TO COBANK

<b>LONG-TERM OBLIGATION TO COBANK</b>	<b>\$566,385</b>
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### LONG-TERM OBLIGATION-RURAL DEVELOPMENT

<b>LONG-TERM OBLIGATION-RURAL DEVELOPMENT</b>	<b>\$300,000</b>
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### OTHER NON-CURRENT LIABILITIES

<b>OTHER NON-CURRENT LIABILITIES</b>	<b>\$235,596</b>
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### EQUITIES & MARGINS

Capital Credits Assigned to Membership - REA & Other	\$24,377,957
Capital Credits Assigned to Membership - GRE	9,734,278
Capital Credits Assignable Current Year	2,387,546
Other Equities	1,741,271
Donated Capital	5,152
<b>TOTAL EQUITIES AND MARGINS</b>	<b>\$38,246,204</b>

### CURRENT & ACCRUED LIABILITIES

Accounts & Notes Payable	\$3,277,594
Consumer Deposits	34,856
Taxes & Interest Payable	742,078
Current Maturities of Long-Term Debt	2,349,704
Other Liabilities	485,886
<b>TOTAL CURRENT &amp; ACCRUED LIABILITIES</b>	<b>\$6,890,118</b>

### DEFERRED CREDITS

<b>DEFERRED CREDITS</b>	<b>\$690,600</b>
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### TOTAL LIABILITIES & OTHER CREDITS

<b>TOTAL LIABILITIES &amp; OTHER CREDITS</b>	<b>\$99,235,935</b>
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WHAT WE OWE

### OPERATING SALES & REVENUE

	2021	2020
Electric Energy Revenue	\$29,770,138	\$28,856,364
Consumer Late Payments	103,379	114,738
Miscellaneous Electric Revenue	13,548	92,447
<b>TOTAL OPERATING REVENUE</b>	<b>\$29,887,065</b>	<b>\$29,063,549</b>

### OPERATING EXPENSE

Cost of Power	\$16,702,267	\$15,814,362
Operations and Maintenance Expense	3,721,544	3,553,198
Depreciation	3,585,791	3,388,005
Interest	1,623,101	1,779,679
Consumer Service and Information	969,947	941,114
Consumer Accounting and Collecting	732,666	690,673
General Office Expense	649,940	643,946
Maintenance of General Property	521,459	476,418
Miscellaneous General Expense	141,064	147,712
Special Services	139,860	130,479
Directors' Fees and Expense	67,400	73,849
Other Deductions	4,142	8,175
<b>TOTAL OPERATING EXPENSE</b>	<b>\$28,859,181</b>	<b>\$27,647,610</b>

### OPERATING MARGIN

<b>OPERATING MARGIN</b>	<b>\$1,027,884</b>	<b>\$1,415,939</b>
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### NON OPERATING MARGIN - Interest

<b>NON OPERATING MARGIN - Interest</b>	<b>\$37,090</b>	<b>\$120,064</b>
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### NON OPERATING MARGIN - Other

<b>NON OPERATING MARGIN - Other</b>	<b>\$274,051</b>	<b>\$92,046</b>
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### TOTAL REA MARGIN

<b>TOTAL REA MARGIN</b>	<b>\$1,339,025</b>	<b>\$1,628,049</b>
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### CAPITAL CREDITS ASSIGNABLE:

Runestone Electric Association Margin	\$1,339,025	\$1,628,049
Power Supply Patronage Capital	\$921,576	\$377,031
Other Patronage Capital	\$126,945	\$92,521
<b>TOTAL ASSIGNABLE CURRENT YEAR</b>	<b>\$2,387,546</b>	<b>\$2,097,601</b>

### PRINCIPAL AND INTEREST PAYMENTS

<b>PRINCIPAL AND INTEREST PAYMENTS</b>	<b>\$3,192,950</b>	<b>\$3,995,520</b>
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### PROPERTY TAX PAYMENTS

<b>PROPERTY TAX PAYMENTS</b>	<b>\$218,271</b>	<b>\$233,249</b>
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### kWh PURCHASED

<b>kWh PURCHASED</b>	<b>254,605,805</b>	<b>250,627,662</b>
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### kWh SOLD

<b>kWh SOLD</b>	<b>239,265,980</b>	<b>235,434,444</b>
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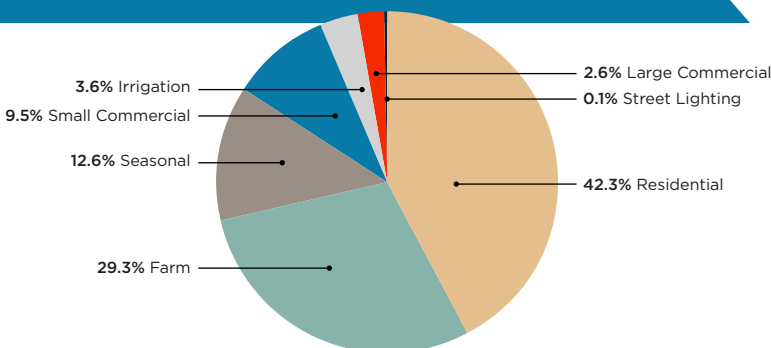
In total, REA has retired

**\$19.7 MILLION**

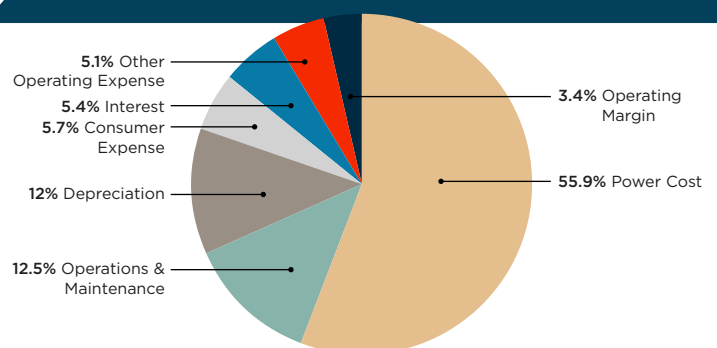
**IN CAPITAL CREDITS**  
to our members

Capital Credit checks will be mailed the week of April 18th.

### WHERE IT CAME FROM

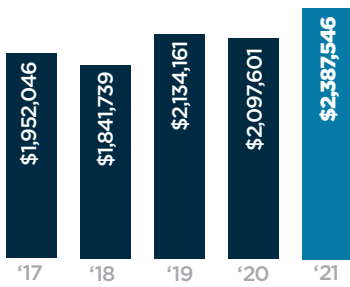


### WHERE IT WENT



# 2021 Highlights

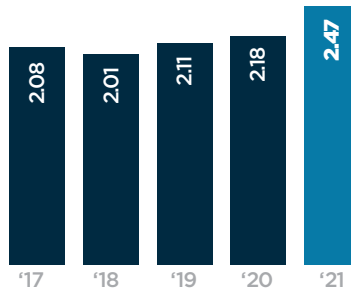
## Net Margin



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

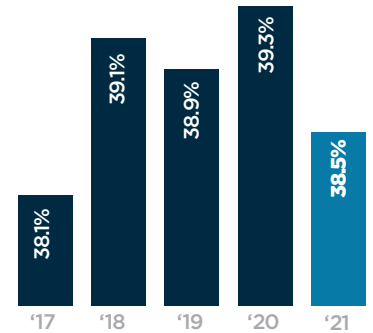
## TIER

### Time Interest Earned Ratio



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

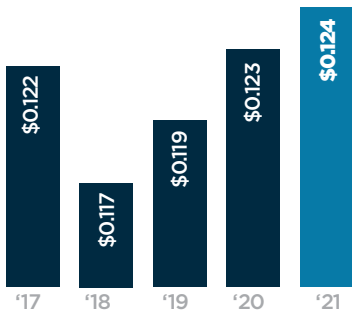
## Equity %



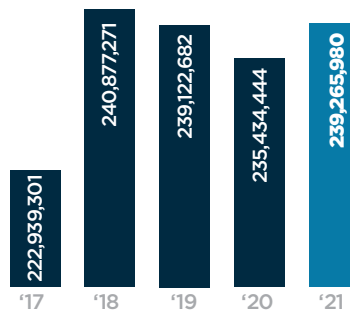
Member's ownership as a percent of assets.

## Revenue Per kWh Sold

Cents/kWhs Sold

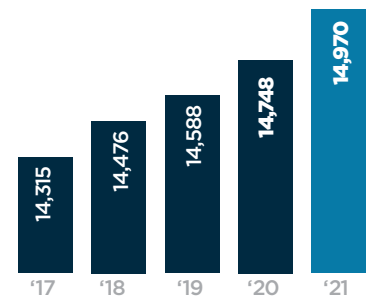


## kWhs Sold

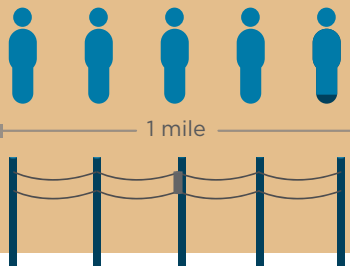


## Total Consumers

Total Service Accounts



REA has 4.9 service accounts per mile of line in 2021



\$9,000

In scholarships given in 2021

Funded by unclaimed capital credits

40%

of our 12,471 members take control of their account using:



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

## 2021 Outage Count

77 EQUIPMENT FAILURE Outages

45 ANIMAL Outages

18 VEHICLE Outages

67 WEATHER Outages

65 UNKNOWN OR OTHER Outages

27 UNDERGROUND FAILURE Outages

106 TREE Outages

405 Total outages, with the average outage lasting 1.84 hours

## REA Fast Facts:

Headquarters: Alexandria

Year Founded: 1935

Employees: 36 full-time

Electric Services: 14,970

Miles of Line: 2,998 total

1,110 underground,

1,888 overhead

# 2021 Highlights

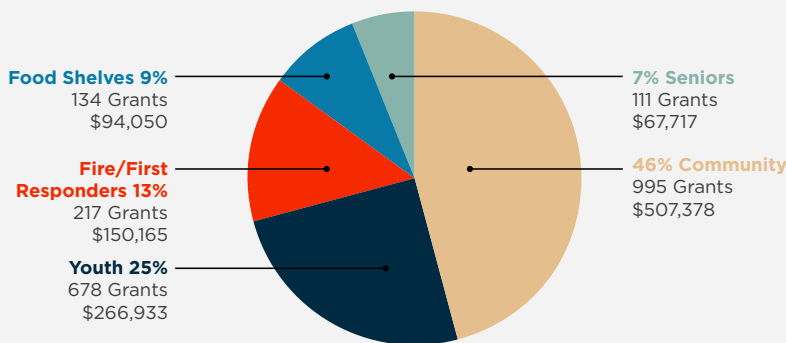
## Operation Round Up®

Operation Round Up provides grants to local non-profit organizations and community service programs. Over the past 18 years, Operation Round Up funds have been used to help youth and senior organizations, food shelves, community organizations, park and recreation 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.



The Runestone Electric Association Community Trust Board of Directors is made up of volunteers from Runestone's seven districts in the service territory. Thank you to Ron Tschaeokfske and Rod Borden for serving on the Trust Board for the past six years. New board members will be in place for the May 2022 meeting.

### Total Distribution of Grants Since 2003



Total Grants: **2,135** Total Amount: **\$1,086,243**



Operation Round Up Trust Board members include the following: Jeff Gaffaney, Glenwood; Vice President Ron Tschaeokfske, Parkers Prairie; Barry Wahlberg, Alexandria; President Rod Borden, Farwell; Deborah Anderson, Farwell; and Secretary/Treasurer Janet Johnson, Barrett. Not pictured: David Lundy, Alexandria.

## System Improvements

In 2021, we spent \$750,000 on right-of-way clearing, changed out 345 poles, plowed in 11.7 miles of new underground cable, converted over 20 miles of overhead wire to underground cable, changed out 255 old transformers, added 254 new electric services, and much more.



## Milk + Cookie Cruise

In celebration of Co-op month, we hosted a *Milk + Cookie Cruise*. On October 19th, REA invited our members to drive through our office parking lot to pick up a cookie and milk. Around 60 cars were greeted with smiles and leftover milk was donated to the Outreach Food Shelf.

## New Bill Layout

In December of 2021, REA rolled out a new bill layout. The simple layout will help you better understand your electric account and energy usage.



## MN Twins Play Ball! Clinic

The Minnesota Twins conducted a free *Play Ball! Minnesota* youth baseball clinic in Alexandria, Minn. on Saturday July 31, 2021. Hosted by Alexandria Public School Community Education and REA, the clinic took place at Alexandria Area High School Softball Complex. The clinic attracted almost 130 children age 6-12. The baseball clinic will be returning in 2022. Mark your calendars for August 7, 2022, and watch for details in upcoming editions of REA's *Newsline*.