



# NEWSLINE

May 2022

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## REA Members Gather for the Annual Meeting

Runestone Electric Association held its Annual Meeting on Thursday, April 28 at the Alexandria Area High School Performing Arts Center. Board of Directors seats were determined in Districts 1 and 4 and scholarships were awarded to 14 students (see story on page 3).

Runestone Electric's bylaws allow for uncontested director elections to be elected by acclamation, as was the case in District 1, where Gary (Andy) Anderson, Parkers Prairie, ran unopposed and was re-elected. In District 4, the incumbent Dave Staples, Kensington, received 148 votes while challenger David Lemmon, also of Kensington, received 126 votes. Fifteen percent of District 4's 1,853 eligible members cast ballots. Anderson and Staples will serve three-year terms.

During the business meeting, Board President Barbara Johnson and CEO Al Haman gave reports on the activities and financial condition of the Cooperative. The Cooperative reported assets of over \$99 million with 14,970 accounts at the end of 2021. "REA finished 2021 with 254 new accounts - the most new accounts in many years, with many new residential and agricultural-related accounts. From what we see so far this year, we hope that growth will continue," said President Johnson.

In his presentation, CEO Al Haman said 2021 sales and margin were very close to budget, hours off due to underground cable failures were at the lowest level on record, and changes are ahead for REA's wholesale power supplier, Great River Energy. Looking at 2022 and into the future, he said the cooperative is experiencing inflationary pressures and supply chain issues, a decreased maintenance budget to achieve an adequate margin without a rate increase and potential changes are ahead for the monthly fixed charge.

"Thank you to everyone who took time to come to the Annual Meeting to learn about current activities at REA," said Haman. "I especially appreciated the opportunity to answer questions and receive feedback from our members."

Immediately following the adjournment of the meeting, the Board of Directors held a Reorganizational Meeting to elect officers. Elected to their positions were Barbara Johnson (District 2), President; Gary (Andy) Anderson (District 1), Vice President; Mike Loken (District 5), Secretary; and Dave Staples (District 4), Treasurer. Other directors on the board include Clif Patrick (District 6), Matthew Mattson (District 7), and Audrey Hjelle (District 3).

### Gary (Andy) Anderson District 1 Director

*Runestone Electric's bylaws allow for uncontested director elections to be elected by acclamation, as was the case in District 1, where Gary (Andy) Anderson, Parkers Prairie, ran unopposed and was re-elected.*



### Dave Staples District 4 Director

*In District 4, the incumbent Dave Staples, Kensington, received 148 votes while challenger David Lemmon, also of Kensington, received 126 votes.*



Scholarship recipients were recognized during the meeting. Students that were able to attend include: Back row: Benjamin Ludwig, Ryder Staples, Isaac Carns. Front Row: Paige Wussow, Alexis Swendsrud, and Ben Koep. More on scholarship recipients on page 3.

### Were you not able to make it to the meeting?

Watch the recording on REA's YouTube Channel: [https://youtu.be/vuJpl3\\_Nm\\_s](https://youtu.be/vuJpl3_Nm_s)



**Al Haman**  
CEO

## A Note from your CEO Highlights from the Annual Meeting

Thanks to everyone who attended our Annual Meeting. We are happy to see so many members willing to attend a meeting on a busy spring night. I thought I'd recap a few items I shared during my report to the membership.

- Inflationary pressures that we see at home also affect the cooperative. Some of our key material has increased in price significantly in just 6 months. As a cooperative, we have very few options available to absorb increases over the long term.
- Increases in wholesale power and inflation have reduced our margin forecast for 2022. To achieve an adequate margin without a rate increase we will tighten our belt and decrease a few maintenance activities.
- Cost to convert overhead lines to underground runs between \$60,000 and \$90,000 per mile. During a typical year, we build about 40 miles of line.
- The large bucket and digger trucks now have a two-year lead time and cost over \$300,000. We have seven bucket and three digger trucks in the fleet and typically replace 1 per year.

### Long Term Planning

The average residential and seasonal services at Runestone Electric require over \$50 each month to cover expenses related to the equipment at the location plus the poles, wire, and substations that are shared by all members.

The rate making philosophy selected by Runestone is called the "minimum system method," which gives us the basic monthly cost to have equipment installed to light a single bulb at each location. There is no cost for the electricity itself in this calculation.

If we charge less than the basic monthly cost, the kWh rate must be increased to cover it. This creates a subsidy for low use accounts, paid for by higher use accounts. Both require the same minimum amount of infrastructure to be built, maintained, and kept ready to deliver electricity at any moment.

Our current monthly fixed charge of \$29.25 for a residential or seasonal service is far short of \$50. The remaining \$20 is added into the kWh cost and collected through sales volume.

Any change to the monthly fixed charge would be revenue neutral to the rate class. If the monthly fixed charge is increased, there is a direct off-set in the kWh rate. For example, a fixed charge of \$50, lowers the kWh rate to 9.2 cents. Right now we charge 12.5 cents in the summer, and 11.2 cents the rest of the year. The new rate of 9.2 cents saves 2 to 3 cents per kWh. Off-peak rates are not impacted. These numbers are still preliminary and based upon the last rate study completed in 2018. A rate study completed today would likely give us higher cost of service due to Inflation.

I've had members ask why we are looking at this now. There are many reasons, but I'll offer my big three.

First is more flexible rate making. As the wholesale power market evolves, programs and services can be readily developed to create cost savings that are passed on to you. For example, we already have five components to our wholesale power rates. GRE is signaling a potential for six in the near future.

The second benefit relates to electricity conservation. Many members, and much of our society as a whole, wish to see a transition to renewable electricity sources and an overall reduction in total energy use. In my opinion, a cooperative business model that continues to have a large portion of the basic cost of service recovered through high volume of kWh sales is in direct conflict with current public policy.

The third benefit is timing. We can do this on our own schedule, not in reaction to some future external event or situation beyond our control.

The Board of Directors hasn't decided on a plan of action. They could choose to raise the monthly fixed charge in one step, or in smaller increments over a period of three or four years. All comments are being considered with a final decision coming sometime this summer. If a change is approved, implementation should be expected later this year or at the beginning of 2023.

## REA Board of Director Meeting Highlights - February & March 2022

### February

- » Reviewed the Financial Report for January 2022 noting sales for January were 12% over budget and 23% higher than last January. The operating statement had a positive variance on the gross margin, offset by a negative variance on operating expense, leaving the REA margin close to budget. Higher operating expenses were related to receiving materials early and to the cold weather, which allowed a focus on vehicle and building maintenance.
- » Selected Director Hjelle to serve on the Great River Energy Board of Directors and Director Anderson to serve on the STAR Energy Services Board of Governors.

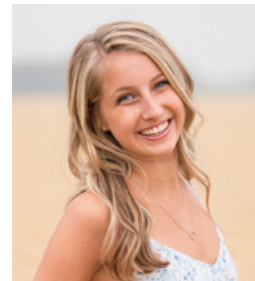
### March

- » Reviewed the Financial Report for February 2022 noting the winter continued with strong energy sales. February's kWh sales were 9% over budget. Expenses are ahead of budget for January & February, with material purchases early in the year and extra labor and costs for maintenance of general plant.
- » Accepted the 2021 Audit Report. A clean opinion was issued.
- » Canceled the grid access charge effective April 1, 2022.
- » **The regular May Board Meeting will be Tuesday, May 31, 2022 at 9:00 a.m.**

# Congratulations to REA Scholarship Winners

*We wish you the very best!*

REA's Scholarship Program is funded through unclaimed capital credits. This is money that would otherwise be claimed by the State of Minnesota. Scholarship applicants are required to have a parent or legal guardian that is a member of REA. Winners were determined through a random drawing.



**Alexis Swendsrud**  
Parents: Mike Swendsrud & Lisa Putnam  
Alexandria



**Bailey Hottovy**  
Parents: Todd & Elizabeth Hottovy  
Morris



**Paige Wussow**  
Parents: Keith Wussow & Sandra Dreger Wussow  
Garfield



**Ben Koep**  
Parents: Rick & Kirsten Koep  
Garfield



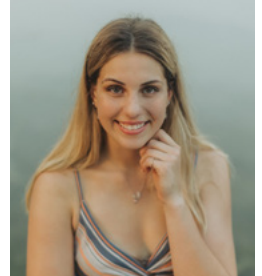
**Benjamin Ludwig**  
Parents: Marcus & Brenda Ludwig  
Elbow Lake



**Thomas Gronwold**  
Parents: Tom & Michelle Gronwold  
Evansville



**Ryder Staples**  
Parents: Dave & Amy Staples  
Kensington



**Maggie Anderson**  
Parents: Terry & Clarissa Anderson  
Alexandria



**Nathan Knoll**  
Parents: Dan Knoll & Lisa Knoll  
Alexandria



**Isaac Carns**  
Parents: Ryan & Jody Carns  
River Falls, WI



**Nathan Skiba**  
Parents: Michael & Sally Skiba  
North Branch, MN



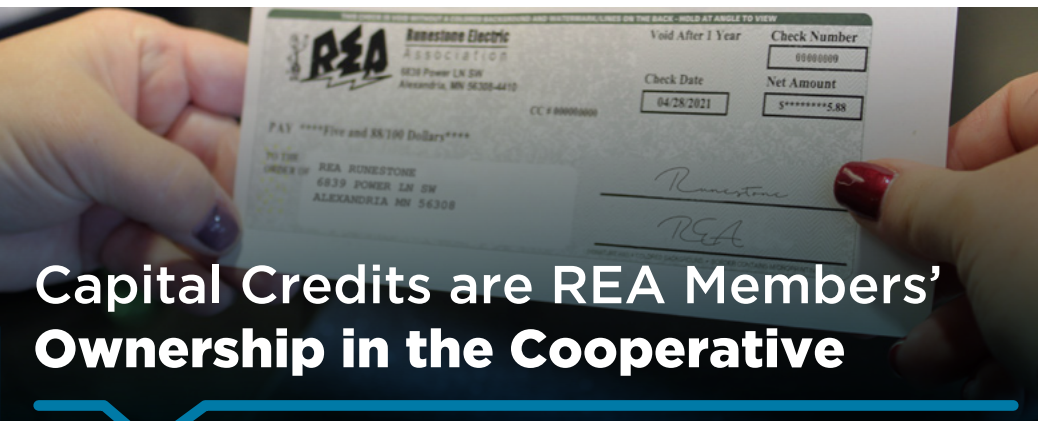
**Etta Danielson**  
Parents: Layne & Helene Danielson  
Baxter, MN



**Nathan Rankin**  
Parents: Charles & Rebecca Rankin  
Starbuck



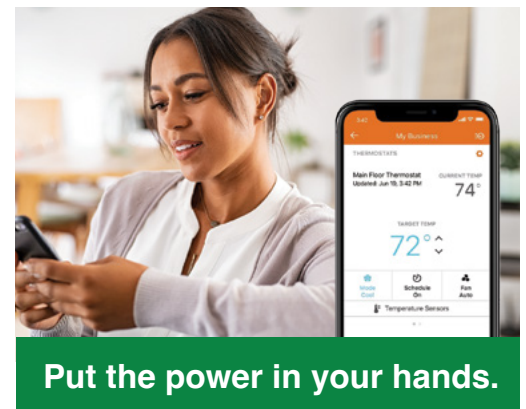
**Erik Vold**  
Parents: Brad & Susanne Vold  
Glenwood



## Capital Credits are REA Members' Ownership in the Cooperative

Capital credit checks were mailed the end of April to the last known address that REA has for the membership. Please be sure to contact our office with updated address information. If you received a check for an REA member who is now deceased, please contact the REA office at 800-473-1722 or email [rea@runestoneelectric.com](mailto:rea@runestoneelectric.com).

For more information on capital credits, visit [www.runestoneelectric.com/about-rea/capital-credits](http://www.runestoneelectric.com/about-rea/capital-credits)



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# What are Those Markers?

With construction season upon us, you may see flags or other markers within the road right of ways or perhaps even in your yard. Here's why:

When notified by Gopher State One Call, REA will mark our underground wire with red flags and red spray paint. Other utilities will mark their equipment with different colors (see chart below). It is required by law to call Gopher State One Call before you dig. If you see red markers, it doesn't always mean REA is conducting the work, it could be anyone who requested the locate, such as another utility, an excavator, or even you.

If the markers are white and not red, they are representing proposed excavation. White markers can be used by anyone preparing for an excavation project. REA uses stakes with white ribbon, like pictured to the right. If you see these, they typically represent where we will be plowing in new underground or replacing old underground.



Color Coding For Marking Underground Utilities	
<b>White</b>	Area of proposed excavation
<b>Pink</b>	Temporary Survey Markings
<b>Red</b>	Electric
<b>Yellow</b>	Gas, Oil, Steam, Propane
<b>Orange</b>	Communication, CATV, Fiber
<b>Blue</b>	Water
<b>Purple</b>	Reclaimed Water, Irrigation
<b>Green</b>	Sewer

### Quick Note about locating:

Remember that utility power lines will be marked for free, up to your main meter. Underground powerlines from your main meter inward, however, are the responsibility of the member. Property owners need to call an electrician or a powerline locating company to have their private lines marked. A list of private powerline locators can be found at [gopherstateonecall.org](http://gopherstateonecall.org).

## NEWSLINE

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6839 Power Lane SW  
Alexandria, MN 56308

320-762-1121

Fax: 320-763-4149

rea@runestoneelectric.com  
www.runestoneelectric.com

**24/7: 800-473-1722**

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

### 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, CEO
- Sue Lundeen, Editor
- Ally Koudela, 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 will use reasonable diligence to furnish adequate and dependable electric service, but it cannot and does not guaranty continuous and uninterrupted service.*

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

**Sign up to get text messages from REA on control days!**  
Simply text #loadcontrol to 22300.  
*Msg and data rates apply.*



## Co-op Day at the Capital

(Left to right) District 1 Director Gary (Andy) Anderson, District 2 Director Barbara Johnson, Energy Services and Business Development Manager Ryan Rooney, District 5 Director Mike Loken, District 4 Director Dave Staples, and District 6 Director Clif Patrick attended Co-op Day at the MN Capital in Saint Paul on March 15, 2022.

**Make Safety A Priority  
This Planting Season.  
ALWAYS look up  
and live!**



Photo credit: Deb Johnson, Evansville