



Barbara Johnson
Board President

A Note From Your Board President

The year 2022 brought many challenges to the cooperative. We had three major storms in the spring and early summer. During the peak of the worst one, over half our accounts were without power. CEO Haman will give you much more

information on the storms at the Annual Meeting. The storms caused enough damage that we were able to apply for and be approved for reimbursement from the Federal Emergency Management Agency (FEMA). We are proud of our employees for the way they handled these storms, working many long hours to restore power as quickly and safely as possible.

We again received a clean report from the financial auditors. At year-end, the total assets of the cooperative were \$103 million. That includes plant assets like the office and warehouse, lines, poles and transformers. We again have more inventory than typical to mitigate long lead times and possible material shortages in 2023. Our equity is at 37.6%. All our ratios exceed lending requirements. The cooperative finished 2022 with 229 new accounts. We surpassed 15,000 total service accounts in 2022.

This year, at the beginning of their session, the legislature passed and the governor signed a law requiring utilities to be carbon-free by 2040. Municipals and cooperatives have an interim requirement of being 60% carbon-free by 2030 and by 2040 all utilities that generate electricity must be 100% carbon-free. Great River Energy, REA's wholesale power provider, is responsible for meeting these standards and projects to be approximately 35% carbon-free in 2023. Meeting these new standards will not be easy or inexpensive. Significant investment in new generating sources, battery storage, and transmission lines to move the power will be required. At the current time, long term battery storage technology is not yet available. Currently, most battery storage is good for only 4 hours. Great River Energy has a contract with a company, Form Energy, working on developing longer term battery storage. There is still much to be learned about the impact of this bill. Great River Energy and Runestone Electric are committed to doing everything we can to keep electricity safe, reliable, and affordable.

After nine years on the board of directors, District 6 Director Clif Patrick has announced his retirement from the board. Clif was an early adopter of residential wind energy, and is a former dairy inspector. With his inquiring mind, he often brought insightful questions for discussion in the board room. We will miss him at our meetings but wish him well with his plans for the future. Thanks for your years of service to Runestone, Clif.

I encourage you to come to the Annual Meeting to learn more about these subjects and other things happening at your cooperative. We are once again offering a \$25 Gift certificate per membership attending the meeting to use at REA-member businesses. You can also join us in celebrating the eighteen students who will receive \$1,000 scholarships. We look forward to seeing you on April 27th!

Meet your Board of Directors

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

REA ANNUAL MEETING
Thursday, April 27, 2023



Registration
4 - 5 p.m.



Meeting
5 p.m.



Alexandria Area
High School
4300 Pioneer Rd SE
Alexandria, MN 56308

Attend the Annual Meeting and Receive a

\$25
Gift Certificate
(1 per membership)



Redeemable only at Participating REA Member Businesses:

2100 Chophouse
at Arrowwood Resort
320-762-1124

22 Northmen Brewing
320-846-5443

Beau Coffee Company
320-239-2078

Blairview Saddle Shop
320-762-5664

Brother's Market: Carlos
320-852-7331

Brother's Market: Miltona
218-943-3333

Burr Vineyards
651-726-4397

Carlos Creek Winery
320-846-5443

Chet's Lakeside Inn
218-943-2471

Country Blossom Farm
320-334-1620

**Diamond Waves &
Wags Car Wash**
320-759-8040

Doraisamy Farm
320-524-2513

Erickson's Petting Zoo
320-762-0184

Jim & Judy's 1 Stop
320-852-7604

Kadejan Market
320-460-8710

**Lake Miltona
Golf Club**
320-852-7078

Lake Reno Bar & Grill
320-283-5030

L'Etoile du Nord Vineyard
320-298-4686

Long Lake Lodge
320-524-2755

Rolling Forks Vineyards
320-634-7655

Selective TV
320-763-5924

Stivland Gardens
320-283-5227

Stoke Wood-Fired Pizza
320-846-5443

**Tipsinah Mounds
Golf Course**
218-685-4271

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



BALANCE SHEET

WHAT WE OWN

UTILITY PLANT

Electric Plant in Service	\$107,009,689
Construction Work in Progress	462,765
TOTAL UTILITY PLANT	\$107,472,454
Less: Reserve for Depreciation	30,031,839
NET UTILITY PLANT	\$77,440,615

NON UTILITY PROPERTY

NON UTILITY PROPERTY	\$161,897
PATRONAGE CAPITAL - ASSOCIATED ORGANIZATIONS	\$12,441,343
CFC INVESTMENTS	\$576,062
OTHER INVESTMENTS	\$879,071

CURRENT & ACCRUED ASSETS

Cash & Temporary Investments	4,386,184
Accounts Receivable, Less Reserve	4,245,922
Materials & Supplies	2,240,054
Prepayments	105,551
Interest Receivable	8,813
TOTAL CURRENT & ACCRUED ASSETS	\$10,986,524

DEFERRED DEBITS

DEFERRED DEBITS	\$153,476
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LONG-TERM OBLIGATION TO FFB

LONG-TERM OBLIGATION TO FFB	\$51,630,940
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LONG-TERM OBLIGATION TO CFC

LONG-TERM OBLIGATION TO CFC	\$2,988,275
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LONG-TERM OBLIGATION TO COBANK

LONG-TERM OBLIGATION TO COBANK	\$516,803
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LONG-TERM OBLIGATION-RURAL DEVELOPMENT

LONG-TERM OBLIGATION-RURAL DEVELOPMENT	\$300,000
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OTHER NON-CURRENT LIABILITIES

OTHER NON-CURRENT LIABILITIES	\$236,312
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EQUITIES & MARGINS

Capital Credits Assigned to Membership - REA & Other	\$24,497,840
Capital Credits Assigned to Membership - GRE	10,195,130
Capital Credits Assignable Current Year	1,993,590
Other Equities	1,941,768
Donated Capital	6,292
TOTAL EQUITIES AND MARGINS	\$38,634,620

CURRENT & ACCRUED LIABILITIES

Accounts & Notes Payable	\$3,932,889
Current Maturities of Long-Term Debt	2,213,428
Taxes & Interest Payable	794,782
Other Liabilities	536,850
Consumer Deposits	34,183
TOTAL CURRENT & ACCRUED LIABILITIES	\$7,512,132

DEFERRED CREDITS

DEFERRED CREDITS	\$819,906
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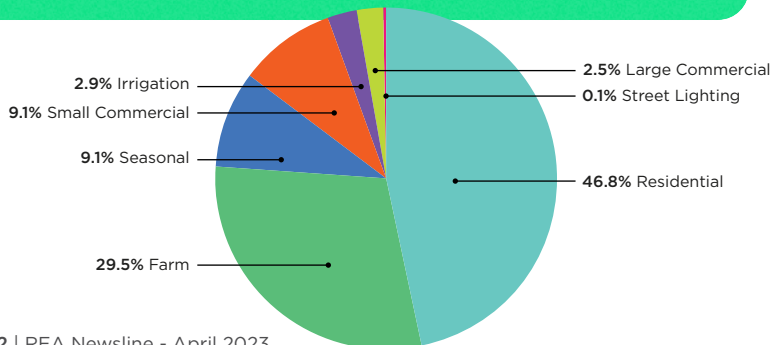
TOTAL ASSETS & OTHER DEBITS

TOTAL ASSETS & OTHER DEBITS	\$102,638,988
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TOTAL LIABILITIES & OTHER CREDITS

TOTAL LIABILITIES & OTHER CREDITS	\$102,638,988
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WHERE IT CAME FROM



REVENUE & EXPENSE

OPERATING SALES & REVENUE

	2022	2021
Electric Energy Revenue	\$31,053,232	\$29,770,139
Consumer Late Payments	108,6645	103,378
Miscellaneous Electric Revenue	16,503	13,548
TOTAL OPERATING REVENUE	\$31,178,400	\$29,887,065

OPERATING EXPENSE

Cost of Power	\$17,294,208	\$16,702,267
Depreciation	3,892,107	3,585,791
Operations and Maintenance Expense	3,707,748	3,721,544
Interest	1,679,024	1,623,101
Consumer Service and Information	1,001,788	969,947
Consumer Accounting and Collecting	706,013	732,666
General Office Expense	690,696	649,940
Maintenance of General Property	581,928	521,459
Miscellaneous General Expense	154,699	141,064
Directors' Fees and Expense	79,145	67,400
Special Services	76,620	139,860
Other Deductions	4,233	4,142
TOTAL OPERATING EXPENSE	\$29,868,209	\$28,859,181

OPERATING MARGIN

OPERATING MARGIN	\$1,310,191	\$1,027,884
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NON OPERATING MARGIN - Interest

NON OPERATING MARGIN - Interest	\$50,448	\$37,090
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NON OPERATING MARGIN - Other

NON OPERATING MARGIN - Other	\$154,831	\$274,051
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TOTAL REA MARGIN

TOTAL REA MARGIN	\$1,515,470	\$1,339,025
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CAPITAL CREDITS ASSIGNABLE:

Runestone Electric Association Margin	\$1,515,470	\$1,339,025
Power Supply Patronage Capital	\$355,017	\$921,576
Other Patronage Capital	\$123,103	\$126,945
TOTAL ASSIGNABLE CURRENT YEAR	\$1,993,590	\$2,387,546

PRINCIPAL AND INTEREST PAYMENTS

PRINCIPAL AND INTEREST PAYMENTS	\$4,000,894	\$3,192,950
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PROPERTY TAX PAYMENTS

PROPERTY TAX PAYMENTS	\$217,390	\$218,271
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kWh PURCHASED

kWh PURCHASED	266,581,590	254,605,805
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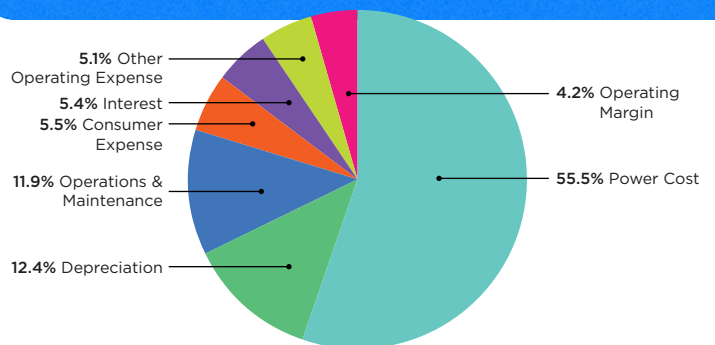
kWh SOLD

kWh SOLD	250,715,030	239,265,980
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In total, REA has retired **\$21.5 MILLION** IN CAPITAL CREDITS to our members

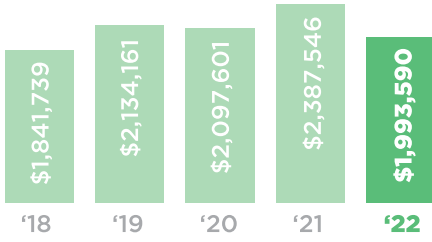
Capital Credit checks will be mailed the week of April 17.

WHERE IT WENT



2022 HIGHLIGHTS

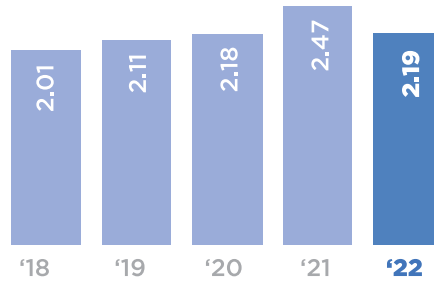
Net Margin



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

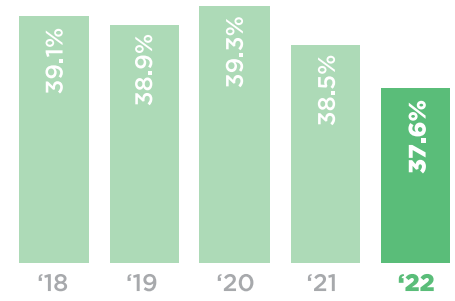
TIER

Time Interest Earned Ratio



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

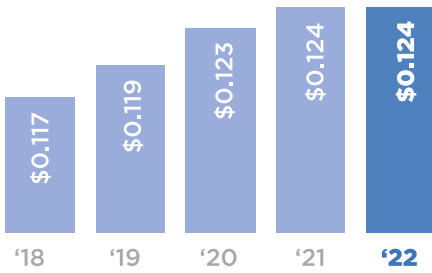
Equity %



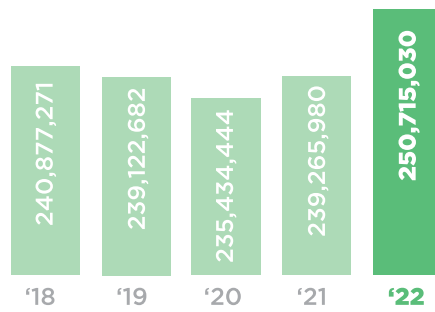
Members' ownership as a percent of assets.

Revenue Per kWh Sold

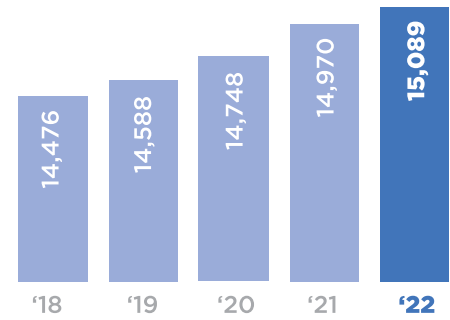
Cents/kWhs Sold



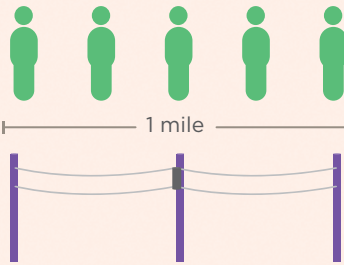
kWhs Sold



Total Service Accounts



OUTAGE HOURS DUE TO MAJOR STORMS



REA has 5 service accounts per mile of line in 2022

REA Fast Facts:

Headquarters: **Alexandria**
 Year Founded: **1935**
 Employees: **36 full-time**
 Electric Services: **15,089**
 Miles of Line: **3,005 total**
 1,132 underground,
 1,873 overhead

\$14,000

In scholarships given in 2022

Funded by unclaimed capital credits

43%

of our 12,557 members take control of their account using:



Sign up today:
www.runestoneelectric.com

2022 HIGHLIGHTS

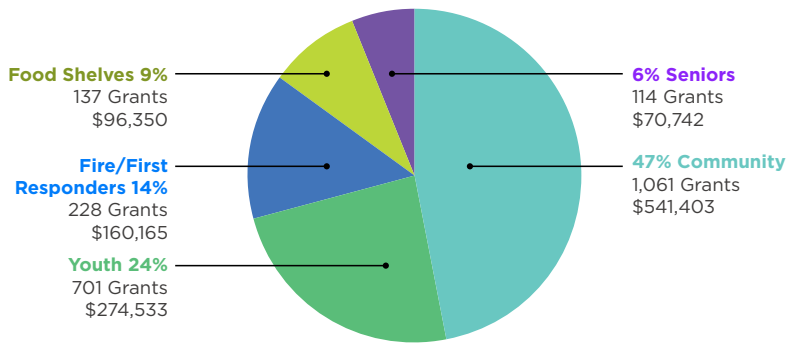
Operation Round Up®

Operation Round Up provides grants to local non-profit organizations and community service programs. Over the past 20 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 64.7% of REA members contributing an average of \$6.05 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. (See picture below)

Total Distribution of Grants Since 2003



Total Grants: **2,241** Total Amount: **\$1,143,493**



REA Community Trust Operation Round Up Board members: Secretary/Treasurer Janet Johnson, Barrett; David Lundy, Alexandria; President Jeff Gaffaney, Glenwood; Deborah Anderson, Farwell; Rich Duncan, Kensington; Mary Betterman; Parkers Prairie; and Vice President Barry Wahlberg, Alexandria.



System Improvements

In 2022, we spent \$500,000 on right-of-way clearing, changed out 242 poles, plowed in 21.9 miles of new underground cable, converted over 11 miles of overhead wire to underground cable, changed out 305 old transformers, added 229 new electric services, and much more.



MN Twins Play Ball! Clinic

The Minnesota Twins conducted a free *Play Ball! Minnesota* youth baseball clinic in Alexandria, Minn. on Saturday August 7, 2022. Hosted by Alexandria Public School Community Education and REA, the clinic took place at Alexandria Area High School Softball Complex. The clinic attracted around 100 children age 6-12. The baseball clinic will be returning in 2023. Watch for details in upcoming editions of REA's *Newsline*.