



**GARY (ANDY)
ANDERSON**
BOARD PRESIDENT

A NOTE FROM YOUR BOARD PRESIDENT

I'm happy to report that 2023 was a relatively quiet year at REA compared to the storms that wreaked havoc in 2022. The total outage hours for 2023 - 10,528 hours—were a fraction of the hours our members were without power in 2022 - 290,833 hours. Quiet is good when it

comes to storms that cause power outages.

Cybersecurity is something we hear more about every day and something we take very seriously at REA. To enhance our cybersecurity efforts, we added an IT specialist position in 2023. We also created a cybersecurity incident response plan and enhanced our security measures to protect your information as well as REA's data, software, and hardware necessary for providing you with electricity. In addition to the new IT position, we hired two other new employees in 2023 to replace employees that retired.

While we were celebrating Christmas here in West Central Minnesota, our neighbors to the west in North Dakota were hit by a major ice storm. Five REA linemen provided mutual aid to Dakota Valley Electric. Working eight days straight, our linemen replaced 127 poles, which would typically take a crew a couple of months to complete under normal work conditions. This is just one example of the work ethic we are blessed with among the REA employees. I can't say enough about the hardworking folks we have at REA!

We received a clean report from the auditors. At year-end, the cooperative's total assets were \$103 million. That includes plant assets like the office and warehouse, lines, poles, and transformers. Our equity is 38.7%. All our ratios exceed lending requirements. The cooperative finished 2023 with 231 new services built.

After completing a Construction Work Plan to identify system improvements and construction needs for REA, we applied for and received a U.S. Department of Agriculture (USDA) \$25,000,000 loan. The Work Plan, for years 2023-2026, includes projects to extend service to new accounts, install new lines, improve & replace current power lines, and construct a new substation. It also includes purchases of transformers, meters, smart grid technology, water heater controllers and demand response units. We are thankful for the USDA Rural Electrification program.

I encourage you to attend the Annual Meeting to learn more about your electric cooperative. Members attending the meeting will receive a \$25 gift certificate to participating REA-member businesses. You can also join us in celebrating the 26 students receiving \$1,000 scholarships. We look forward to seeing you on April 25th!

MEET YOUR BOARD OF DIRECTORS

Joel Seela, District 6; Andy Anderson, District 1; Al Haman, CEO; Mike Loken, District 5; Audrey Hjelle, District 3; Matthew Mattson, District 7; Barbara Johnson, District 2 and Dave Staples, District 4.

ANNUAL MEETING

APRIL 25, 2024

4 - 5 P.M. Registration

5 P.M. Meeting Begins

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 | Doraisamy Farm
320-524-2513 |
| 22 Northmen Brewing
320-846-5443 | Jim & Judy's
320-852-7604 |
| Beau Coffee Company
320-239-2078 | Kadejan Market
320-460-8710 |
| Blairview Saddle Shop
320-762-5664 | Lake Miltona Golf Club
320-852-7078 |
| Brother's Market - Carlos
320-852-7331 | Lake Reno Bar & Grill
320-283-5030 |
| Brother's Market - Miltona
218-943-3333 | L'Etoile du Nord Winery
320-298-4686 |
| Burr Vineyards
651-726-4397 | Long Lake Lodge
320-808-3426 |
| Carlos Creek Winery
320-846-5443 | Rolling Forks Vineyards
320-634-7655 |
| Chet's Lakeside Inn
218-943-2471 | Selective TV
320-763-5924 |
| Country Blossom Farm
320-334-1620 | Stivland Gardens
320-283-5227 |
| Diamond Waves & Wags Car Wash
320-759-8040 | Stoke & Sizzle
320-846-5443 |
| | Tipsinah Mounds Golf Course
218-685-4271 |

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



December 31, 2023
BALANCE SHEET

For Fiscal Years Ending December 31, 2023 & 2022
REVENUE & EXPENSE

WHAT WE OWN

UTILITY PLANT	
Electric Plant in Service	\$111,877,597
Construction Work in Progress	2,128,004
TOTAL UTILITY PLANT	\$114,005,601
Less: Reserve for Depreciation	32,633,767
NET UTILITY PLANT	\$81,371,834

NON UTILITY PROPERTY	\$161,897
PATRONAGE CAPITAL - ASSOCIATED ORGANIZATIONS	\$12,981,147
CFC INVESTMENTS	\$575,085
OTHER INVESTMENTS	\$1,119,883

CURRENT & ACCRUED ASSETS	
Cash & Temporary Investments	\$1,235,764
Accounts Receivable, Less Reserve	3,107,316
Materials & Supplies	1,658,177
Prepayments	778,246
Interest Receivable	6,730
TOTAL CURRENT & ACCRUED ASSETS	\$6,786,233

DEFERRED DEBITS	\$51,813
TOTAL ASSETS & OTHER DEBITS	\$103,047,892

LONG-TERM OBLIGATION TO FFB	\$49,500,934
LONG-TERM OBLIGATION TO CFC	\$2,592,472
LONG-TERM OBLIGATION TO COBANK	\$465,228
LONG-TERM OBLIGATION-RURAL DEVELOPMENT	\$300,000
OTHER NON-CURRENT LIABILITIES	\$247,587

EQUITIES & MARGINS	
Capital Credits Assigned to Membership - REA & Other	\$25,213,648
Capital Credits Assigned to Membership - GRE	9,966,705
Capital Credits Assignable Current Year	2,566,135
Other Equities	2,117,197
Donated Capital	6,444
TOTAL EQUITIES AND MARGINS	\$39,870,129

CURRENT & ACCRUED LIABILITIES	
Accounts & Notes Payable	\$5,180,901
Current Maturities of Long-Term Debt	2,601,100
Taxes & Interest Payable	759,542
Other Liabilities	548,896
Consumer Deposits	33,324
TOTAL CURRENT & ACCRUED LIABILITIES	\$9,123,763

DEFERRED CREDITS	\$947,779
TOTAL LIABILITIES & OTHER CREDITS	\$103,047,892

WHAT WE OWE

OPERATING SALES & REVENUE	2023	2022
Electric Energy Revenue	\$31,515,421	\$31,053,232
Consumer Late Payments	112,983	108,665
Miscellaneous Electric Revenue	22,049	16,503
TOTAL OPERATING REVENUE	\$31,650,453	\$31,178,400

OPERATING EXPENSE	2023	2022
Cost of Power	\$17,397,341	\$17,294,208
Depreciation	4,141,848	3,892,107
Operations and Maintenance Expense	3,776,371	3,707,748
Interest	1,840,551	1,679,024
Consumer Service and Information	821,012	1,001,788
Consumer Accounting and Collecting	766,165	706,013
General Office Expense	730,189	690,696
Maintenance of General Property	581,103	581,928
Miscellaneous General Expense	170,014	154,699
Directors' Fees and Expense	73,292	79,145
Special Services	85,256	76,620
Other Deductions	4,583	4,233
TOTAL OPERATING EXPENSE	\$30,387,725	\$29,868,209

OPERATING MARGIN	\$1,262,728	\$1,310,191
NON OPERATING MARGIN - Interest	\$48,405	\$50,448
NON OPERATING MARGIN - Other	\$123,571	\$154,831
TOTAL REA MARGIN	\$1,434,704	\$1,515,470

CAPITAL CREDITS ASSIGNABLE:		
Runestone Electric Association Margin	\$1,434,704	\$1,515,470
Power Supply Patronage Capital	\$972,594	\$355,017
Other Patronage Capital	\$158,837	\$123,103
TOTAL ASSIGNABLE CURRENT YEAR	\$2,566,135	\$1,993,590

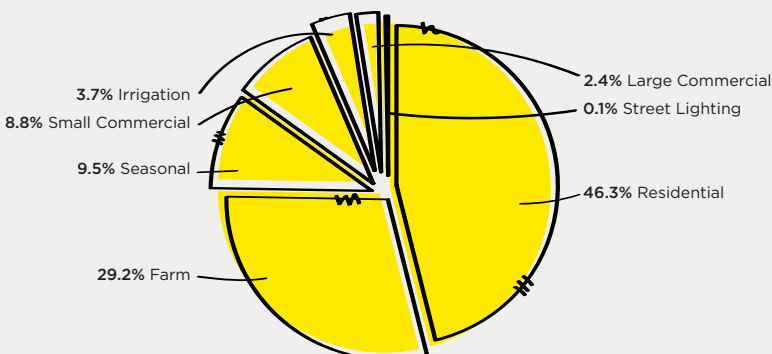
PRINCIPAL AND INTEREST PAYMENTS	\$3,995,863	\$4,000,894
PROPERTY TAX PAYMENTS	\$201,439	\$217,390
kWh PURCHASED	259,296,312	266,581,590
kWh SOLD	243,801,555	250,715,030



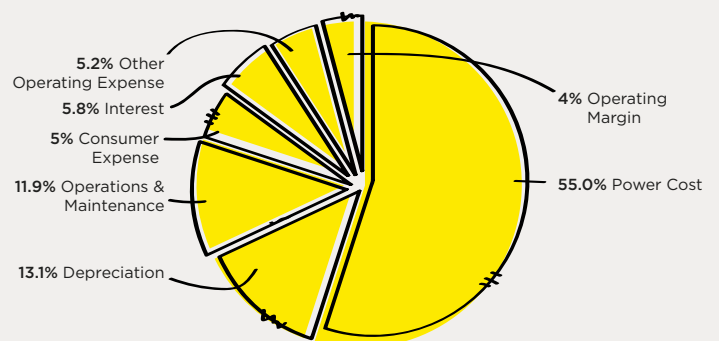
In total, REA has retired
\$23 MILLION
 IN CAPITAL CREDITS
 to our members

Capital Credit checks will be mailed mid-April.

WHERE IT **CAME FROM**

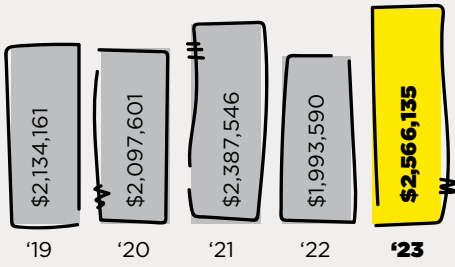


WHERE IT **WENT**



2023 HIGHLIGHTS

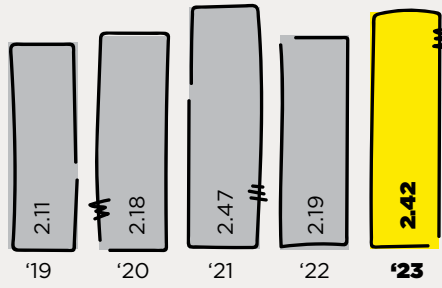
Net Margin



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

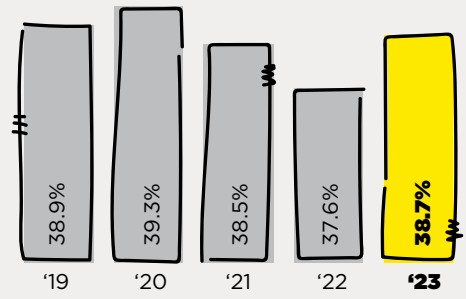
TIER

Time Interest Earned Ratio



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

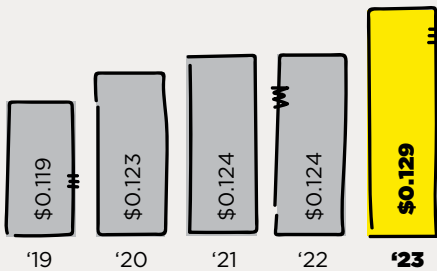
Equity %



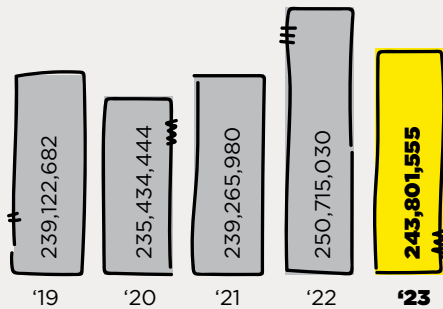
Members' ownership as a percent of assets.

Revenue Per kWh Sold

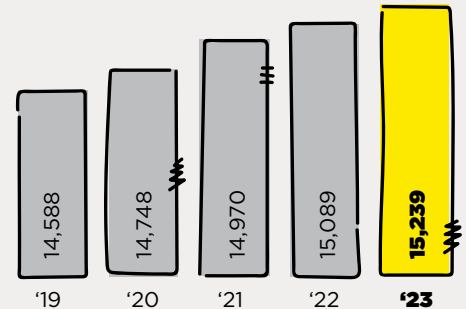
Cents/kWhs Sold



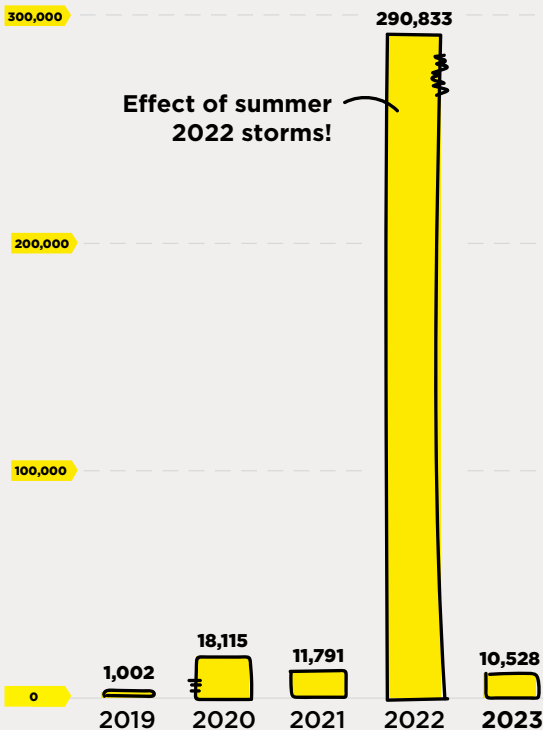
kWhs Sold



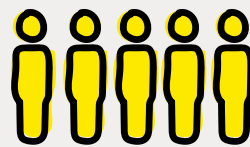
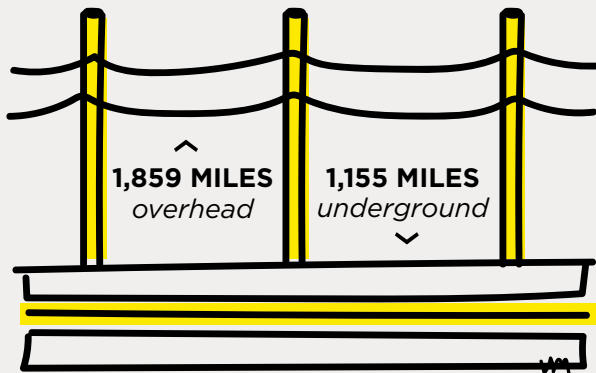
Total Service Accounts



OUTAGE HOURS DUE TO MAJOR STORMS



3,014 Miles of Line



5 Accounts per mile of line

\$18,000

In scholarships given in 2023
Funded by unclaimed capital credits

1935

Founded in 1935



Electrical Services:
15,239



Employees:
37 full time

46%

of our 12,647 members take control of their account using:



Sign up today:
www.runestoneelectric.com

2023 HIGHLIGHTS

OPERATION ROUND UP®

Operation Round Up provides grants to local non-profit organizations and community service programs. Over the past 21 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 \$5.91 for the year of 2023, 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.

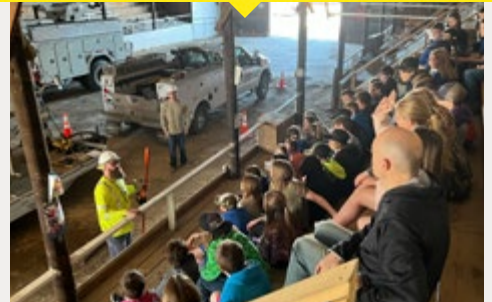
COMMUNITY HIGHLIGHTS

EMERGENCY RESPONDER SAFETY DEMO



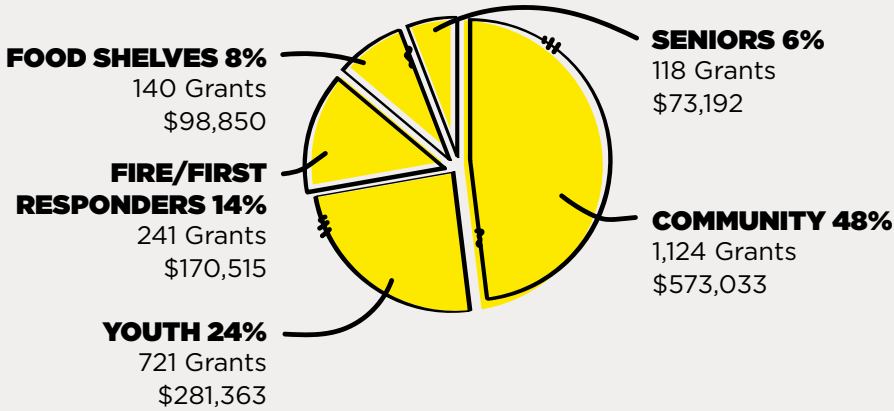
Area first responders, firefighters, excavators and tow truck drivers learn valuable lessons at electrical safety seminars presented by REA linemen.

SAFETY DAY CAMP



REA coordinates the annual Safety Day Camp in May, which attracts over 400 5th-grade students who experience a variety of safety subjects, including electrical safety.

TOTAL DISTRIBUTION OF GRANTS SINCE 2003



TOTAL GRANTS: 2,344 **TOTAL AMOUNT: \$1,196,953**



Thumbs up to REA members who allow their bills to be rounded up to the next dollar! A record-setting 35 guests gathered at REA in early December to receive an Operation Round Up® grant for their organization. The average contribution in 2023 was \$5.91 for the year, with 65% of REA members participating.