



POWER CONNECTION

NOVEMBER
2022

member driven.
community focused.
energy smart.

IN THIS ISSUE:

PAGE 2

Director Nominations Open

PAGE 3

Engaging with Elected Officials

PAGE 4

Crow River Trail Guards

PAGE 7

Electric Bill Gift Certificates

(800) 962-0655
WWW.STEARNSELECTRIC.ORG

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STEARNS ELECTRIC RETURNS \$2.1 MILLION IN CAPITAL CREDIT PATRONAGE IN 2022



CAPITAL CREDITS

In September 2022, the Stearns Electric Association Board of Directors authorized a \$1.1 million general retirement of Cooperative Capital Credits to our members. These, combined with Generation and Transmission (G&T) and estate retirements for the year, will total over \$2.1 million back to Cooperative members. As a member-consumer, you may receive money back from the Cooperative in early December.

As a non-profit electric cooperative, Stearns Electric is jointly owned by its member-consumers. Unlike investor-owned utilities, which are designed to make a profit for shareholders, Stearns Electric refunds capital (money), above the cost of operations, to our member-consumers in the form of Capital Credits.

Additionally, our wholesale power provider, Great River Energy, retired patronage capital to its member-owner cooperatives this year, including Stearns Electric. These are called Generation and Transmission (G&T) Capital Credits. Stearns Electric's Board of Directors passes these G&T Capital Credits onto you, our members.

Stearns Electric refunded over \$2.1 million to our members represented by the following:

General Retirements totaling \$1,450,000

- Cooperative Capital Credits of \$1,100,000
- Generation and Transmission (G&T) Capital Credits of \$350,000

Estate Retirements totaling \$660,000

If you purchased electricity from Stearns Electric during the years of 2001 and/or 2017-2021, you may receive a Capital Credit check based on the Cooperative

Continued on page 2.

CAPTIAL CREDITS CONTINUED

Capital Credit distribution. Additionally, members who purchased electricity from Stearns Electric during the years of 1988-1989 may receive a Capital Credit check based on the G&T Capital Credit distribution.

Capital Credit amounts of less than \$10 are held until additional Capital Credits are retired. Checks can be expected to arrive in the mail during the first two weeks of December. This year's average Capital Credit check is \$56.45.

These Capital Credit payments are quantifiable proof that as a member of Stearns Electric, you are an owner of a successful, effective organization. Life to date, we have distributed more than \$38 million in Capital Credits to our members.

If you have any questions regarding Capital Credits, please contact our Capital Credits Coordinator during regular business hours at (800) 962-0655. You can also visit our website at www.stearnselectric.org/capital-credits.

85
years

Up until 2009, Stearns Electric Association hosted an annual Member Appreciation Holiday Open House and Capital Credit check pick-up event at the Del-Win Ballroom in St. Joseph. Members enjoyed social time and Christmas activities. Stearns Electric employees had tables full of Capital Credit checks lined up to hand out to members who attended. Today, the Cooperative hosts its Member Appreciation Pancake Feed event in August and mails out all annual Capital Credit checks right after Thanksgiving.

POWER THAT PERSISTS



Thank you to all members who joined us for our Board and Brews events this year!

Enjoy more photos from the events on our Facebook page.



LIKE US ON FACEBOOK

www.facebook.com/stearnselectric



DIRECTOR NOMINATIONS OPEN ON NOVEMBER 20 IN DISTRICTS 1, 7 AND 8

As a member-consumer of Stearns Electric Association, you are also an owner of the Cooperative. The Cooperative depends on its members to provide leadership and guidance. This is your opportunity to participate in the business decisions of a successful electric utility.

Nominations for the 2023 director candidates in Districts 1, 7 and 8 open on November 20, 2022. Nominees must meet eligibility requirements as specified in the Stearns Electric Association Bylaws. For a full-text version of the Bylaws, visit www.stearnselectric.org.

Members in Districts 1, 7 and 8 who are interested in becoming a nominee should fill out the Director Application and submit it to the Secretary before January 19, 2023.

The Director Application, along with the Board Nominations Packet materials and a complete list of Director qualifications and responsibilities, will be posted on our website on November 18, 2022.

MANAGEMENT MESSAGE

ELECTION COMPLETE: EDUCATION AND ENGAGEMENT WITH ELECTED OFFICIALS RESUMES



Legislative affairs are a crucial part of the cooperative business model. In Minnesota, Stearns Electric Association works closely with local elected officials and the Minnesota Rural Electric Association (MREA) to ensure that state policies support cooperatives' work on behalf of their members. On a national level, National Rural Electric Cooperative Association (NRECA) assists us.

When the 2022 Minnesota legislative session ended in late May, your Cooperative felt significant bipartisan support for our key issues, but as time ran out in the session, we were left with two Omnibus bills that did not pass.

Since 2022 was an election year, education and engagement with officials naturally slowed down after May. But now that the election is complete, Stearns Electric and MREA are geared up and ready to educate and engage elected officials on our top priorities.

KEY PRIORITY #1: DEFEND RURAL ELECTRIFICATION PROPERTY TAX EXEMPTION

As part of rural electrification legislation enacted in 1939, Minnesota electric co-ops pay a per member fee in lieu of property tax on co-op distribution equipment outside of incorporated areas. (Please note that cooperative's do pay property taxes on substation equipment.) Although the law has not changed in over 80 years, the Minnesota Department of Revenue (MN DOR) is encroaching on that exemption and has started implementing property tax on certain equipment including meters, streetlights and load control receivers (LCR) in co-op market valuations. This violates Minnesota Statute 273.41, and ultimately increases Stearns Electric's property tax.

Providing electric service to rural Minnesota remains significantly more costly than urban areas, and this property tax exemption is critical for ensuring rural Minnesotans receive affordable electric service. An agreement with MN DOR to exclude meters and streetlights, among other equipment, was included in the 2022 Omnibus Tax bill that unfortunately did not pass. Stearns Electric will continue working to educate officials to see that this provision passes in the 2023 session.

What is the impact to Stearns Electric? In 2021, our property valuation increased by 45% and property taxes increased by approximately \$130,000 due to including rural meters as taxable. In 2022, LCRs were also taxed, and our property valuation increased an additional 22%, which increased taxes related to this issue by an estimated \$290,000 in two years.

KEY PRIORITY #2: EXEMPT REPLACEMENT OF LOAD CONTROL RECEIVER OWNED BY CO-OP FROM UNNECESSARY STATE REQUIREMENTS

Minnesota electric cooperatives and municipal utilities all over the state engage their members in voluntary load control programs to help control electricity demand at peak times. This significantly reduces costs for all cooperative members and better integrates low-cost renewables into energy distribution systems.

BOARD MEETING HIGHLIGHTS

The regular meeting of the Board of Directors of Stearns Electric Association was called to order on September 29, 2022, at 1:00 p.m. at the Melrose office of Stearns Electric Association.

Highlights of the meeting include:

- Prior to the board meeting, directors, staff and past CEOs gathered to congratulate CEO Robin Doege on his retirement effective September 30.
- The Board reviewed Board Policy 060 in regard to member attendance at board meetings.
- Business Development Representative John Pantzke formally presented two USDA loan application requests. He explained the terms of the loans and answered questions from the Board. Directors approved both loan requests.
- The Board approved the proposed \$1,450,000 in general Capital Credit retirement for 2022.
- CEO Robin Doege and Great River Energy board representative Greg Blaine shared information about proposed GRE rates, MISO market updates and the five percent renewable member resource process.
- The SEA Development LLC is officially dissolved, as reported by Cooperative attorney Scott Dymoke.
- Directors discussed the Board's 2023 goals in an executive session.

NEXT BOARD MEETING
November 22, 2022

Continued on page 6.



ENERGY CREATES CONNECTIONS

CROW RIVER TRAIL GUARDS IS MORE THAN JUST A PARK CLEAN-UP INITIATIVE; IT'S A COMMUNITY.

Nobody has to work. No swearing. No smoking. These are the rules of the Crow River Trail Guards, a Paynesville youth organization dedicated to making the world they live in a better place by providing a safe, educational environment. Of course, everyone works while they are there, but the concept is to provide a safe, fun place for kids to meet, be with each other, learn, practice respect, and be a good role model.

Crow River Trail Guards is a non-profit organization that recently received funds from the Stearns Electric Association's Operation Round Up® Program to help pave one of the trails so it can be handicap accessible.

Founded in 1992, Crow River Trail Guards evolved from the State of Minnesota "Clean the River" program, which the City of Paynesville participated in during the 1980s and 1990s. It was there that organization founder Tom Koshiol was convinced to take over the "Clean the River" program. Koshiol proposed a new trail system along the North Fork of the Crow River.

Koshiol rounded up some volunteers who began clearing trails in the area. According to Koshiol, kids were naturally drawn to the area and the clearing activities that were happening, so he put them to work. "They asked to be trail guides and guide folks along the new trails," Koshiol said. "I told them what we really needed were trail 'guards' to guard the new trails from vandals and troublemakers."

And that's how the Crow River Trail Guards came about.

Today, volunteers, who are typically ages eight to 19, spend three hours each Saturday morning from April through October completing projects throughout the 12-acre nature park.

"It's all kid-driven," Beth, a parent and staff member, explained. "We supervise to make sure everyone is safe, but the kids really do all the work."

MORE THAN PARK CLEAN-UP

In addition to the weekly Saturday events, the Crow River Trail Guards allows kids to earn other outdoor experiences as well. This includes trips to the boundary waters, white water rafting experiences, a fall fishing day and even an international bicycle trip, among many other things.

"There's always a competition of who can get the most points in a year," Beth said.



Trail Guards enjoy a white water rafting experience after earning volunteer points.

Kids earn two points for every hour they volunteer on Saturday mornings, and one point for wearing their Trail Guards shirt. Points are then turned in for experiences throughout the year.

Another annual initiative is the “My Room” project. “This is where we do a complete bedroom makeover for one deserving Trail Guard,” Koshiol explained. “Having a safe, comfortable space to call your own is important to everyone. So, every winter, volunteers and Trail Guards team up to paint, redecorate, refresh and renew one bedroom for their peers.”

Additionally, the Trail Guards host one winter community event – the Moonlight Meander. “Each February, we invite the community to join us for a free night out in the Nature Park, Koshiol explained. “We light the trails with luminaries and sponsors build bonfires to warm trail-goers along the way. It’s a great event that draws about 200 community members!”



Trail Guard volunteers learn about different fish species during an educational presentation.

COMMUNITY CONNECTIONS

The Trail Guards program is a community staple. Many of the kids involved today have parents who were involved years ago.

Such is the case with Beth, who joined Trail Guards when she was 10. Today, her children are all involved. Two of them just got back from a bike trip in Argentina.

Harmony (9) and Silas (7) said their mom started coming to Trail Guards when she was little. And now that they live in the community once again, their mom got them involved too.

“My favorite part of Trail Guards is the forest,” Harmony said. “It’s always so shady and it’s so fun to play in it.”

“I love that we can just skirt around in the woods,” Silas added.

“When my kids and I moved here, we didn’t know anyone,” parent volunteer Taylor recalled. “But someone told us about Trail Guards and now we come every week.”

It truly is a small community that shows up each Saturday morning. Kids and parent volunteers arrive by 9 a.m. and participate in the welcome circle. Everyone does introductions and the rules and purpose of the Trail Guards are reviewed. Once assignments are handed out, the kids get to work.

Mid-morning, there is a healthy snack break. It’s during this time that there is often a guest speaker or short educational presentation. After this, the kids get back to work and the morning always wraps up with a meal.

OPERATION ROUND UP® TRUST BOARD APPLICATIONS AVAILABLE IN DISTRICTS 1, 3 AND 8

The Stearns Electric Association Operation Round Up® (ORU) Trust Board operates independently of the Stearns Electric Association Board of Directors. There is one representative selected from each of the Cooperative’s voting districts. Trust Board Directors are elected to serve one, three-year term, and can serve two consecutive terms.

Nominations for the ORU Trust Board are now open for members in Districts 1, 3 and 8. Applications are available for interested individuals on our website at www.stearnselectric.org and are due January 13, 2023. Call our ORU staff liaison at (800) 962-0655 during regular business hours with questions.

“Over 370 local kids have been involved in Crow River Trail Guards and have built it to what it is today,” Koshiol explained. “When we are down here, we are all just friends. At least that’s what the kids tell me.”

OPERATION ROUND UP® AWARDS \$76,600

The Stearns Electric Association Trust Board of Directors met on Thursday, October 27 to award funds through the Cooperative’s Operation Round Up® program. They distributed \$76,600 to 72 organizations, including 19 area food shelves and nine area holiday gift giving programs.

Through the Operation Round Up® program, members of the Cooperative round up their monthly electric bills to the nearest dollar. The rounded-up funds (between 1¢ and 99¢) are placed in a trust fund that is administered by the Trust Board.

Since the program’s inception in 1993, Operation Round Up® and Stearns Electric members have awarded over \$2.9 million to local non-profit organizations and community service programs. Any local non-profit organization or charitable cause can apply for funding. The next deadline is Friday, February 24.



After a morning of hard work, Trail Guards enjoy a meal to wrap up their volunteer time.

STATEMENT OF NON-DISCRIMINATION

Stearns Electric Association is an equal opportunity provider and employer. In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotope, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at <https://www.usda.gov/oascr/how-to-file-a-program-discrimination-complaint> and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov.

MANAGEMENT MESSAGE CONTINUED

Electric cooperatives and municipal utilities are in the process of replacing tens of thousands of LCRs in their members' homes and businesses. The Minnesota Department of Labor and Industry has determined that each of these LCR replacements needs to be permitted and inspected – even when there are no changes to LCR wiring – creating a costly and unnecessary barrier that potentially makes these critical programs too expensive to operate.

An agreement by a broad-based set of stakeholders to exempt replacement of co-op and municipal-owned LCRs from this requirement was included in the 2022 Omnibus Commerce, Jobs and Energy bill that did not pass. This too, will be a key priority for us in the 2023 session.

What is the impact to Stearns Electric? Over the next several years, we estimate the Co-op will need nearly 14,000 permits at a total cost of \$280,000. In 2022, Stearns Electric incurred over \$10,000 in permit expenses.

You can certainly see how significant these key priorities are for Stearns Electric and our members. Rest assured, we are working every day on behalf of all of our member-consumers to address these top legislative priorities.



Sincerely,

Vicky Herkenhoff
Vice President of Administration and Finance



ENERGY EFFICIENCY

IS YOUR HOME HEATING SYSTEM READY FOR THE WINTER CHILL?

One of the easiest ways to keep your system running efficiently is to regularly replace filters. If your central air system has a furnace filter, it should be replaced about every 90 days. If your home is heated through warm-air registers, baseboard heaters or radiators, remember to clean regularly to boost efficiency.

MEMBER NEWS

CAPITAL CREDIT CHECKS

Members who are receiving a Capital Credit check this year can expect to receive their check by mail in early December.

OFFICES CLOSED

The Stearns Electric offices will be closed on the following dates in observance of upcoming holidays:

- Thursday, November 24
- Friday, November 25
- Monday, December 26
- Monday, January 2

If you experience a power outage during these holidays, please call us at (800) 962-0655 or log into SmartHub and report your outage. Crews are on call 24/7 ready to respond to any outage or emergency.

ELECTRIC BILL GIFT CERTIFICATES MAKE GREAT HOLIDAY GIFTS

Whether you're looking for a meaningful gift or just want to bless someone, Stearns Electric gift certificates are a great choice.

In order to gift someone with an electric bill gift certificate, please select the dollar amount you'd like applied to a member's account. We'll give you the gift certificate to deliver and the member will see the credit on their next bill.

The best way to purchase a gift certificate is to call our office during regular business hours at (800) 962-0655 and coordinate electronic payment or payment by mail. Payment needs to be received by the Cooperative before December 15. You can also pick up a gift certificate in person.

If you have any questions, call us during business hours.



DID YOU KNOW?

Did you know the average cost of a new Stearns Electric substation is \$1.5 million?

Stearns Electric owns and operates 33 substations to meet the needs of a reliable electric system for our 27,585 members. We invest about \$650,000 annually to improve and maintain our substations.

A substation is an electrical facility that controls the flow of electricity to Stearns Electric from our wholesale power provider, Great River Energy. The voltage is transformed, or reduced, at local substations from either 34,500, 69,000, or 115,000 volts to 12,500 volts. From there, we distribute that electricity to member-consumers throughout our service territory.

COOKING CORNER

PUDDING CAKE

Submitted by: Diane Fritz

INGREDIENTS

5 oz box chocolate cook and serve pudding (not instant)
3 C milk
1 box chocolate cake mix of your choice
miniature chocolate chips

DIRECTIONS

Preheat oven to 350 degrees. Cook chocolate pudding with 3 cups of milk. Stir chocolate cake mix into the pudding and pour mixture into a 9x13" cake pan. Top with miniature chocolate chips. Bake for 30 minutes. Cool. Enjoy!



SUBMIT YOUR FAVORITE RECIPE FOR A CHANCE TO WIN A \$10 BILL CREDIT

Members may submit one recipe per month by email at communications@stearnselectric.org or mail to: Stearns Electric Cooking Corner, PO BOX 816, St. Joseph, MN 56374. The recipe selected each month for publication will receive a \$10 credit on their electric bill. Recipes not selected will be saved for consideration in future publications.



STEARNS ELECTRIC ASSOCIATION

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ON TIME EVERY TIME

SET IT AND FORGET IT

**SIGN UP BY NOVEMBER 30, 2022
FOR A CHANCE TO WIN A BILL CREDIT!**

AutoPay is free, secure and guarantees your payment will be made on time. After the initial set-up, you won't have to spend any time paying your Stearns Electric Association bill each month.

**LEARN MORE AT
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