



POWER CONNECTION

DECEMBER
2022

member driven.
community focused.
energy smart.

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(800) 962-0655
WWW.STEARNSELECTRIC.ORG

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DIRECTOR NOMINATIONS OPEN IN DISTRICTS 1, 7 AND 8

Stearns Electric Association's Board of Directors are member-consumers just like you who understand and listen to the community. They represent you on the Co-op's Board, which is responsible for overseeing Co-op business and determining strategic direction.

The cooperative business model depends on its members to provide leadership and guidance for Stearns Electric. Each year, an election takes place in three of our nine districts to elect a director to represent that district on our board. The election process ensures that every member has a voice in the operation of this organization and that any member in good standing may seek election for the Board of Directors.

Nominations are now open for the board in Districts 1, 7 and 8.

If you live in these districts and are interested in becoming a nominee, please visit our website, www.stearnsselectric.org/director-election/, to view the nominations packet and download the Application for Director.

Applications must be returned by 4 p.m. on January 19, 2023 to the secretary:

Email: secretary@stearnsselectric.org

Mail:

Secretary
Stearns Electric Association
c/o Dymoke Law Office, PA
PO Box 127
Melrose, MN 56352

A full list of director qualifications is posted on our website. If you have additional questions about the nomination process or becoming a director, please contact the Stearns Electric Election Coordinator during regular business hours at (800) 962-0655.

Stearns Electric retains the services of Survey and Ballot Systems, an independent contractor, to conduct the election in conjunction with the Annual Meeting on Thursday, March 30, 2023.

Review district information and director qualification overview on page 2.

DIRECTOR ELECTIONS CONTINUED

DISTRICT INFORMATION:

District 1 – Serving Minnesota townships: Scandia-Valley, Cushing, Clough, Parker, Darling, Green Prairie, Culdrum, Pike Creek, Swanville, Swan River, Elmdale and Two Rivers in Morrison County.

District 7 – Serving Minnesota townships: Turtle Creek, Little Elk, Leslie, Reynolds, Long Prairie, Bruce, Gordon, Little Sauk, Round Prairie, Burnhamville, West Union and Grey Eagle in Todd County; and Orange Township in Douglas County.

District 8 – Serving Minnesota townships: Kandota and Birchdale Townships in Todd County; Westport Township in Pope County; Ashley, Sauk Centre and Melrose in Stearns County.

DIRECTOR QUALIFICATIONS:

- Nominees must be a member of the Cooperative and a primary resident of the district they wish to represent.
- Nominees cannot be employed by, or have financial interest in, a competing enterprise.
- Nominees must have the time available to attend a minimum of 12 regular daytime board meetings, and additional meetings and training sessions as needed.

Complete list of Director qualifications and responsibilities are available on our website: www.stearnselectric.org/director-election.



The image features a green background with the text "Give away" in a large, white, cursive font. Below it, in a smaller, white, sans-serif font, is "ENTER TO WIN". To the right, there is a photograph of a large, round, multi-colored LED light display. The display is made of many small, multi-colored C9 LED lights. Below the display, there are three boxes of "25 Multi-Colored C9 LED Lights". The text "From now through Christmas Day, share a photo of your holiday lights on our Facebook page for your chance to win a new LED holiday light gift pack - a \$100 value!" is overlaid on the bottom right of the image.



INTERRUPTIBLE PROGRAM AVAILABLE TO CI&A MEMBERS

As 2022 nears its end, now is a good time to plan for 2023 project upgrades in energy efficiency and potential ways to reduce your company's overhead costs.

Stearns Electric offers an Interruptible Program exclusively to our commercial, industrial and agricultural (CI&A) members. CI&A members that enroll in the Interruptible Program will not only save money on their monthly electric bill, but also eliminate production disruptions and delays during an unexpected power outage.

Contact John Pantzke, business development and energy services supervisor, at (800) 962-0655 for a custom cost comparison to find out what savings could look like for your farm or business based off your past energy consumption.

Visit www.stearnselectric.org for even more ways to save, including information on efficiency grants available to members making energy efficient upgrades related to their electrical system.

MANAGEMENT MESSAGE

BUDGET TIGHTENS AS INPUT COSTS INCREASE

Over the last couple of months, your cooperative has been heavily engaged in planning and developing the budget for 2023. Throughout this process it has become very apparent that rising costs are not just confined to one or two items, but nearly everything. Most of us are frustrated hearing, seeing, dealing with and experiencing cost increases, so I feel it is important to explain how the current power supply landscape, supply chain issues and overall economy is affecting your electric cooperative.

In 2023, it is projected that 67% of every dollar you spend on electric service with Stearns Electric will go towards purchasing electricity from our wholesale power provider, Great River Energy (GRE). GRE has made many beneficial changes with their power supply resource portfolio over the last few years to not only keep rates down for members like Stearns Electric, but also meet renewable and environmental mandates. With that said though, GRE will have to pass along an increase of over 6% in rates to Stearns Electric in 2023. In addition, GRE is experiencing the same supply chain issues and cost increases that we are. For GRE, forecasted energy market prices are a large driver in the rise of wholesale power costs. Natural gas is used to generate almost 40% of the electricity in the United States and therefore, energy markets are closely tied to natural gas prices. Forecasts indicate that natural gas prices will stabilize a bit more in 2023 than the volatility experienced in 2021 and 2022, but the days of \$2/MMBtu are likely behind us. Projections at this time point towards 2023 natural gas prices around \$7/MMBtu in the winter months and approximately \$4/MMBtu the rest of the year.

The remaining portion of every dollar you spend on electric service, approximately 33%, goes towards operating the Cooperative, receiving power at one of our 33 distribution substations and reliably delivering that power to your home, farm or business. We are seeing costs associated with almost every aspect of distributing electricity rise and anticipate this will continue throughout 2023.

For example, quotes for poles, wires, transformers and meters show that Stearns Electric will pay an average of 60% more in 2023 for construction material compared to 2021 and approximately 30% more compared to 2022. Due to labor shortages, national weather events, and recent incidents abroad, lead times have also extended considerably. A 25 kVA pad mount transformer in 2021 cost \$1,400 with a lead time of two months. In 2023 that same transformer will cost over \$2,500 with a lead time of at least 12 months.

Transportation expenses and fleet equipment prices have also increased substantially over the last couple of years. Mainly driven by fuel costs, in 2023 we are anticipating a 10% increase in transportation expenses compared to 2022. Additionally, the cost of a digger derrick or aerial lift truck has gone up by 20% since 2021 with lead times ballooning out to approximately two years.

Wholesale power, construction material, and transportation are just a few areas we are experiencing cost increases. Other areas that are just as crucial to operating the Cooperative where we are seeing cost increases include: property taxes, insurance (property, health, liability, cyber, etc.), contracted maintenance and construction activities, software and hardware services, and general materials and supplies.

The 2023 preliminary budget was presented to the Board of Directors in November and their final review will be during the December board meeting. Your member-elected Directors are very engaged in this process, digging in and asking good questions. In early 2023, a Cost-of-Service study will be completed by an independent consulting firm. The goal of the study is to ensure Stearns Electric remains financially stable and rates remain competitive, while also maintaining

BOARD MEETING HIGHLIGHTS

The regular meeting of the Board of Directors of Stearns Electric Association was called to order on October 27, 2022, at 1:00 p.m. at the Melrose office of Stearns Electric Association.

Highlights of the meeting include:

- With an approved request, a Stearns Electric member attended the Board meeting to thank the Board for SmartHub outage notifications.
- The Board approved several authorization resolutions prepared to authorize Vice Presidents Vicky Herkenhoff and Matt O'Shea to represent Stearns Electric for multiple organizations and businesses in the vacancy of the CEO.
- Business Development Representative John Pantzke presented a USDA loan application request. Directors approved the loan request.
- Ryan Zierden and Melissa Welle, Manager of IT and Engineering and Operations Support Supervisor, respectively, presented the SmartHub Outage Notification Pilot Program to the Board.
- Great River Energy board representative Greg Blaine provided an overview about proposed GRE rates. Mr. O'Shea explained the impact to Stearns Electric.
- Results of the recent soil borings and land survey were examined and did not indicate any issues for the potential construction of a new facility. The Board decided to table further discussion due to the ongoing CEO search.

NEXT BOARD MEETING
December 29, 2022

Continued on page 6.



POWER TO IMPACT

AS AN ELECTRIC COOPERATIVE, STEARNS ELECTRIC ASSOCIATION VALUES THE MEMBER-CONSUMERS WE SERVE. OVER THE LAST 85 YEARS, THE COOPERATIVE HAS ADJUSTED ITS SAFETY AND SERVICE PRACTICES TO ALIGN WITH THE CHANGING NEEDS AND DEMANDS OF OUR MEMBER-CONSUMERS. ENERGY USE HAS CHANGED DRASTICALLY SINCE THE COOPERATIVE TURNED THE LIGHTS ON IN 1937. BUT ONE THING REMAINS THE SAME: IT'S YOUR ENERGY. OUR MISSION IS TO HELP YOU USE IT WISELY.

Stearns Electric Association is a member-owned, not-for-profit electric distribution cooperative founded by local farmers in 1937 with the help of the Rural Electrification Administration.

Today, Stearns Electric remains a community-focused organization that works safely and efficiently to deliver affordable, reliable energy to over 28,000 member-consumers in six Central Minnesota counties.

IT'S YOUR ENERGY

When the Cooperative was first founded, rural farmers in Central Minnesota didn't have electricity. It wasn't until a group of farmers formed Stearns Electric Cooperative Association and the local distribution network was built that these individuals were able to literally turn on the lights and live with the modern convenience of electricity.

In the 85 years since, member expectations have evolved, and electricity use continues to change the average energy consumer. Turning on the lights doesn't mean the same as it did in 1937; having reliable, affordable energy all day, every day, is something energy consumers have come to expect over time.

"It wasn't that long ago that members would come to the Co-op and explain that their power had been out 'for a couple of days last week.' Now when the power goes out for our members, they immediately log into SmartHub or call our office to report their outage," Matt O'Shea, vice president of engineering and operations, explained. "What was once thought of as a slight inconvenience to be without power for a day or so, has now become a major disruption when you consider all of the equipment and appliances that rely on electricity."



In July 1940, Stearns Electric and other regional cooperatives sponsored a visit from the REA Traveling Circus. For the first time, many attendees saw a variety of electric powered equipment and household appliances at work.

Stearns Electric Association has taken these evolving expectations into consideration and created new programs and offerings to fit the needs of our membership. One of those offerings is SmartHub, which allows members to interact with the Cooperative anytime, anywhere via the web or a mobile device.

"Members can utilize the SmartHub app to pay their bill, view their usage, report a power outage, and more all from the convenience of their mobile device." Ryan Zierden, manager of IT explained. "Additionally, recent SmartHub enhancements provide members with new outage communication options, including

the ability to sign up to receive power outage notifications and report outages via text message.”

The Cooperative’s load management programs are another example of adjusting to member needs over time. Load management programs allow the Cooperative to control the energy loads of members enrolled in specific programs and in return, the members receive a reduced monthly electric rate. “We have several load management programs available for our members – water heating, space heating, electric vehicle charging, commercial or agricultural programs – there is something for anyone who is interested,” John Pantzke, business development and energy services supervisor, explained. “These programs are a win-win for the Cooperative and our members; it’s what is known as ‘beneficial electrification.’”

“Beneficial electrification essentially means using more energy overall, but using that energy more efficiently,” Pantzke continued. “Energy-efficient products like electric water heaters and air source heat pumps make using electricity in new ways a smart choice.”

Off-peak (or overnight) charging for electric vehicles is another good example. Though an EV owner uses more electricity overall to charge their vehicle, the energy that is being used is generally cheaper because it is generated at night when energy use across the distribution system is at its lowest and more readily available.

“Load management programs help promote renewable energy resources and help electric utilities cut down on using fossil fuels like propane, natural gas and gasoline. This is mutually beneficial for both the electric cooperative and the electric consumer,” Pantzke concluded.

HUMAN CONNECTION

In a world where automation is becoming more prominent, Stearns Electric prides itself in having a team of member service representatives answering member questions during regular business hours. Additionally, after hours, Stearns Electric uses another cooperative called Cooperative Response Center (CRC) to answer phone calls and help answer member questions.

“Most members don’t come into the office to pay their bills or ask questions as they did in the past. Though we are still here for members to stop by in person, being accessible at all times of the day is important as member expectations change over time,” Darla Honkomp, manager of member services, said. “Whether it’s a question about their account, they are calling to report an outage or just have a general cooperative question, we do our best to ensure they can be helped quickly and effectively.”

“When members call to discuss their energy use, I like to walk them through their account and energy use data to see if we can troubleshoot their concern together,” Allan Gregory, energy services representative lead, explained. “Taking the time to address their concerns individually and find a solution that works both for them and the Cooperative is one of the favorite parts of my job.”

“At the end of the day, the Cooperative exists to serve its members. Providing our members with real, local people to help



In 2022, we partnered with Great River Energy and Safety and Security Consultation Specialists, LLC to host an electric vehicle safety training for nearly 200 first responders to educate them about electric vehicle accident response.

address concerns or answer their questions is very important to Stearns Electric,” Honkomp added. “It sets us apart from other electric utility providers.”

THE FACE OF SAFETY

Ensuring the safety of our employees is also of top priority for Stearns Electric. We want them to get home safely to their families at the end of every workday.

Public safety is just as important. Though the electrical distribution system is built to be safe, the high voltage energy flowing through the overhead and underground lines can be very dangerous to those untrained or who find themselves unaware of their surroundings. Every year, Stearns Electric prioritizes safety education and training for members of the public throughout its service territory.

“Our public safety training is a blend of multiple things: safety events for first responders, feature stories in the Power Connection, blogs on our website and posts on social media,” Deb Goebel, safety and loss control coordinator, explained. “We also facilitate our annual Energy Education and Safety Demonstrations to nearly 1,800 area elementary students, teaching them the importance of looking out for overhead power lines and knowing what to do if they are in a vehicle accident involving electrical equipment.”

Stearns Electric is proud to power our local homes, businesses, farms, schools and communities over the last 85 years. The impact the Cooperative has made to our local communities and our member-consumers is immeasurable in both the power we provide and the service we offer. We are grateful to support your lives daily, even if it’s as seemingly simple as turning on a light switch.



In January 2014, Stearns Electric launched its SmartHub mobile app and website, which is provided by our software partner NISC. Today, nearly 50% of members are registered for SmartHub.

OPERATION ROUND UP® PROGRAM AWARDS OVER \$76,000

Through Operation Round Up® (ORU), Stearns Electric members distributed \$76,600 to 72 local organizations and charitable causes in November.



OPERATION ROUND UP® TRUST BOARD NOMINATIONS OPEN

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.stearnslectric.org and are due January 13, 2023. Trust Board Directors are elected to serve one, three-year term, and can serve two consecutive terms. Call our ORU staff liaison at (800) 962-0655 during regular business hours with questions.

MANAGEMENT MESSAGE CONTINUED

the quality, reliability and integrity of the electric distribution system and the services we provide. Until the study is complete, we will not know the extent or the implementation timeline of a potential rate increase, but I believe some sort of adjustment will be needed in 2023. These are challenging times and the last thing anyone wants to hear about is another cost increase, but as our members, I want you to be prepared for this likelihood. If a rate increase is needed, this would be our first adjustment since 2018. Please know that however this shakes out, we will continue to do our best to minimize the impact on you and all our members.

All of us at Stearns Electric want to sincerely thank you for allowing us to serve your energy needs this year. Have a joyous holiday season and we wish you all the best as we move into 2023.



Sincerely,

Matt O'Shea
Vice President of Engineering and Operations



ELECTRIC SAFETY

CHRISTMAS TREES AND ELECTRICITY

Keep your tree well hydrated - if it gets dry after the holidays, discard it right away. Make sure your tree is not touching an outlet, and if you are using an artificial tree, be sure it is labeled fire resistant.

MEMBER NEWS

NOTICE TO ALL IRRIGATION MEMBERS

Farmers who plan to install electric irrigation systems or convert their system from diesel to electric for the 2023 growing season must contact Stearns Electric Association. This information is used by our Engineering Department to determine supply needs for the 2023 construction season. Materials and transformers will be ordered soon. Please call the Engineering Department during business hours at (800) 962-0655.

OFFICES CLOSED

The Stearns Electric offices will be closed on Monday, December 26 in observance of Christmas and Monday, January 2 in observance of New Year's Day. If you experience a power outage or emergency during these holidays, please call us at (800) 962-0655 or report your outage via SmartHub. Crews are on call 24/7 and ready to respond to any emergency situation.

EMPLOYEE CHARITY EVENT RAISES NEARLY \$6,000

Stearns Electric held the 15th Annual Employee Charity Event on November 16 where employees raised \$5,845 for this year's employee-selected organization: INDY Foundation. Donations were raised via a silent auction and several raffles throughout the day.

A major milestone was also crossed with this year's event. Since 2008, over \$50,000 has been donated on behalf of Stearns Electric employees and the Board of Directors to 15 worthy organizations.



LIKE US ON FACEBOOK

View more photos at www.facebook.com/stearnsselectric.



DID YOU KNOW?

Did you know it costs approximately \$2,500 in special clothing to outfit one lineworker?

There are 22 lineworkers, along with about 10 other employees, at Stearns Electric who work with high voltage electricity daily to design, build, repair and maintain our electrical distribution network.

Special clothing such as steel-toed boots, flame resistant clothing and safety gear like hard hats, harnesses and safety glasses keep our linemen safe in all types of working conditions, 24/7/365.

COOKING CORNER

SLOW COOKER HOT CHOCOLATE

*Submitted by:
Kim Murphy Ellingboe*

INGREDIENTS

6 C milk
2 C chocolate chips
1 ½ C heavy whipping cream
1 tsp vanilla extract
1 (14 oz) can sweetened condensed milk

DIRECTIONS

Combine all ingredients in a slow cooker. Cover and cook on low, stirring occasionally, until mixture is smooth. Garnish with your favorite toppings. 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@stearnsselectric.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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Fuller Creative

Merry
Christmas
AND

HAPPY NEW YEAR!

