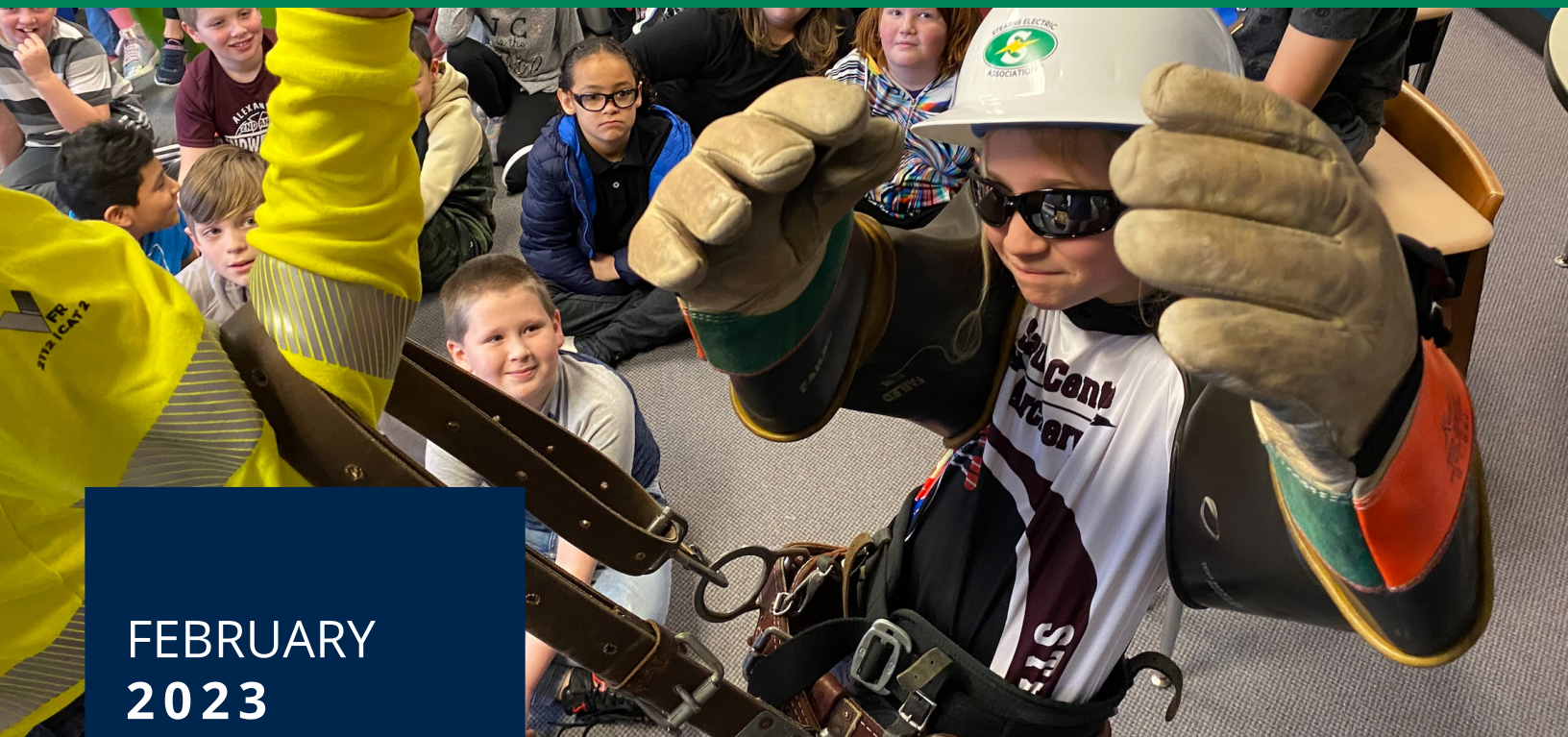




POWER CONNECTION



FEBRUARY
2023

member driven.
community focused.
energy smart.

IN THIS ISSUE:

PAGE 3

Legislative Affairs

PAGE 5

A Year of Savings with
Innovative Energy Solutions

PAGE 6

Cost of Service Study

PAGE 7

You're Invited -
86th Annual Meeting

(800) 962-0655
WWW.STEARNSELECTRIC.ORG

VOLUME 23 | ISSUE 02

SPARKING EDUCATION IN THE CLASSROOM

Every year as part of the Cooperative's commitment to safety and community, Stearns Electric Association presents a one-hour Energy Education and electrical safety demonstration to local fourth grade classrooms throughout our service territory.

After two years of virtual Energy Education presentations, we were back in the classrooms to teach students in-person again. This year, we presented to nearly 1,800 students at 32 schools throughout Central Minnesota.

During the presentation, students learn about the basics of electricity, including details on the seven types of generation fuels, conductors and insulators, our nation's power grid and Stearns Electric's local distribution system. The highlight of the presentation is the live electric home and farm model, where students see first-hand what happens when people, vehicles or equipment come into contact with electricity.

Cooperative lineworkers Levi Jessen and Matt Pieper co-presented the Energy Education and electrical safety

demonstrations this year with energy management electrician, Jamie Plumski and member and employee engagement coordinator, Katie Anderson. The presenters teamed up and took turns facilitating the demonstrations for local classrooms.

"It's important for us to offer the Energy Education presentations and educate these students because it teaches the kids the dangers of electricity and how to be safe around electricity," Jessen said. "After the presentation, they can go home and share that information with their families as well."

"Our goal is to provide students with a background on electricity and how it works before showing them the safety portion of the display," Plumski added. "You can see the literal sparks reflect in the students' eyes when it finally clicks for them what they are learning and the importance of why we are teaching them."

Continued on page 2.

ENERGY EDUCATION CONTINUED

"After presenting virtually for two years, being back in person and face-to-face with the kids versus seeing them on the screen is so nice. The best part of teaching Energy Education are the reactions we get from the kids during each demonstration when there is an arc flash. Feeling their energy is electric," Jessen detailed.

"Once we get to the safety display portion of the presentation, the students are so excited," Anderson said. "Seeing students' reactions to the first arcs and sparks of the display are priceless. The linemen are really great about using the students' excitement to drive home the messages of safety by explaining and demonstrating the dangers of electricity."

Although students are always excited to see the live safety demonstration, the Energy Education presentations are intended to reiterate the Cooperative's messages regarding safety around electrical equipment.

Perhaps the most important safety takeaway from the presentation is the students' knowledge about what to do if a vehicle were to hit electrical equipment. They learn that it is safest to stay inside the vehicle unless it were to start on fire.

"Along with knowing how to be safe if a vehicle they are in hits a power pole or transformer, I hope students always remember to be careful of a downed power line because you never know if it has power running through it or not," explained Pieper.

"The linemen are great at answering the kids' questions with their real-life experiences. When they share their knowledge, the passion for their career is evident," Anderson described. "I love that we wrap up the presentation with picking a student to dress up like a lineworker so the class can see all the gear our lineworkers use daily to keep them safe."

"My favorite part of presenting Energy Education is answering the students' questions at the end of our demonstration," Pieper said. "Some questions are very interesting, but the kids always put a lot of thought into their questions."

Stearns Electric Association values community involvement and safety for everyone. Our Energy Education presentations reinforce these important messages with the hope that local students will bring their new electrical efficiency and safety knowledge home to their families.

For more information on our annual Energy Education programming, please visit www.stearnsselectric.org.

You can view more photos from each presentation on our Facebook page, www.facebook.com/stearnsselectric.



CEO MESSAGE

LEGISLATIVE AFFAIRS: CO-OP FOCUSES ON RELIABILITY AND AFFORDABILITY IN 100% CARBON FREE LEGISLATION

Greetings. This month, I would like to take some time to build upon our legislative affairs efforts that were introduced in the November 2022 Power Connection by Vicky Herkenhoff, Vice President of Administration and Finance. Vice President Herkenhoff explained that legislative affairs are a crucial part of the cooperative business model, and that Stearns Electric Association works closely with local elected officials and the Minnesota Rural Electric Association (MREA) to promote state policies in support of electric cooperatives and their members. Herkenhoff identified priority issues that Stearns Electric and the MREA were ready to educate and engage elected officials on in 2023. Those priorities included defending the longstanding property tax exemption for electric cooperative distribution equipment and dissuading the Minnesota Department of Labor and Industry from requiring costly permits to replace old load control receivers with new ones. However, since Minnesota's 93rd legislative session began in January, there have been nearly 2,500 bills introduced in the House and Senate. This has been one of the busiest starts for the legislature in state history. We will continue to educate and engage policy makers on the issues identified above, but there was another issue that quickly rose to the top of our priority list in January.

A bill that recently passed the House and the Senate and has been signed by the Governor is one requiring Minnesota utilities to generate or procure 100% of their electricity from carbon-free sources by 2040. The original bill also included interim goals of 80% carbon-free by the end of 2030 and 90% by the end of 2035. In addition to setting the carbon-free standard, the requirement for generating or procuring electricity from renewable energy sources was extended to 55% by 2035. The bill provides the same "off-ramps" that currently exist in the renewable energy standard (RES), which means the Public Utilities Commission is the deciding authority for all utilities in the state, including electric cooperatives, in determining future compliance with the standard.

The transition to clean energy and reaching 100% carbon-free has never been the concern. In fact, no other state has reduced electric sector carbon dioxide emissions more successfully than Minnesota and plans were already in place to be over 70% carbon-free by 2034. The new requirements and associated timelines will push utilities to retire existing power plants before necessary transmission, renewable generation and battery storage technology is available. Instead of responsibly attaining the carbon-free goal, this mandate will all but ensure that reliability of the electric grid will diminish, and electricity costs will rise steeply along the way.

Through discussions with legislators and grassroots efforts by electric cooperatives and members across the state, the MREA was able to secure a few changes to the bill before it was approved by the House and Senate. One of the biggest modifications being that the 2030 milestone was changed from 80% to 60% for electric utilities, not including investor-owned utilities. This modification, along with a few others, will provide the means for a somewhat more responsible clean energy transition, but reliability, affordability and even local cooperative governance are still significant concerns of ours moving forward as it relates to meeting the requirements of this carbon-free mandate. Thank you to everyone who participated to ensure your voice was heard.

I also want to share with you a brief update about our ongoing review of the Cooperative's finances. As I shared in the December Power Connection, Stearns Electric is feeling the full impact of rising inflation across all operations and investments – from the cost of wholesale power and labor to transportation and equipment.

Continued on page 4.

BOARD MEETING HIGHLIGHTS

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

Highlights of the meeting include:

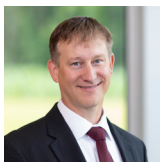
- The 2023 Cooperative budget was approved.
- CEO Matt O'Shea, Vice President of Administration and Finance Vicky Herkenhoff, and Manager of Finance Cindy Anderson presented the long-range financial forecast to the Board.
- A loan application for a local business was approved. John Pantzke, business development representative and energy services supervisor, presented the application at the meeting and provided details for Directors.
- The MISO emergency on December 23, 2022 was discussed at the meeting, which impacted Cooperative members enrolled in EnergyWise programs, especially Commercial and Industrial Interruptible Program accounts. Though predicted to last for a few hours, the MISO emergency lasted 90 minutes.
- Director Greg Blaine provided an update on GRE business, including information on Form Energy's battery project. In early December, GRE sold its interest in the Blue Flint and Dakota Spirit ethanol plants, known as Midwest Ag Energy.

NEXT BOARD MEETING
February 23, 2023

LEGISLATIVE AFFAIRS CONTINUED

Our forecasts suggest additional revenue will be needed to maintain operations and support investments in the long-term reliability of our distribution system.

We launched a Cost-of-Service study with an independent firm to analyze our revenue requirements over the next five years to help us determine a rate adjustment to address these economic challenges (read more on page 6.) This analysis will provide the additional data and information we need to develop a rate adjustment plan that minimizes the impact on members while ensuring that we continue to serve as a safe and reliable source of electricity for years to come. In the weeks ahead, I will work to keep our members informed as we review the results of the Cost-of-Service study and consider our best options.



Sincerely,

Matt O'Shea
Chief Executive Officer



COMMERCIAL, INDUSTRIAL & AGRICULTURAL (CI&A) REBATES AVAILABLE TO MEMBERS

Stearns Electric offers rebates and programs to our CI&A members every year. Rebates are available for robotic milking; ag irrigation variable frequency drives; livestock waterers; ag ventilation; commercial LED lighting; electric forklifts; heat pumps; variable frequency drives; and more.

The Cooperative also manages a United States Department of Agriculture (USDA) economic development loan program that is used to help fund businesses and community projects throughout our area. These loan funds have been utilized by private businesses, cities, health care systems and churches. Contact our Business Development Representative during regular business hours at (800) 962-0655 for more information.



MEMBER NOTICE CO-GENERATION AND SMALL POWER PRODUCTION

In compliance with Cooperative Rules implementing Minnesota Statute section 216B.164 Co-Generation and Small Power Production Notice, Stearns Electric Association is required to interconnect with, and purchase electricity from, co-generation and small power production facilities that satisfy the conditions of a Qualifying Facility.

Stearns Electric has available and will provide free information to all interested members regarding rates and interconnection requirements. An application for interconnection is required for a Qualifying Facility to interconnect and operate in parallel with the Cooperative's distribution system and is subject to approval by the Cooperative. For more information, please contact Stearns Electric Association during business hours at (800) 962-0655.

A YEAR OF SAVINGS WITH
INNOVATIVE ENERGY SOLUTIONS

COMMERCIAL LED LIGHTING RETROFIT

member since 2010

LEGACY BUILDING
SOLUTIONS

WHY DID YOUR BUSINESS CHOOSE TO DO A LED LIGHTING RETROFIT?

The biggest reason was for the cost savings. We had previously retrofit a smaller building 2-3 years ago and knew that completing a similar project in our main production building would make a substantial difference on our monthly electricity bill – plus it's brighter and looks cleaner. We also removed the challenge of housing old fluorescent bulbs and the cost associated with that.

WHAT HAS BEEN THE BIGGEST BENEFIT SINCE COMPLETING THE RETROFIT?

Beyond the cost, the biggest benefit to our business has been the employee impact! Having the LED lighting has created a better working environment for our employees which leads to a higher employee morale.

WERE THERE ANY INCONVENIENCES?

Not at all! We were able to complete the project during downtime, so it didn't even affect production.

HOW MUCH DID YOU RECEIVE IN REBATES?

We received a rebate of \$2,831.

HOW MUCH MONEY WILL YOU SAVE?

Since completing the retrofit last year, we have seen a savings of about \$350 on our electric bill each month.

HOW MUCH ENERGY WILL YOU SAVE?

When comparing the usage measured by our electric meter on our Stearns Electric bill each month, we will save approximately 84,000 kWh of energy each year from the retrofit.

ENERGY WISE 



**"THE IMPACT ON EMPLOYEE MORALE HAS BEEN THE BIGGEST
BENEFIT OF COMPLETING A LIGHTING RETROFIT! OUR EMPLOYEES
HAVE A BETTER WORKING ENVIRONMENT THAT IS BRIGHTER AND
LOOKS CLEANER." – ELLIE FOX, COO LEGACY BUILDING SOLUTIONS**

STEARNS ELECTRIC ENERGYWISE REBATE COMMERCIAL LED LIGHTING RETROFIT

The Commercial LED Lighting Retrofit Rebate is available to commercial members who purchase and install retrofit lighting in existing buildings or who complete a custom lighting project. A Stearns Electric EnergyWise expert will work with you to determine your custom rebate value*.

REBATE REQUIREMENTS:

- All lighting must be EnergyStar or DLC rated and match the installation application.
- Commercial rebates are based on installed equipment of one-for-one replacement of incandescent fixtures, fluorescent T12 lamps and fixtures or other fixture types that produce similar kW savings.
- If the project is not a one-for-one retrofit, a project with a reduction in fixtures can be applied for under Custom Lighting Rebate.
- If a project is a lighting redesign, a photometric layout is required and can be applied for under Custom Lighting Rebate.
- Automatic controls must be permanently installed.
- Installation must be complete before application is submitted. Rebate must be applied for within 12 months of invoice date.

*Rebates are not to exceed 15% of material costs OR project costs, up to \$10,000 per member.

Stearns Electric offers residential, commercial, industrial and agricultural rebates for our member-consumers. By upgrading to more efficient equipment and enrolling in our EnergyWise programs, you will save money and energy every month. Contact Stearns Electric at (800) 962-0655 for more information.



BOARD HEARS PRESENTATION ON UPCOMING COST OF SERVICE STUDY

A consulting firm representative reviewed the process for completing a Cost-of-Service study for Stearns Electric during the Board of Directors meeting in late January.

The ongoing study will provide Stearns Electric with a comprehensive review of costs and revenue needs for the next five years that will consider a variety of economic and operational factors, said Shaurice Moorman, senior consultant at Power System Engineering. The firm will present its findings to the Board at its monthly meeting on March 30.

Stearns Electric hired Power System Engineering to review its cost and revenue needs as rising inflation and increases to wholesale prices for electricity continue to strain the Cooperative's finances. Initial projections show that Stearns Electric will need an increase in revenue to continue supporting current operations and investments in its distribution system.

As part of the study, Power System Engineering will review all classes of energy users and identify ways to protect the fiscal health of the Cooperative, while maintaining safe and reliable service, Moorman explained. Further, the study will help the Cooperative determine how best to adapt to recent inflation, supply chain delays and higher prices for wholesale power.

"We're feeling many of the same financial pressures as the businesses and families we serve," CEO Matt O'Shea said. "This study is about doing our due diligence to find ways to manage these increased costs responsibly while minimizing the impact to our members."

The study will also present rate adjustment options to improve equity between and within rate classes to ensure members are receiving the best value for their energy use. During the board meeting, Directors and staff asked several questions about the firm's approach to be sure they have the information they will need.

"This study will help the Cooperative continue to be fiscally responsible while upholding our long-term investments in our distribution system," said Board President Eric Peterson.

Power System Engineering is a full-service energy consulting firm with extensive experience advising utilities, municipalities and cooperatives on resource management, renewable energy development, and generation and transmission engineering. After the firm presents its findings and recommendations in March, board members will convene in April to discuss the findings and how to move forward with a rate adjustment plan.



ELECTRIC SAFETY

Always follow appliance instructions.

"Read the instructions" should top the list of electrical safety tips at home. Understanding home appliance safety improves both the performance of your device and your personal safety. Should any appliance give you even a slight electrical shock, stop using it.

MEMBER NEWS

FINANCIALLY STRUGGLING TO PAY YOUR ELECTRIC BILL?

You may be able to qualify for energy assistance through a local assistance agency. Contact Stearns Electric at (800) 962-0655 during normal business hours with any questions.

TOP REASONS TO LIKE US ON FACEBOOK

1. **Outage Information** – get the most recent outage updates when major outages occur.
2. **Photos from the Field** - see what our linemen are up to in the field.
3. **Member Giveaways** – who doesn't enjoy winning prizes? Interact with our content for the chance to win prizes and giveaways.

 **LIKE US ON FACEBOOK**
www.facebook.com/stearnselectric



YOU'RE INVITED!

86TH ANNUAL MEETING
Thursday, March 30
Melrose Area High
School Auditorium

The 86th Annual Meeting of the members of Stearns Electric Association will be held at the Melrose Area High School Auditorium in Melrose, Minnesota at 7:00 p.m. on March 30, 2023 to act on the following matters:

1. Report of officers, directors and Chief Executive Officer.
2. Regular election of three directors of the Cooperative:
 - One from District 1
 - One from District 7
 - One from District 8
3. All other business that may properly come before this meeting or adjournment thereof.

As a member-consumer of Stearns Electric, you are also an owner of the Cooperative. As an owner, you have a voice in the operation of our organization. Through attendance at the Annual Meeting and the election of your Board of Directors, you help set the future direction of our Cooperative.

The first 300 members present for the meeting will receive a one-pound block of cheese and one pound of butter quarters as a gift from the Cooperative. We will also give away 10 - \$100 door prizes. You must be present at the meeting to win. Visit www.stearnselectric.org for more information.

Sincerely,

MICHAEL CRAMER
Board Secretary/Treasurer

SCOTT DYMOKE
Co-op Attorney, Nominations Secretary

COOKING CORNER VEGETABLE OVEN PANCAKE

Submitted by: Elizabeth Forsythe

INGREDIENTS

1 tsp butter	2 C broccoli florets, fresh	½ C onion, red or yellow, chopped
½ C flour	1 C green pepper, chopped	2 Tbsp water
½ C milk	1 C tomato, chopped	1 ½ C cheddar cheese, shredded
2 eggs		
¼ tsp salt		

DIRECTIONS

Place butter in a 9" pie plate and heat in a 400 degree oven until melted; tilting to cover bottom and sides of pan. Beat the flour, milk, eggs and salt together, pour into pie pan and bake for 14-16 minutes until golden brown and puffed around the edges. Meanwhile sauté the vegetables and water in a skillet for 8-10 minutes or until tender crisp. Season with salt and pepper. Sprinkle the pancake with ½ C cheese, top with vegetables and remaining 1 C cheese. Bake for 3-4 minutes, or until the cheese is melted. 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

900 Kraft Drive SE, PO Box 40
Melrose, MN 56352

USPS 016053
PERIODICALS
POSTAGE PAID
MELROSE, MN

The Power Connection (USPS 016053) is published monthly (plus an Annual Report) by Stearns Electric Association, P.O. Box 40, Melrose, MN 56352. Subscription rate: \$4 annually. Stearns Electric Association is an equal opportunity provider and employer.

Periodicals Postage Rate is at Melrose, MN, 56352 and additional mailing offices.

BOARD OF DIRECTORS

ERIC PETERSON

President, District 8

RANDY ROTHSTEIN

Vice President, District 4

MICHAEL CRAMER

Secretary/Treasurer, District 3

GREG BLAINE

District 1

ARLYN LAWRENZ

District 2

JEFF KOEHLER

District 5

BOB NIEHAUS

District 6

LONNIE IVERSON

District 7

JERRY FRIES

District 9

STAFF

MATT O'SHEA

Chief Executive Officer

VICKY HERKENHOFF

Vice President of
Administration and Finance

JAMES PACHAN

Vice President of
Engineering and Operations

CINDY ANDERSON

Manager of Finance

GLENN BLOMMEL

Manager of Operations

DARLA HONKOMP

Manager of Member Services

RYAN ZIERDEN

Manager of IT

EDITOR**WHITNEY DITLEVSON**

Communications Supervisor

CONTRACT DESIGNER**AMANDA GROETHE**

Fuller Creative

SMARTER SOLUTIONS START HERE

2023 RESIDENTIAL REBATES ARE AVAILABLE NOW

ENERGYWISE® REBATES

In order to receive the EnergyWise® rebates, members must enroll in the associated program, if applicable.

Quality Install Air Source Heat Pump

HSPF 8.2 (HSPF₂ 7) \$500
HSPF 9 (HSPF₂ 7.7) \$800

Pool Heating

Pool ASHP \$400
Pool Pump VSD \$200

Ground Source Heat Pump

\$150 / ton (10-ton max.)

New Dual Fuel Rebate

\$200 (9 kW min.)

Thermal Storage Space Heating

\$50 per kW (5 kW min.)

ECM Motor

\$50

New Marathon Water Heater

(Purchased from Stearns Electric Association)
\$300 80+ gallon on Stored Water or
Peak Shave programs
\$100 50+ gallon on Peak Shave Program

Electric Water Heater

(Contractor/Member Supplied)
\$100 50+ gallon on Stored Water or
Peak Shave programs

Heat Pump Water Heater

\$300

Electric Vehicle Charger

\$500

Wifi Thermostat

\$25

Engine Block Heater Timer

\$5

ENERGYSTAR® REBATES

Ductless ASHP \$300

Refrigerator (with recycling of old unit) \$50

Freezer (with recycling of old unit) \$50

Dehumidifier \$25

Clothes Dryer \$25

LED Yard Light \$30

For complete details on these rebates contact Stearns Electric at (800) 962-0655 or visit www.stearnslectric.org.