



APRIL
2023

member driven.
community focused.
energy smart.

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(800) 962-0655
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DIRECTORS ELECTED AT ANNUAL MEETING

Nearly 200 member-consumers of Stearns Electric Association gathered for the 86th Annual Meeting of the Cooperative on Thursday, March 30 at the Melrose Area High School Auditorium. The purpose of the Annual Meeting is to execute the annual election of directors, provide a report to the member owners and conduct all other business that comes up at the meeting.

Scott Dirkes of Osakis was elected to the Board of Directors in District 7 to serve a three-year term. Two incumbents, Greg Blaine of Little Falls and Eric Peterson of Grey Eagle, were re-elected in District 1 and District 8 respectively and will each serve a three-year term.

The election results were as follows:

DISTRICT 1

Greg Blaine (*incumbent*) - 219

Write-in - 7

DISTRICT 7

Scott Dirkes - 158

Lawrence "Lonnie" Iverson

(*incumbent*) - 135

DISTRICT 8

Eric Peterson (*incumbent*) - 207

Write-in - 1

Total voter turnout for this year's election was 12.95%. Members in voting districts could vote one of three ways: online, by mail or in person.

Following the meeting, the Stearns Electric Board of Directors held an organizational meeting. The following directors have been elected to serve as the Board officers:

- President: Eric Peterson, District 8
- Vice President: Randy Rothstein, District 4
- Secretary/Treasurer: Michael Cramer, District 3

The self-governance of the Cooperative, through the Annual Meeting and the election of a board by the membership, is one of the differences that sets cooperatives apart from investor-owned utilities. This is your Cooperative. To remain healthy and strong, we need to have continued active participation and support by you, our member-consumers.

The Annual Meeting video and photos can be viewed on the Stearns Electric Facebook page, www.stearnsselectric.org/facebook.

CEO MESSAGE

BOARD APPROVES RATE ADJUSTMENT

After careful consideration, the Stearns Electric Board of Directors approved an effective rate increase of 7.2% during its March 30 meeting to address the impact of inflation on the price of energy and critical electrical distribution equipment. The decision comes after an independent consulting firm conducted a comprehensive Cost-of-Service study which determined that a rate adjustment is needed to maintain our priorities in the reliability and quality of service for members.

One of the most fulfilling parts of leading an electric cooperative is that we are guided by service to our members rather than profit. We only raise rates when necessary to maintain the integrity of our operations, which allows us to focus on the quality of our service to you, our members and owners.

We understand that these are economically difficult times for our communities and members. Since this is the first time Stearns Electric has adjusted rates since 2018, I want to take this opportunity to explain the reasoning behind the upcoming rate increase and what changes you can expect to your bill.

COST-OF-SERVICE STUDY

As our Cooperative's membership has grown, so too have costs for wholesale power, maintenance and materials. In response to these challenges, board members commissioned a Cost-of-Service study to determine the level of revenue needed to maintain the quality of the Cooperative's distribution system. This process has been used prior to all previous rate adjustments to ensure any changes to rates are made equitably across all of the Co-op's rate classes.

The study concluded that a revenue increase of 7.2% (approximately \$4.8 million) was needed to avoid making cuts that would undermine our ability to meet service goals and support ongoing investments in the quality and integrity of our electrical distribution system.

Board members reviewed and discussed various rate adjustment options and chose what they believe is the best plan that balances the impact on our members with the need to maintain our financial stability, ongoing operations and investments.

RATE ADJUSTMENT

Beginning May 1, 2023, the Fixed Charge for the General Single Phase rate class, which includes the majority of our members, will increase from \$24.75 to \$34.25, an increase of \$9.50 per month. This includes residential, seasonal and small commercial or agricultural accounts, which constitute over 95% our membership.

The monthly Fixed Charge covers our costs for delivering electricity - including labor, maintenance and repairs to distribution infrastructure. These costs exist no matter how much energy members use, which is why the charge is fixed and equal for all members within each rate class.

Included in this Fixed Charge increase is \$3 per month to support the construction of a new headquarters for our Cooperative near our current Melrose location. More information on this project and how it will improve our operations is outlined on page 6.

In addition to the Fixed Charge increase, there will be a small increase to our energy rate. The result of these adjustments means that an average member will see a monthly increase of approximately \$14.30 per month, or about 10.1%. It is important to note that the total increase for individual members will vary based on energy usage, as well as taxes and fees specific to their location.

Finally, even though our "distribution" rate has remained unchanged since our last rate increase in 2018, the cost of wholesale energy has increased each year. We have passed those costs along to members in the form of a Power Cost Adjustment (PCA), which you have likely seen on your bill since 2018. When the new rates go into effect on May 1, the PCA will be folded into the energy rate, so any PCA charges you see during the remainder of this year and into the future reflect increases in wholesale power costs, which are passed onto the Cooperative.

Full information regarding adjustments to all rate classes can be viewed on our website.

OUR COMMITMENT

While adjusting rates is never an easy choice, member value is always our top priority with these decisions. Stearns Electric will continue its mission of providing excellent service and competitive rates.

Looking ahead, we will continue to invest in modernized equipment and infrastructure and provide members with up-to-date information on how you can reduce your energy use and get the most value out of your service.

If you have any questions or concerns regarding this rate adjustment, we encourage you to visit www.stearnselectric.org or call our offices during regular business hours at (800) 962-0655.



Sincerely,



Matt O'Shea
Chief Executive Officer

Find full details of the rate adjustment, along with answers to commonly asked questions, on our website, www.stearnselectric.org/RateAdjustment2023. Please contact the Cooperative at (800) 962-0655 during regular business hours with questions or concerns.

MEMBER NOTICE: RATE ADJUSTMENT

To maintain the reliability and quality of electricity provided by your Cooperative while also managing rising costs and inflation pressures, it is necessary for Stearns Electric to implement a rate adjustment in 2023.

The chart below outlines the change in rates effective May 1, 2023, for our most common rate classes. Information regarding adjustments to additional rate classes can be viewed on our website. Members will first see the impact of the new energy rates on the energy bill they receive in June.

Please Note: Included in the monthly Fixed Charge for all members is \$3 for the new headquarters facility. Members of the Cooperative will equally contribute to this important infrastructure need of Stearns Electric Association. Additional adjustments made to the Fixed Charge and energy charges will fairly reflect the actual cost to the Cooperative to deliver reliable energy to each member.

RATE CLASS	EXISTING RATE	NEW RATE
GENERAL SINGLE PHASE		
Fixed Charge	\$24.75 per month	\$34.25 per month
Energy (June – August)	\$0.1250 per kWh	\$0.1322 per kWh
Energy (Other Months)	\$0.1050 per kWh	\$0.1172 per kWh
Base Power Cost Adjustment	\$0.00595 per kWh	-----
ENERGYWISE RATE		
EnergyWise Rate (June – August)	\$0.0770 per kWh	\$0.0830 per kWh
EnergyWise Rate (Other Months)	\$0.0570 per kWh	\$0.0630 per kWh
Base Power Cost Adjustment	\$0.00595 per kWh	-----

When the new rates go into effect on May 1, the current Power Cost Adjustment (PCA), which is passed on directly from our wholesale power provider Great River Energy, will fold into the new energy rates. Any wholesale PCA you see on your power bill for the remainder of this year will likely be minimal and reflect monthly changes in wholesale power costs.

On behalf of the Stearns Electric Board, I want you to know that the decision to increase rates was not made lightly, but with every effort to be mindful of the impact on members. The Co-op staff worked diligently to explore all available options, and the Board made the decision only after careful consideration.

We understand the critical responsibility of providing reliable power. As we studied our financial projections, it was clear that additional revenue would be necessary to cover rising operational costs and maintain investments in our distribution system. That said, we recognize that any increase can be a hardship for some during these challenging economic times. I want to assure you that we remain dedicated to good stewardship and committed to providing the best value for our members. As we move forward, we are confident that we will continue to deliver the reliable service you expect and deserve.



Sincerely,

Eric Peterson
Board President

BOARD MEETING HIGHLIGHTS

The regular meeting of the Board of Directors of Stearns Electric Association was called to order on March 2, 2023, at 1:00 p.m. at the Melrose office of Stearns Electric Association. The meeting was rescheduled from February 23 due to a blizzard.

Highlights of the meeting include:

- The Cooperative's 2022 year-end financials were approved, subjected to an audit.
- The Annual Cogeneration and Small Power Production report, which includes distributed energy resource (DER) rates and a summary of qualifying facilities was approved.
- Extensive discussion took place on the Melrose headquarters facility and plans for its future. Board members voted to build a new facility in Melrose on existing land owned by the Cooperative.
- Two RUS resolutions related to CEO Matt O'Shea's position were approved: Certificate of Authority to Submit or Grant Access to Data and Certificate of Authority.
- Director Greg Blaine was re-elected to serve as the Great River Energy (GRE) representative for the upcoming year.
- The Stearns County All-Hazard Mitigation Plan was approved.
- Two economic development loans were discussed and approved.

NEXT BOARD MEETING
April 27, 2023



EMERALD ASH BORER WREAKING HAVOC IN STEARNS ELECTRIC SERVICE TERRITORY

EMERALD ASH BORER (EAB) IS AN INVASIVE INSECT PEST OF ASH TREES. EAB ATTACKS ALL SPECIES OF NORTH AMERICAN ASH TREES, WHICH ARE COMMON IN CENTRAL MINNESOTA. IN 2019, EAB WAS DISCOVERED IN CLEARWATER AND SAUK CENTRE. MORE RECENTLY, THE COOPERATIVE HAS IDENTIFIED THOUSANDS OF INFESTED AND DEAD ASH TREES IN POCKETS OF OUR SERVICE AREA AND WE ANTICIPATE THAT NUMBER TO CLIMB QUICKLY OVER THE NEXT SEVERAL YEARS.

Emerald Ash Borer (EAB) is a native insect of Asia. It was first detected in the United States in 2002 and in Minnesota in 2009. EAB attacks ash trees of all sizes. Once an ash tree is infested with EAB, it will die if the tree is unprotected. Over time, experts predict EAB will eventually kill all the country's ash trees if they are not treated with a specific EAB insecticide. Minnesota is home to nearly one billion ash trees, including about 16 million in Stearns County alone.

EAB moves approximately one-half to one mile per year from infested sites. It has spread faster though as people can carry it hundreds of miles when transporting firewood and other wood products, according to the University of Minnesota.

On average, ash trees can grow between 40-60 feet, with some species reaching 80 feet in height. Infested or dead trees of these heights are considered danger trees to the Cooperative's Right-of-Way (ROW).

Since 2019, our ROW tree clearing planners have detected EAB sporadically throughout our system. As the years go by it has become more and more prevalent. Recently we completed planning in the Grand Lake area near Rockville and identified hundreds of infested and dead ash trees. Because the infestation is so serious, Stearns Electric needs to update its policies regarding ROW tree clearing and infested ash trees. If we don't take these steps, it will become very costly for the Cooperative and our member-owners.

Currently, the Cooperative manages the ROW on a four-year tree clearing cycle. We plan to continue our normal cycle, clearing danger trees and brush out of the ROW distance. However, if an ash tree is identified as at least 30% infested or dead within the normal ROW, or outside of the normal ROW clearing distance but is a threat to our primary power lines, the Cooperative's tree clearing crews will top (or cut) the tree to below our power lines. The remaining tree and cleanup are left to the property owner to take care of.

Trees that are infested and identified as a threat to our secondary power lines, even if in the ROW distance, will be the responsibility of the property owner.

In some cases, Stearns Electric will offer to temporarily drop the primary or secondary power lines to allow property owners or their tree contractor to safely remove trees that are outside the normal ROW clearing distance.

Visit our website, <https://www.stearnselectric.org/account-services/service-requests/tree-trimming/>, for more information on EAB, including a FAQ document for members. Contact the Cooperative at (800) 962-0655 during regular business hours with any questions.

Please note, our arborist will attempt to contact all property owners at least three times before any trees are removed on member property. Learn more about if an infested or dead ash tree needs to be removed on page 7.

A YEAR OF SAVINGS WITH INNOVATIVE ENERGY SOLUTIONS

AIR SOURCE HEAT PUMP

member since 2009

STEVE AND SUE DUDDING

WHY DID YOU INSTALL AN AIR SOURCE HEAT PUMP (ASHP)? It made economic sense. For us, it made more sense in the long run to install an air source heat pump in place of a standard air conditioning unit and enroll it in the Dual Fuel program to heat our home with off-peak energy.

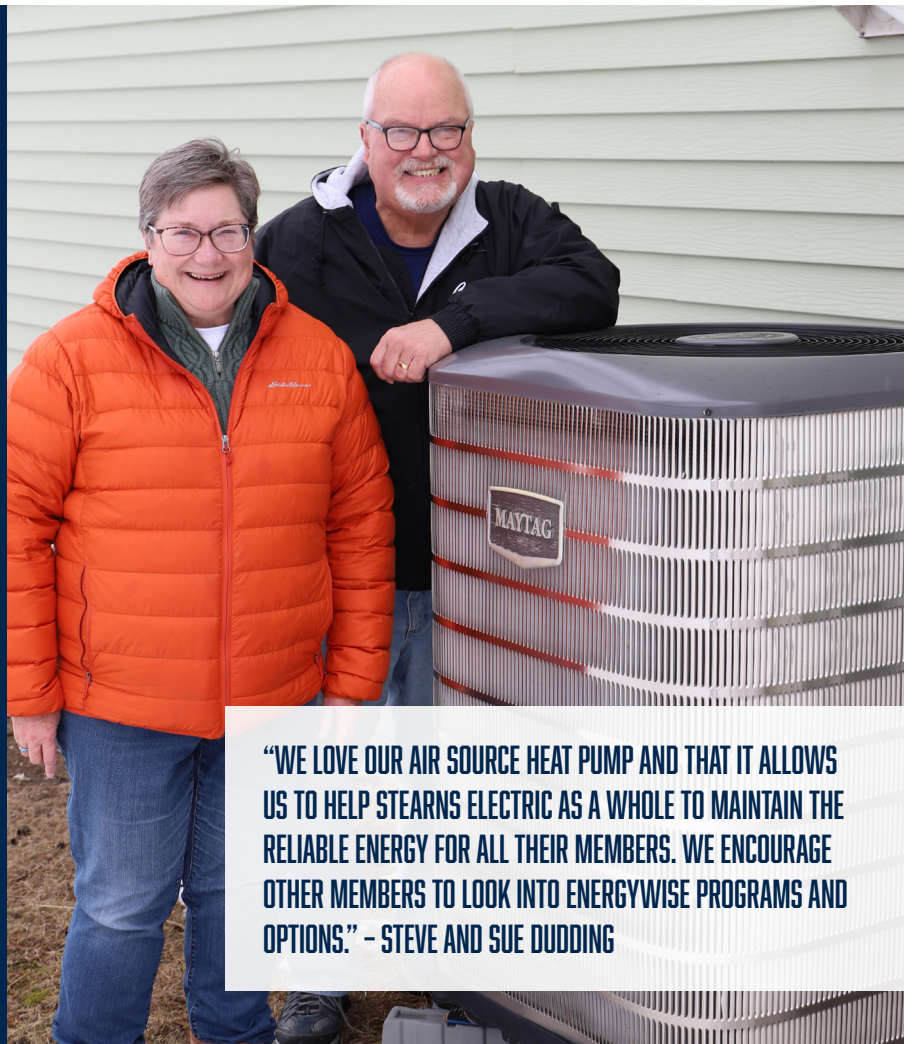
WHAT HAS BEEN THE BIGGEST BENEFIT SINCE INSTALLING THE ASHP? Being able to participate in one of the Cooperative's EnergyWise programs and receiving our heating and cooling energy at the EnergyWise rate for our needs. An added benefit is that we are very seldomly needing to worry about propane pricing as we use very little with the ASHP.

ARE THERE ANY INCONVENIENCES OF USING THE ASHP? We've never had any inconveniences since installing the ASHP, we don't even notice the control periods.

HOW MUCH DID YOU RECEIVE IN REBATES? When we installed our new system in 2014, the rebate we received specifically for the ASHP was \$450.

HOW MUCH MONEY HAVE YOU SAVED SINCE YOU ENROLLED IN THE PROGRAM? In combination with the EnergyWise rate and no longer needing to rely on propane (and its fluctuating costs), we save over \$1,600 annually. In total, our entire system has more than paid for itself.

HOW MUCH ENERGY HAVE YOU SAVED SINCE YOU ENROLLED IN THE PROGRAM? We save nearly 18,000 kWh annually, when compared to a 100% resistive heat source.



"WE LOVE OUR AIR SOURCE HEAT PUMP AND THAT IT ALLOWS US TO HELP STEARNS ELECTRIC AS A WHOLE TO MAINTAIN THE RELIABLE ENERGY FOR ALL THEIR MEMBERS. WE ENCOURAGE OTHER MEMBERS TO LOOK INTO ENERGYWISE PROGRAMS AND OPTIONS." – STEVE AND SUE DUDDING

STEARNS ELECTRIC ENERGYWISE REBATE AIR SOURCE HEAT PUMP

The EnergyWise Air Source Heat Pump (ASHP) is the best of both worlds – ASHPs provide home cooling and supplemental heating with less electricity than conventional air conditioners or furnaces. You have complete control by being able to switch between cooling and heating directly from your thermostat. Air Source Heat Pumps must be enrolled on the EnergyWise Cycled Air Conditioning and Dual Fuel programs in order to get the lower EnergyWise rate.

Rebate Requirements:

- Participants must have an electric heating system of 9 kW or more, combined with an acceptable whole home backup heating system equal to or greater than the electric system enrolled on the program. Failure to have a working backup heating system will result in removal from the program.
- Participants receive electricity used for cooling and heating at the EnergyWise rate.
- Rebates are available for new ASHPs installed by a Quality Install registered contractor. From now through June 30th, increased promotional rebate amounts are available, see the advertisement on back for more details.

Due to their high-efficiency, ASHPs can save homeowners 30-55% on home heating costs and result in a significant reduction of CO₂ emissions compared to traditional heating.

ENERGY WISE 

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.



STEARNS ELECTRIC PLANS FOR NEW HEADQUARTERS TO REPLACE 50-YEAR- OLD FACILITY

In February, the board unanimously voted to move forward with a new headquarters facility, adjacent to the current facility, on land already owned by the Cooperative. Years of discussion, investigation and professional analysis on renovation versus new construction took place. It was ultimately determined that new construction was a better option than renovating the existing building, which was built in the 1970's. By approving the new facility now, Stearns Electric is prepared to watch the market and act quickly to lock in a more favorable interest rate when the timing is right.

The Cooperative anticipates a new headquarters will be built within the next three years. During the planning and construction phase, Stearns Electric will also look at sell and lease options for the existing facility.

Stearns Electric has had two office facilities since 1989 - in Melrose and St. Joseph respectively. The Melrose office is the geographic center of our service territory, which serves parts of six different counties, while the St. Joseph office is near the growth areas around St. Cloud and Sartell. Having two offices positions the Cooperative best in outage response time and strategic disaster recovery plans.

The existing headquarters has outgrown its current space. The need for a new facility is driven by our mission to safely deliver reliable energy. Outdated equipment and cramped facilities are impacting the efficiency and cost-effectiveness of service. In particular, the garage, shop and mechanic areas need more space and updated equipment to accommodate the size and demands of today's vehicles and provide appropriate space for employees.

As we move through the design and development phase of this project, we will look at every possible avenue to reduce costs even more and keep the impact of this facility as minimal as possible on our membership. At current projections, we anticipate the cost of the new building will be \$20 million, plus an additional \$7.5 million in interest. Final construction costs will be known within the next year. The current rate analysis includes a \$3.00 per member increase to the Fixed Charge to account for the new facility.

Investments like this position the Cooperative to meet the current needs of members and provide room for growth over the next several decades. We are still early in the process and have a lot of decisions to make, but we feel it is important to share information on what we know currently.



ELECTRIC SAFETY

Avoid planting under power lines or near electrical equipment. Trees and landscaping enhance the beauty of your property, but can interfere with the delivery of safe, reliable power and the safety of those who work on the electric service equipment in the Right-of-Way on your property.

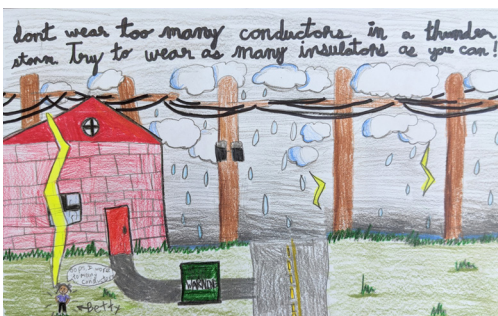
MEMBER NEWS

SPRING AUTOPAY PROMOTION

All accounts enrolled in AutoPay by April 30, 2023 using a designated checking or savings account will be entered into a drawing for a chance to win one of three \$100 bill credits! Visit www.stearnslectric.org for complete details.

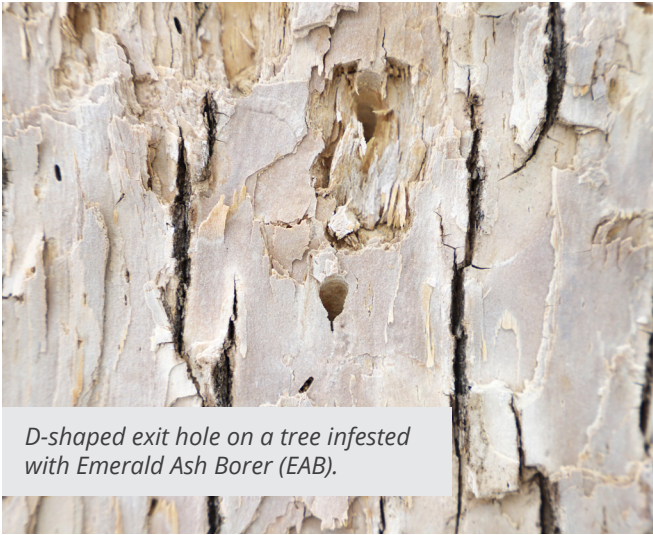
OFFICES CLOSED MEMORIAL DAY

Stearns Electric Association will be closed on Monday, May 29 in observance of Memorial Day. If you experience a power outage or emergency during this time, 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.

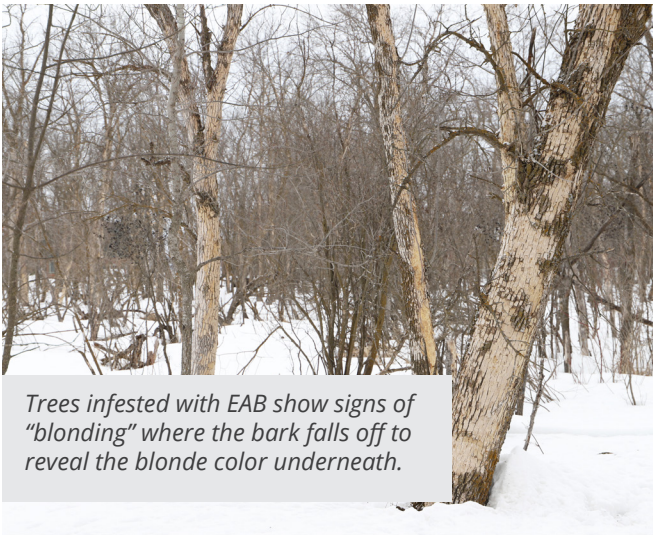


ENERGY EDUCATION POSTER WINNER

Congratulations to Lucy from Sauk Centre Elementary School for winning our 2023 Energy Education poster contest!



D-shaped exit hole on a tree infested with Emerald Ash Borer (EAB).



Trees infested with EAB show signs of "blonding" where the bark falls off to reveal the blonde color underneath.

EMERALD ASH BORER CONTINUED...

The Cooperative has identified thousands of infested and dead ash trees in pockets of our service area and we anticipate that number to climb quickly over the next several years. Because the infestation is so serious, Stearns Electric needs to update its policies regarding Right-of-Way tree clearing and infested ash trees. If we don't take these steps, it will become very costly for the Cooperative and our member-owners.

If an infested or dead ash tree needs to be removed, here is a breakdown of responsibilities for members and Stearns Electric.

Infested or dead tree inside or outside of normal ROW, identified as a threat to primary power lines.	
Member Responsibility	Stearns Electric Responsibility
X Member is responsible for all cleanup and removing remaining portion of the tree.	X Stearns Electric crews will top (or cut) the tree to below the power lines.
Infested or dead tree outside of normal ROW, identified as a threat to secondary power lines.	
Member Responsibility	Stearns Electric Responsibility
X Member is responsible for removal of the tree.	

COOKING CORNER BANANA SOFTIES COOKIES

Submitted by: Janet Klug

INGREDIENTS

- | | |
|-------------------|--------------------------------|
| 2 bananas, mashed | 1 large egg |
| 1 ½ C flour | ¼ C chopped nuts (optional) |
| ½ C sugar | ½ C chocolate chips (optional) |
| 1 tsp baking soda | Vanilla wafers, melted |
| ¼ tsp salt | |
| ¼ C melted butter | |

DIRECTIONS

Preheat oven to 350 degrees. Mix flour, sugar, baking soda and salt together. In a separate bowl, mix bananas, egg and butter together. Add dry ingredients to banana mixture and stir together. Add nuts and/or chocolate chips if desired. Bake for 12-15 minutes. When cool, drizzle with melted vanilla wafers. 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@stearnslectric.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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Melrose, MN 56352

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MELROSE, MN

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Vice President, District 4

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Communications Supervisor

CONTRACT DESIGNER

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WHETHER TEMPS RISE OR FALL, YOUR ENERGY BILL WILL STAY COOL.

**TAKE ADVANTAGE OF REBATES UP TO
\$1,300 WHEN YOU INSTALL A QUALIFYING,
ENERGY-SAVING AIR SOURCE HEAT PUMP!**

DUCTED UNITS		
ASHP	Standard Rebate	Promotional Rebate
8.2 – 8.9 HSPF	\$500	\$1,000
≥ 9.0 HSPF	\$800	\$1,300
DUCTLESS/MINI SPLIT UNITS		
ASHP	Rebate w/ Resistive Electric Heat	Rebate w/ Delivered Fuels
Min. ≥ 9.0 HSPF	\$750	\$450

CALL (800) 962-0655 TO LEARN MORE!

NOTE: Only new ducted and ductless installations qualify for the 2023 Air Source Heat Pump (ASHP) promotion. Ducted units must also be installed on the EnergyWise Dual Fuel and Cycled Air Conditioning programs for the first time to qualify. EnergyWise programs must be checked out by Stearns Electric on or before December 31, 2023.



Visit energywisemn.com/promotions to learn more and complete a quiz for your chance to win a \$500 energy credit!

ENERGY WISE