



SEPTEMBER  
2023

member driven.  
community focused.  
energy smart.

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(800) 962-0655  
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## STEARNS ELECTRIC CONTINUES CHANGEOUT OF DEMAND RESPONSE UNITS

In 2021, Stearns Electric Association began a 5-year plan to changeout aging load management receivers with new Aclara demand response units (DRUs).

This summer, our electricians continued changing out residential DRUs. This only impacts member-consumers who are enrolled in a load management program (i.e., dual fuel, storage water heating, cycled air conditioning and/or electric vehicle charging). Impacted members receive direct communication from Stearns Electric before work begins on their equipment.

Changing out the DRUs provides the Co-op the ability to adapt to future load controlling opportunities and strategies and maintain affordable load management rates. Certified Cooperative employees holding master and journeyworker electrician licenses are changing out the equipment, which help keep costs down.

Focus right now is on changing out DRUs for members enrolled in the Dual Fuel

program. There are 6,869 load controllers that need to be changed out, of which 14% have been completed as of August 31, 2023. Additionally, all DRUs for members enrolled in the Interruptible Irrigation, Interruptible Generator and ChargeWise programs have been successfully changed out.

As of the end of August, Cooperative electricians have changed out a total of 1,829 DRUs throughout the Stearns Electric service territory.

More information is available on our website, [www.stearnslectric.org/load-control](http://www.stearnslectric.org/load-control). Please contact the Energy Service department with any questions you have.



#### FUN FACT

Stearns Electric introduced its first load management program, Stored Water Heating, in 1981.

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## CURRENT ENERGYWISE PARTICIPANT NOTICE:

### IS YOUR ENERGYWISE DUAL FUEL SYSTEM WINTER READY?

If you have a Dual Fuel heating system, now is the time to be sure your back-up heating system is prepared and that you have adequate fuel supply.

When will Dual Fuel heating systems be controlled?

- During periods of high demand (coldest winter evenings) and when market prices are high, but other factors can lead to load control as well.
- Up to 400 hours during the heating season.
- Control periods will not exceed 12 hours on a single day.
- Any time of the day, but typically in the early evening (4:30 - 9:30 p.m.) and occasionally in the morning.
- Participants should expect 20 control days totaling an estimated 108 hours this winter, with most occurring between December and February.

We encourage you to fill your secondary fuel source and ensure it is working properly in preparation for winter. Fossil fuel prices typically climb over the coming months and peak high during the middle of winter.

#### **REMEMBER: CHECK BEFORE YOU FLIP YOUR BREAKER OFF**

Are you planning to close up your seasonal home, head out on a long vacation or travel south for the winter? Be sure you don't inadvertently shut off the breaker that supplies power to your off-peak meter for either your electric water heater or off-peak electric heat source. This will cause the electric heat or water heater to be billed at the general service rate instead of the off-peak rate.

If you have an electric water heater, we encourage you to have a qualified installer equip your water heater with a disconnect switch. This enables you to shut off your water heater at your convenience while maintaining power to the off-peak meter.



## CAPITAL CREDITS

**CASH BACK IN  
YOUR WALLET!**

### DID YOU KNOW?

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Stearns Electric Association refunds capital, above the cost of operations, to its members in the form of Capital Credits. Capital Credit checks, for both Stearns Electric and our wholesale power provider, Great River Energy, are mailed to members in November.

THAT IS THE  
**COOPERATIVE  
DIFFERENCE!**

LEARN MORE

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Get your Capital Credit questions answered online at: [www.stearnslectric.org/capitalcredits](http://www.stearnslectric.org/capitalcredits) or contact our Capital Credit Coordinator at (800) 962-0655.

# CEO MESSAGE

## BOARD WEIGHS OPTIONS ON COOPERATIVE'S PROPERTY TAX

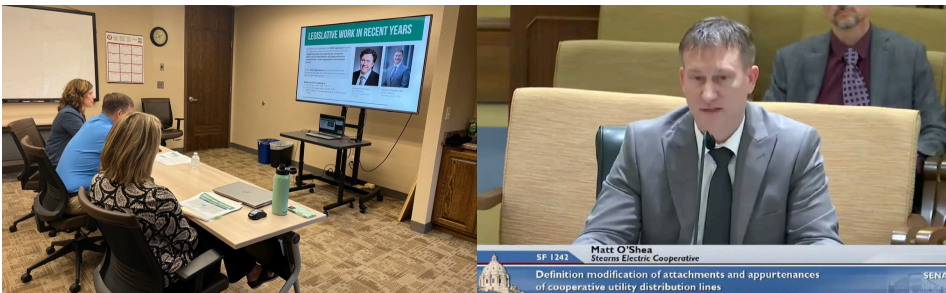
### *Settle or Proceed to Tax Court*

Under a Minnesota law that has existed since 1939 (Minn. Stat. 273.41), electric co-ops in the state pay a per member fee of \$10 for each 100 members in lieu of property tax on distribution equipment outside of incorporated areas. Although the law has not changed in over 80 years, in 2021, the Minnesota Department of Revenue (DOR) began reinterpreting this exemption and started implementing property tax on certain rural equipment. This violates the statute and increases Stearns Electric's property tax.

Since 2021, we have fought this reinterpretation through appeals with the MN DOR. Most recently, on August 17, we once again appealed our 2023 apportionable market value, which is ultimately used to calculate the Cooperative's annual property taxes. We estimate this reinterpretation has cost Stearns Electric Association an additional \$450,000 in taxes over the last three years on equipment that was previously untaxed.

Until there is new legislation that clarifies the language in the statute, Stearns Electric will see an increase of about \$150,000 per year in property taxes. It is frustrating to say that clarifying language is needed for 80+ year old legislation, but this is exactly why you have heard us state that this is one of our top priorities at Stearns Electric.

In both 2022 and 2023, legislators came to a bipartisan consensus in the agreed to Omnibus Tax Bill, reaffirming the exemption of co-op distribution equipment from property tax. Unfortunately, the Tax Bill did not pass in the 2022 legislation and the exemption provision was cut from the Omnibus Bill in the final hours of the 2023 regular session.



Stearns Electric conducts appeal with MN DOR on August 17.

CEO Matt O'Shea testifies at MN legislature in February 2023.

We appreciate the legislative support we have received on this issue. Senator Aric Putnam authored the 2023 bill and recently joined the Cooperative during its MN DOR Appeal. Other senators and legislators throughout our service territory have listened to our concerns and appear eager to act on behalf of the Cooperative in the 2024 session. One of our biggest challenges is seemingly coming from an unwritten rule – where legislation ends up being removed when there is pending litigation. In this case, we know other co-ops have taken this issue to tax court, so we believe this is why legislation failed to pass in 2023.

Stearns Electric is not the only Minnesota cooperative experiencing increased property taxes. We work together closely with the other impacted cooperatives and remain in frequent contact. I want to be clear: Stearns Electric, like all electric cooperatives, wants to pay its fair share of our local taxes, but we do not want to pay more than is authorized by state law. We do pay property taxes both on our equipment that is located within incorporated areas and on our 33 substation properties.

*Continued on page 7.*

# BOARD MEETING HIGHLIGHTS

The regular meeting of the Board of Directors of Stearns Electric Association was called to order on July 27, 2023, at 1:00 p.m. at the Melrose office of Stearns Electric Association.

Highlights of the meeting include:

- Manager of Finance Cindy Anderson presented the 2023 Key Ratio Trend Analysis (KRTA), which shows how Stearns Electric compares relative to other co-ops across the state and nation in regard to areas such as financial health, distribution system operations, number of employees, etc.
- Two resolutions were approved – one authorizing which employees can execute DNR utility crossing documents and another that outlines which employees can direct our wholesale power provider to make required payments on our behalf.
- Vice President of Administration and Finance Vicky Herkenhoff provided an update on the Co-op's property tax valuation from the Minnesota Department of Revenue and the plan to appeal.
- A facility update was provided, including information on the construction manager request for proposals, which are due back to Stearns Electric on September 1, 2023.
- A resolution for CEO Matt O'Shea to procure an Energy, Efficiency and Electrification (EEE) loan from Great River Energy for a member-business was approved.

**NEXT BOARD MEETING**  
September 28, 2023





## CYBERSECURITY AWARENESS

In today's world, most of us don't leave the front door unlocked. We protect our homes, loved ones and valuables from intruders with locks, alarms and other security measures. Cybersecurity is no different. It's the practice of protecting other valuables such as your identity, banking and health records and other sensitive information from digital attacks and theft.

### KEEPING THE ELECTRIC GRID AND YOUR DATA SECURE

Taking necessary steps to protect member and security data used at our Cooperative is a year-round practice at Stearns Electric Association. Part of offering excellent service is keeping that service secure and reliable.

For Stearns Electric Association, reliability means repairing wear-and-tear, upgrading our equipment to withstand storms and severe weather, and using technology and best practices to keep our system secure from cybersecurity issues. We work daily to protect your personal data and information from cybersecurity breaches.

We also work together with co-ops across the country to develop new technologies and infrastructure, learn from each other and keep the grid's network secure. While we can't stop a storm or predict every disruption, as a co-op, we do everything we can to keep the lights on and our members protected. Because if we all do our part, our interconnected world will be safer and more secure for everyone.

### WHAT CAN YOU DO?

In honor of Cybersecurity Awareness Month coming up in October, here are four tips from the Cybersecurity and Infrastructure Agency (CISA), an agency of the United States Department of Homeland Security, that is responsible for strengthening cybersecurity and infrastructure protection to keep you safe online:

1. **Implement multi-factor authentication** (also known as two-step verification) on your accounts. The additional layer of protection makes it much harder for criminals to access your information.
2. **Update your software.** This is one of the easiest ways to protect your personal data. When downloading a software update, make sure it's coming straight from the company that created it. Beware of fake pop-ups that request urgent downloads. Better yet, turn on automatic updates.
3. **Think before you click.** Most successful cyber-attacks start with a phishing email. Don't take the bait. Avoid emails (or texts) that look too good to be true, oddly urgent, poorly crafted or include unusual requests.
4. **Create strong passwords.** Use long, unique and complex words or phrases. Consider using a password manager to save time, work across all devices, protect your identity and notify you of potential phishing websites.

Being cyber smart is the best way to protect yourself and others from cyber-attacks. No single tip is foolproof but when used together, they can make a real difference for taking control of your online presence. Following these tips is easy and free.

### BEWARE OF PHONE SCAMS

Scams can also happen over the phone. Please know that Stearns Electric will always ask you to verify your account with specific personal information such as an account number, name, address, etc. when we call you. We will also never call and allow you only a few minutes to pay your utility bill prior to being disconnected. Please stop and think before releasing personal banking information over the phone. When in doubt, hang up and call us back at (800) 962-0655 to verify that a call or request is legitimate.



## A YEAR OF SAVINGS WITH INNOVATIVE ENERGY SOLUTIONS

# VARIABLE FREQUENCY DRIVE (VFD)

member since 1986

## SKAJ FARMS

### WHY DID YOU DECIDE TO INSTALL A VARIABLE FREQUENCY DRIVE (VFD) FOR YOUR IRRIGATOR?

We installed the electric variable frequency drive (VFD) on our irrigator in 2022 as our diesel motor was nearing the end of its life. We decided at that time that the investment into the electric VFD motor made more sense looking at electric rates versus diesel rates.

### WHAT HAS BEEN THE BIGGEST BENEFIT?

The cost has been the biggest benefit. The cost per acre and price per hour of run time is cheaper than using the diesel motor. There are also environmental benefits, less maintenance to worry about and it's much easier to switch between high and low pressure with the VFD.

### ARE THERE ANY INCONVENIENCES?

The only inconvenience thus far has been the learning curve with the VFD technology. It takes a little bit of time to manage what the best settings are for your crop.

### HOW MUCH DID YOU RECEIVE IN REBATES?

We received a \$2,000 rebate for a 200 hp VFD.

### HOW MUCH MONEY HAVE YOU SAVED?

In comparing electric costs to the current cost of diesel this year, we will save nearly \$20,000 throughout our 2023 irrigation season.

### HOW MUCH ENERGY HAVE YOU SAVED?

The VFD has saved us about 300% in our energy consumption year-over-year by being able to vary the speed of the pump to a lower speed as needed to run the irrigation system at its maximum efficiency level.

## ENERGY WISE



**“WE SHOULD HAVE INSTALLED A VFD A LONG TIME AGO AFTER SEEING THE COST AND ENERGY SAVINGS; WE WAITED BECAUSE OF THE INITIAL INVESTMENT. THE EFFICIENCY IS REALLY WHAT MAKES THE DIFFERENCE - WE’RE ONLY USING WHAT WE NEED.” – PETER SKAJ**

## STEARNS ELECTRIC ENERGYWISE AGRICULTURAL IRRIGATION VFD

Installing a Variable Frequency Drive (VFD) allows the irrigator pump to speed up or slow down to provide uniform application of water and maintain correct pressures throughout the irrigation system. Typically, a VFD will be most beneficial for a system that has end guns or swing arms, precision application packages or one pump supplying water to multiple irrigation systems.

### REBATE REQUIREMENTS:

- Evaluation must be complete before funds will be issued for the rebate.
- Members and vendors must submit itemized equipment invoices, rebate applications and manufacturer equipment specifications.
- The Cooperative reserves the right to conduct random inspections of installations.
- Rebates must be applied for within 12 months of invoice date.
- Project must comply with all program-specific rules and qualifications.
- The member is responsible for checking with the Cooperative to determine funding and availability to verify program parameters.

*\*The maximum rebate shall not exceed 25% of material costs OR project cost, 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.

# MN COLD WEATHER RULE EFFECTIVE OCTOBER 1

The Minnesota Cold Weather Rule, under statute (216B.097), protects residential utility customers during the cold winter months. Under this rule, your electric service will not be disconnected for nonpayment between October 1 through April 30 if electricity is the primary heat source and you meet Cold Weather Rule (CWR) requirements.

To qualify, you must meet ALL the following conditions:

- You declare an inability to pay by completing the "Inability to Pay Form."
- Your total household, not individual, income is at or below 50% of the state median income. You must provide the necessary documentation to support this condition.
- Your account is current for the billing period immediately prior to October 1, or you mutually agree to a payment arrangement with the Stearns Electric billing department.

If you do not meet all of these listed conditions, then you do not qualify for the winter shut-off protection. However, you can still continue to receive electric service if you call us to make a mutually acceptable payment arrangement. The law does allow for Stearns Electric to disconnect when it is necessary from October 1 to April 30, so please act promptly. Before disconnecting electric service during this time, Stearns Electric must provide:

- A 30-day notice of disconnection;
- A statement of members' rights and responsibilities;
- A list of local energy assistance providers;
- Forms on which to request Cold Weather Rule protection; and
- A statement explaining available payment plans and other options to continue service.

To avoid a disconnection under the CWR, you must make and keep an acceptable payment arrangement with the Cooperative and meet all the conditions listed above. This applies to all residential customers, including senior citizens and families with young children. If you make and keep a CWR payment arrangement, you are protected until April 30.

Stearns Electric works closely with members during the CWR period, just as we do throughout the year. We don't want to interrupt service to any member, but in a cooperative, all members suffer when any bill remains unpaid. Stearns Electric would rather work with members to establish and maintain adequate payment arrangements of their past due bill, but sometimes a disconnection must take place.



Please contact  
Stearns Electric during  
regular business  
hours if you have any  
questions about the Cold  
Weather Rule or Energy  
Assistance Programs.



## ENERGY EFFICIENCY

### IT'S THE PERFECT TIME TO SCHEDULE A TUNE-UP FOR YOUR HEATING SYSTEM

No matter what kind of system you have, you can save energy and money by regularly maintaining your equipment. Combining proper equipment maintenance and upgrades with recommended insulation, air sealing and thermostat settings can save about 30% on your energy bills.

## MEMBER NEWS

### MEMBER SURVEY IN OCTOBER

NRECA Market Research will conduct email surveys to Stearns Electric member-consumers in October. We appreciate your feedback and participation to improve our service to you, our members! More details will be posted on our website before emails go out next month.

### STORED WATER HEATING AND STORAGE HEAT CONTROL PERIOD CHANGES THIS WINTER

Reminder: For this winter season, the electric thermal storage schedules for water heating and space heating are controlled from 6:00 a.m. to 10:00 p.m. from October 1, 2023 through April 30, 2024.



# 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, audiotape, 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](mailto:program.intake@usda.gov).

## CEO MESSAGE CONTINUED...

Throughout this process, the leadership team working on this issue has been guided by the Cooperative's Board of Directors. At their meeting on August 24, our Board discussed this issue extensively once again. The Board is currently weighing our options, which are:

**Settling the 2023 apportionable market value.** This means that the Cooperative would pay more than it believes it should for property taxes in 2023 and will need to continue appealing to the MN DOR in future years until clarifying legislative language is passed.

**Taking the MN DOR to tax court.** It is likely that multiple impacted cooperatives in Minnesota will take the MN DOR to tax court. If a favorable decision is made in tax court, these additional property taxes would not be paid and this issue would likely be put to rest. This could take a few years and would involve multiple cooperatives pooling together on attorney and legal fees.

There are pros and cons to both scenarios. Based on what we know from other cooperatives, some have chosen to settle while a majority are planning to go to tax court. As this newsletter goes to print, our Cooperative's decision has not been determined. Stearns Electric will keep you informed and continue to speak up on issues like this that impact our members.



Sincerely,

Matt O'Shea  
Chief Executive Officer

## COOKING CORNER CORN CASSEROLE

*Submitted by: LouAnn Pilarski*

### INGREDIENTS

- 1 stick of butter, melted
- 14.5 oz can cream corn
- 15.25 oz can regular corn, drained
- 1 egg, beaten with fork
- 1 C sour cream
- ¼ C green onion, chopped
- ½ tsp sugar
- 8.5 oz Jiffy corn muffin mix
- 1 ½ C cheddar cheese, shredded
- Salt and pepper to taste

### DIRECTIONS

Preheat oven to 350 degrees. Set cheddar cheese aside. Mix all other ingredients together and put into 9x13" baking dish. Bake for 28 minutes. Remove from the oven and sprinkle cheddar cheese over the top. Place back into the oven and cook for another 12 minutes. Remove from oven and serve. 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](mailto: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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Fuller Creative



# THE FACE OF SAFETY



## SAFETY IS A TOP PRIORITY AT STEARNS ELECTRIC

Safety is not only a priority for our employees, but for our members and communities as well. All of our employees, both in the field and in the office, work daily to promote best safety practices and maintain our high safety standards.

We are **ALL** the face of safety!

Scan the QR code to view  
our new Face of Safety  
videos which highlight  
several areas of safety  
focus at Stearns Electric  
Association, or visit:  
[www.stearnsselectric.org/  
face-of-safety-videos](http://www.stearnsselectric.org/face-of-safety-videos).

