

# Connections

July 2022

For the member-owners of Federated Rural Electric



Volume 26, Issue 7

## Cruising along with drive-in Annual Meeting again August 3 — vote by mail or in person

Make a quick road trip to Federated's Drive-in Annual Meeting August 3 to vote on candidates to represent you.

Due to the popularity of the previous two years' Annual Meetings, Federated will again host a drive-in meeting with mailed ballots as another voting option. "This is the second year Federated will mail ballots to all current members," stated Scott Reimer, Federated's general manager. "Members who cast their vote will be entered into a drawing to win \$1,000 worth of electric bill credits."

Watch for your ballots to arrive in the mail near July 1. You'll have ballots for two directors and two Nominating Committee positions. (See Pages 5-6 for the candidates.) Vote and put the ballot inside the blank anonymous envelope, which goes inside the bar-coded envelope; be sure to put a stamp on the outside envelope and sign this envelope too. The bar-coded envelope is how you are entered into the \$1,000 bill credit drawing. Drop it in the mail so Federated receives your ballot by Tuesday, August 2, at 4:30 p.m.

Otherwise, bring your ballot to the Federated office before that time or drive to the Annual Meeting Wednesday, August 3. Drive-in voting occurs at the Jackson County Fairgrounds from 4:30 p.m. to 6 p.m. Use the main gate and follow the signs. You can only vote once. The bar code helps the cooperative track if you already voted by mail. Those voting in person are encouraged to bring their bar-coded ballot envelope or bring the bar-coded coupon on Page 16.



**Make your member-owner voice heard by voting for the director and Nominating Committee candidates. Ballots arrive around July 1. Vote by mail or at the Drive-in Annual Meeting August 3.**

If you misplace both, onsite registration is available, but it takes more time. Members pull over to vote and then drop off their ballots before they leave the fairgrounds.

If members stay for the brief official Annual Meeting, it will begin at 6 p.m. on the south side of the Jackson County Fair's grandstand. The meeting involves approval of the Nominating Committee's reports, last year's Annual Meeting minutes and posts a quorum through the members who voted; the meeting will take less than 15 minutes. Members may listen live to 105.7 FM radio, whether at home or in your vehicle at the meeting.

Ballots will be counted after the Annual Meeting by the Nominating Committee and attorney. Results will be shared on the co-op's Facebook page and the media by noon the following day. Winning candidates will be notified first and announced in the September *Connections* newsletter. ☎

### At A Glance



Upgrade to new dehumidifier & use our rebate

Is your dehumidifier prehistoric? If so, buy a new Energy Star dehumidifier; receive a \$25 Federated rebate. Energy Star dehumidifiers have more efficient refrigeration coils, compressors and fans, so they remove the same amount of moisture, but use nearly 30 percent less energy. ☎

This publication focuses on CAP's members, programs and events. As this is the official member publication, member's story ideas, letters-to-the-editor and comments are welcomed.

Andrea Christoffer, CCC, Editor  
 "Owned by those it serves"

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# Board authorizes \$1.3 million in capital credits; find credits on electric bills received in August

Cash back is coming your way! Federated members will see capital credits refunds on the August 4 electric bills.

This year the Board of Directors is retiring and returning about \$1.392 million in capital credits from three different sources:

1. \$144,000 from 2019 Southern Minnesota Energy Cooperative patronage (wholesale power supplier capital credits).

2. Great River Energy returned capital credits to Federated for 1990, 1991 and 1992 patronage that totals \$299,000; this also represents wholesale power supplier capital credits.

3. Finally, Federated is returning capital credits from 2002, 2003 and 2021 totaling \$949,000.

- Retires balance from 2002: \$389,994
- Retires 30 percent from 2003: \$179,635
- Retires nearly 38 percent from 2021: \$379,814

Federated returns a portion of last year's margins so newer cooperative members see the benefits of capital credits. When Federated's Board of Directors approved the rate consolidation of Federated's legacy and former Alliant electric rates in 2021, the wholesale power supplier capital credits are now allocated among all electric members. In the last decade Federated has returned over \$8.4 million to its member-owners.

Current members will receive a bill credit on their August bills listed as "Capital Credits Retired." Checks will be mailed in late July if the amount was more than \$500. Checks will also be mailed to former members if the amount is larger than \$20.

Capital credits are returned as a bill credit, which saves labor, postage and printing costs for the membership.

"During these inflationary times, capital credits being re-



**Federated directors celebrate the cooperative difference by returning more than \$1.3 million to Federated members as capital credits; look for your credits on the August 4 electric bill. Directors from left to right: Jon Saxen, Glenn Dicks, David Meschke, Bruce Brockmann, Darvin Voss, Scott Thiesse and David A. Hansen.**

turned to you, our member-owners, helps out a lot," stated Scott Reimer, Federated's general manager. "This is the cooperative difference of local ownership!"

Unlike many corporations, Federated is a not-for-profit organization. We reinvest our profits back into the cooperative. Plus, we allocate the value of those profits (based on electricity purchased during the year) to a capital credits account maintained for each member. Federated holds these margins over time to finance part of line construction and maintenance. Using our margins this way means Federated does not have to borrow as much money, saving members interest charges that would otherwise be reflected in higher electric rates. ☺

## Former members moved to?

Unclaimed capital credits from seven years are now posted on Federated's website: <http://www.federatedrea.coop/unclaimed-capital-credits-list>. ☺



# What a journey past year...sun sets on Coal Creek, while Broadband rises on our horizon

This past year is definitely one of change. Our major source of power from Great River Energy (GRE), Coal Creek power plant, was sold. Yet, a new opportunity rises to serve our members with Federated Broadband.

## Coal Creek sold May 2

GRE's Coal Creek ownership transfer occurred May 2, 2022, culminating a multi-year process addressing GRE's ownership of the coal-fired baseload plant. It was sold to Rainbow Energy Center, along with the high-voltage, direct-current transmission line to Nexus Line. Rainbow Energy Center and Nexus Line are affiliates of Rainbow Energy Marketing Corporation of Bismarck, North Dakota. Rainbow Energy Center is operating the 1,151-megawatt (MW) power plant using current plant employees. GRE will operate and maintain the HVDC system under a 20-year contract. As part of this agreement, GRE will purchase 1,050 MW of power from Rainbow Energy Center through early 2023 when the purchase amount decreases to 350 MW for eight years. The balance of the output would go to other bilateral contracts, as well as providing grid stability for the upper Midwest as a baseload facility. The sale of Coal Creek Station and the HVDC transmission line were a major component of GRE's evolving power-supply strategy where Federated was a major recipient of the energy and capacity from that plant. The commitment of Rainbow Energy Center is to pursue carbon capture and storage, demonstrate these advantages and show how other coal-fired plants could significantly cut carbon-dioxide emissions; this plant also remains a viable power producer into the future, instead of shutting down. Federated received 95 percent of its GRE fixed power supply from this plant. As of May 2, less than 5 percent of our wholesale power supply comes from GRE and will remain that way through the end of the contract.

L&O Power/Basin Electric Power Cooperative is now our largest wholesale power supplier around 71 percent, with Western Area Power Administration's (WAPA) hydropower around 12 percent, SMEC/Alliant at 14 percent and rounding out the portfolio at 3 percent is GRE. Federated is still fortunate to have a diverse power supply mix, which allows mitigation of risk.

## Inflation & drought impact your electric rates

Continuing with the power supply theme, rates and power cost adjustment (PCA) always come into play. Soon a drought adder comes with the WAPA supply. It's probably no surprise that 2021 and 2022 have been filled with uncertainty, especially with the economy throwing us curve balls. Our energy sector is certainly not immune to



**David A. Hansen**  
President



**Scott Reimer**  
General Manager

its effects; however, the industry is cognizant of the effects of rate hikes and do everything to mitigate them. While we don't have a rate increase in the planning stage, we will use the PCA, which allows us to collect only when its needed. The transmission grid and the market will be the culprits for the most part. However, we have seen our share of material shortages and substantial price increases. Budgets are adjusted to accommodate spending so the pain is palatable and spread over time.

The drought adder covers the loss of water levels in the Missouri River reservoirs. This relates to the 12 percent hydropower in our portfolio. WAPA is just about to enter a formal rate process to increase its Firm Power Rate by around 16 percent due to drought-like conditions and increased base costs. The increase occurs January 1, 2023.

## Fiber Broadband internet on the horizon

We began our broadband journey in 2005 with the Wild-Blue/Exede satellite internet service, which served our membership well and still does for some. 2021 led us to our next phase, when we brought Back 40 Wireless into the Federated services. On January 1, 2022, we began operating Federated Broadband, powered by Back 40 Wireless. So far in our short life cycle the response from members and non-members has been outstanding.

We are currently doing a build-out in Martin County to offer a product that will fill the digital divide until our fiber to the premise (FTTP) is built. Federated has been busy seeking funding for several projects with one of those secured. We are happy to report that we will become the fiber internet provider to the city of Ceylon, starting construction yet this fall with completion the spring of 2023. Ceylon received a CDBG-CV grant from the Minnesota Department of Employment and Economic Development. Through a Ceylon request for proposals, Federated was selected to provide the service. 200 or so subscribers will see the benefits of gig-speed, fiber-optic internet service soon.

We also applied for the third round of USDA Reconnect grant funding, which should be announced this summer. This effort will provide FTTP to all those in Martin County who don't have access to at least 100/20 broadband speeds. Other opportunities exist for Jackson County with the federal Broadband Equity, Access and Deployment (BEAD) grants. The Minnesota Border-to-Border grant deadline is August 4, which covers the Dunnell and rural Heron Lake project areas. By now you're asking, is this possible to acquire all of these grants to build out all of Martin and Jackson counties with high-speed internet service? We believe so. 🇺🇸

# Introducing Federated's Board of Directors



**Glenn Dicks**  
Lakefield  
District 1  
Board Member  
16 years



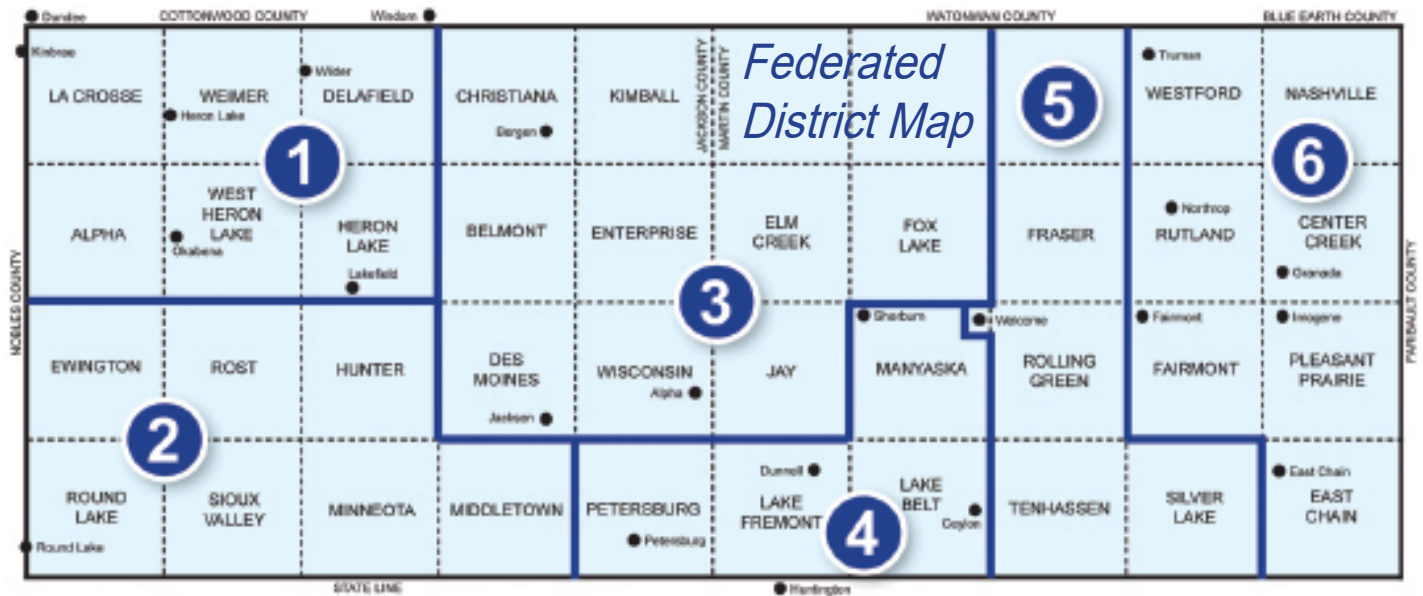
**David A. Hansen**  
Jackson  
District 3  
Board President  
22 years



**David Meschke**  
Welcome  
District 5  
Board Vice President  
17 years



**Bruce Brockmann**  
Granada  
District 6  
Board Member  
9 years



**Darvin Voss**  
Lakefield  
District 2  
Board Secretary/Treasurer  
12 years

## Director duties:

- Attends monthly meetings and serves as a delegate at other meetings, as needed. Attends director training.
- Approves policies, procedures and budget. Reads reports, policies and other information pertaining to the co-op.
- Evaluates co-op's performance and plans for growth.
- Assures democratic process according to Bylaws and Articles of Incorporation.
- Hires general manager.
- Responds to members' input and concerns. (b)(5)



**Scott Thiesse**  
Welcome  
District 4  
Board Member  
6 years



**Jon Saxen**  
Sherburn  
Director At-Large  
Board Member  
15 years

# Director candidates & sample ballots

**Federated Rural Electric**

2022  
BALLOT FOR DIRECTORS  
AS A MEMBER, I VOTE FOR:

District One — VOTE FOR ONE  
4-YEAR TERM — 2023 to 2026

	Glenn Dicks Lakefield, MN	NOMINATED BY COMMITTEE

District Two — VOTE FOR ONE  
4-YEAR TERM — 2023 to 2026

	Darvin Voss Lakefield, MN	NOMINATED BY COMMITTEE

*(Note: A large red "SAMPLE" watermark is overlaid on this ballot.)*

2022  
BALLOT FOR NOMINATING  
COMMITTEE  
AS A MEMBER, I VOTE FOR:


District Three — VOTE FOR ONE  
4-YEAR TERM — 2023 to 2026

	Tyler Ayers Alpha, MN	NOMINATED BY COMMITTEE
	Kilen Warmka Alpha, MN	NOMINATED BY COMMITTEE

District Four — VOTE FOR ONE  
4-YEAR TERM — 2023 to 2026

	Paul Nelson Jackson, MN	NOMINATED BY COMMITTEE
	Curt Ringgenberg Jackson, MN	NOMINATED BY COMMITTEE

*(Note: A large red "SAMPLE" watermark is overlaid on this ballot.)*

The term for the candidates starts December 31, 2022. The Nominating Committee candidates' biographies and photos are on Page 6. 



Follow us on Facebook for updates on outages, co-op elections and events. 

## District 1: LaCrosse, Weimer, Delafield, Alba, West Heron Lake and Heron Lake. Includes the towns of Wilder, Heron Lake and Okabena.



**Glenn Dicks** — *running unopposed*

Glenn Dicks lives in Heron Lake Township with his wife, Ruth. They have four children. He rents their crop land out to two sons and a daughter. Dicks raises contract-feed hogs and spring-calving cows with some sold on the internet. He helps his son with a custom-hay operation.

Dicks was a 12-year director of the old Farmers Co-op Elevator and was a six-year director for the Minnesota State Shorthorn Association. He has served as a Federated director for 16 years and has also served on the L&O Power Cooperative board for Federated for nine years. Dicks' hobbies include goat and cattle shows/sales and watching his grandchildren's activities.


"I want to keep Federated's rates as low as possible and still keep our cooperative as financially strong as it can be," Dicks stated.

## District 2: Ewington, Rost, Hunter, Round Lake, Sioux Valley, Minneota and Middletown Townships.



**Darvin Voss** — *running unopposed*


Darvin Voss lives in Sioux Valley Township with his wife, Cheryl. They have three children: Emily (Dan) Becker, Ashley (Mickey) Lair and Dustin (Amanda) Voss, plus eight grandchildren. Voss raises corn and soybeans with his son; he also has a custom-finishing hog operation. Voss attends St. Paul Lutheran Church, Rost Township; he previously served on their Finance Board, as a trustee and was an elder. Previously, Voss served on Federated's Nominating Committee as a member and as a 4-H adult leader.

Voss has served as a Federated director for 12 years and is currently the secretary-treasurer. He enjoys participating in issues relating to the co-op's power resources. "I am committed to keeping your co-op strong and holding your rates as low as possible," Voss said. 

## Annual Meeting Notice

### 87<sup>th</sup> Annual Meeting notice

The 87<sup>th</sup> Annual Meeting of the stockholders of the Federated Rural Electric Association will be held Wednesday, August 3, 2022. Members will do mail-in voting or drive-in voting, with the schedule as follows: Members may vote either by mail with ballots returned to Federated's office by 4:30 p.m., August 2; OR vote at the drive-in meeting August 3 at the Jackson County Fairgrounds between 4:30 to 6 p.m. A brief business meeting begins at 6 p.m. south of the grandstand.

1. Determination of quorum.
2. Reading the meeting notice with proof of the due publication of mailing.
3. Presentation and reading of unapproved minutes of previous meetings of the members and the taking of necessary action.
4. Presentation of Nominating Committee minutes for approval.
5. Election of Directors and Nominating Committee members. With the abbreviated meeting, the votes will be tabulated after the Annual Meeting. The voting results will be announced August 4, via the media and Federated's Facebook page.
6. Unfinished business.
7. New business.
8. Adjournment. 



## Nominating Committee candidates

### District 3:

Christiania, Belmont, Enterprise, Des Moines, Wisconsin, Jay and Fox Lake Townships.



#### Tyler Ayers

Tyler "Red" Ayers lives in Wisconsin Township with his wife, Nichole. They have three children: Nayeli, a Jackson County Central (JCC) seventh grader; Naiya, a JCC fifth grader; and Malakai, a three-year old preschooler. Ayers currently works at Corteva Agriscience in Jackson, which he has done for less than a year. Previously, he

worked at HitchDoc in Jackson for 12 years. Ayers participates in the Relay for Life activities for Martin County and serves as a Jackson County Fair volunteer. He attends St. Paul's United Church of Christ in Welcome. His hobbies include fishing, camping, hiking and family vacations.

"I would like to learn more about Federated and serve on the Nominating Committee," Ayers said.



#### Kilen Warmka

Kilen Warmka lives in Wisconsin Township with his wife, Grace. He has been a diesel mechanic for five years. He attends St. Peter Lutheran Church in Lakefield.

In his spare time he likes to work on two-cylinder tractors, square bale hay and take UTV trips in Minnesota and South Dakota. "I am excited to get involved in the community by serving on the Nominating Committee," Warmka stated. ☺

### District 4:

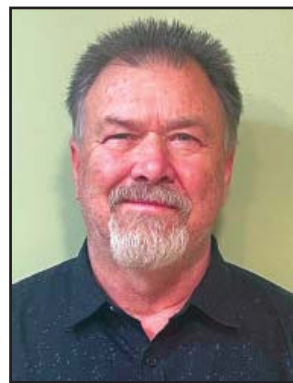
Petersburg, Lake Fremont, Manyaska and Lake Belt. Includes towns of Petersburg and Sherburn.



#### Paul Nelson

Paul Nelson lives in Petersburg Township with Caryl, his wife. He has farmed 47 years and raises 100 beef cows. They have five children. Nelson is a supervisor for Jackson County Soil and Water Conservation District. He attends Cross Winds Church, Spirit Lake. He likes woodworking.

"I'm interested in serving on Federated's Nominating Committee to get a peek inside the electrical company, its generation and distribution network," he stated. "I am fascinated with electricity. We take motion and turn it into electricity and from that electricity we are able to create light, heat, sound and motion."



#### Curt Ringgenberg

Curtis Ringgenberg lives in Petersburg Township with his wife, Debra. He has been a mechanic/hobby grain farmer for four years. They have four adult children: Andrea, Kirsten, Jordan and Jeremy. Ringgenberg serves on the council at the Union State Line Church. His hobbies include dirt bikes, bicycles and camping.

"I feel I could do a good job on the Nominating Committee," Ringgenberg commented. "It would be satisfying to serve." ☺

### Power Cost Adder increase explained

Federated members will see a higher power cost adder (PCA) starting with their June 3 bills for May's electricity use.

Federated's wholesale power costs from Great River Energy (GRE) increased in conjunction with the Coal Creek power plant sale in North Dakota May 1. (See related story on Page 5.)

Co-op members can expect a higher PCA each month moving forward throughout 2022. The PCA allows the co-op to pass along to you, fluctuating power costs on your bill. ☺



**Big LEDs — use in garages, machine sheds or shops**

22-watt LED (equivalent to 150 watt incandescent; replaces 40-watt CFL or 100-watt HID) \$39.50 plus tax. Federated factored in the rebate on this price already. It's a 5000K (white) light, comes with a five-year warranty and lasts 40,000 hours! Buy at Federated's office. ☺



# Summer surfs up! It's always a good time to surf with Federated Broadband

Put your slow, buffering internet service behind you once and for all! Switch to Federated Broadband for your local, cooperative-owned, line-of-site internet service & streaming TV too.

## Residential packages

- |  |            |
|--|------------|
| <b>6MB down/2MB up</b>                             | \$50/month |
| • Perfect speed for e-mails, surfing & Facebook    |            |
| <b>15MB down/2MB up</b>                            | \$70/month |
| • Upgrade to streaming TV & drop satellite TV      |            |
| <b>25MB down/3MB up</b>                            | \$80/month |
| • Works with larger households, downloads & gaming |            |
| <b>40MB down/3MB up</b>                            | \$90/month |
| • Gamers, work from home and all of the above!     |            |

**Basic installation fee starts at \$150**

**We also offer business packages!**

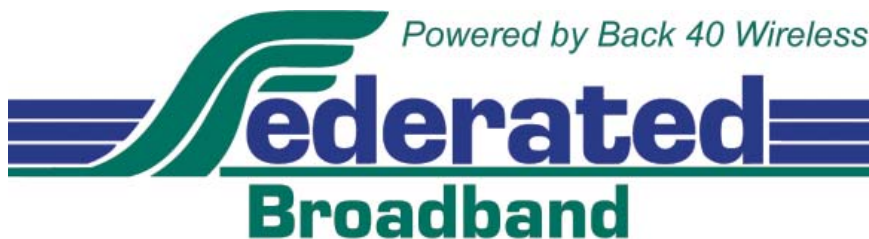
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| • Basic          | 102 channels | \$60/month |
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**507-847-1001**



# Review the 2021 Annual Meeting minutes

The 86<sup>th</sup> Annual Meeting of the Stockholders of the Federated Rural Electric Association (Federated) was held on Wednesday, August 4, 2021, at the Martin County Fairgrounds, Fairmont, Minnesota. For continued COVID precautions, the 2021 Annual Meeting was held by drive-in, similar to the 2020 Annual Meeting.

With the 2020 changes to the organization's Bylaws, all Federated members had the opportunity to vote one of two ways: by mail or by drive-in, as explained below. All registered members who voted properly received a \$10 bill credit.

First, members could vote by mail-in ballot. The ballots were mailed to all current members prior to the meeting, arriving in the mail to the members on or about July 1, and due back to Federated's office by 4:30 p.m. on August 3. For those members who chose to vote by mail, they were instructed to put their marked ballot inside a provided blank-anonymous envelope, which then went inside the postage-paid bar-coded envelope also provided, and were asked to sign the outside of the envelope prior to returning.

Or, secondly, members could vote the day of the meeting by drive-in voting, occurring at the Martin County Fairgrounds, Fairmont, Minnesota, from 4:30 p.m. to 6:30 p.m. on August 4. The member registration coupon was made available in the Annual Report featured in the July *Connections* and included a barcode for quick registration. Members who voted by drive-in could register as they drove into the designated areas at the Martin County Fairgrounds, and were then given the ballots and an attendance gift, which were extra gifts from previous years. Once registered, members were instructed to pull ahead and park, vote by ballot, then proceed to the ballot box near the exit area to submit their ballots.

The brief business meeting followed the drive-in voting, starting at 6:30 p.m. on the west side of the grandstand. Attendees were asked to participate in the business meeting by listening to channel 1370 AM on the radio, either by staying in their parked vehicles at the fairgrounds

or listening from another location.

The business meeting was called to order by David Hansen, President of the Association, at 6:30 p.m. at the Martin County Fairgrounds, Fairmont, Minnesota. President Hansen encouraged members to listen to the radio station 1370 AM. He also provided a phone number that members could call or text during the meeting, should they have discussion questions. President Hansen then asked Secretary Darvin Voss if there was a quorum present. Secretary Voss stated there was a quorum, with 1,495 members registered. (There were 1,382 ballots cast by mail, and 113 ballots cast at the drive-in Annual Meeting.)

President Hansen then called on Secretary Voss to read a copy of the Notice of Meeting. Said Notice and Printer's Affidavit of Publication are appended to the minutes of this meeting.

President Hansen asked the members if they would prefer the minutes of the 2020 Annual Meeting printed on Pages 8 and 9 of the Annual Report be read or to entertain a motion to approve the minutes as printed. After a brief pause for questions or discussion, members were asked to honk their vehicle horns in response. A motion was made, seconded and carried approving the 2020 Annual Meeting minutes, as printed.

President Hansen then introduced Federated's Attorney, Brad Anderson, who presented the 2021 Nominating Committee Report. Attorney Anderson summarized the highlights of the minutes of the 2021 Nominating Committee meetings, which were printed in full on Pages 12 and 13 in the Annual Report. He reported that the committee elected Douglas Landsteiner as chairman and Jeff Ziemer as vice chairman/secretary. He further reported that the committee reviewed a 2021 updated Director Compensation Survey, including the current compensation for the Federated directors. He informed the members the committee recommended a \$10 increase to the directors' monthly Internet stipend, from \$40 to \$50 per month, with no other suggestions or recommendations in changes to the directors' compensation.

Attorney Anderson then reported the Nominating Committee's recommendations of candidates for directorship and nominatorship. Afterward, President Hansen called for a motion to approve the Nominating Committee's report and minutes. Members were given a chance to call with any questions or discussion, and then were asked to honk their vehicle horns in response. A motion was made, seconded and carried to approve the Nominating Committee's report.

The following director candidates were nominated as prescribed by the Bylaws:

District Five: David Meschke and Stuart Smart

District Six: Bruce Brockmann, (Unopposed)

The following Nominating Committee candidate was nominated as prescribed by the Bylaws:

District at Large: Timothy Mailahn, (Unopposed)

President Hansen announced each of the director candidates for District Five (5) and District Six (6) and the nominator candidate for District at Large. He reminded members voting had occurred by mailed ballot and by drive-in.

President Hansen then asked if there was any new business from the membership, and repeated the number for members to call or text if there was. There was no new business.

President Hansen then called on Attorney Anderson to discuss the vote on the proposed amendment to add a Bylaw on arbitration to the organization's Bylaws. Attorney Anderson stated that the proposed new Bylaw on arbitration was detailed on Pages 14 and 15 in the Annual Report. The Federated Board of Directors approved the proposed new Bylaw on arbitration at their regular board meeting held May 28, 2021, with the Bylaw amendment to be presented to the Federated membership and placed on the ballot to be voted on by the membership. Attorney Anderson explained that the main reason for the new proposed amendment was to allow in part for an effective dispute resolution, considered to be a quicker, less expensive way to bring a dispute to a conclusion, as



## for approval

compared to traditional litigation in the court system.

President Hansen then asked that the membership call the phone number as provided if any questions regarding the proposed amendment to the Bylaws.

Before closing, President Hansen told members if they had not yet voted to do so. He stated the ballots would be counted following the meeting. He reported that the voting results would be announced the next day with the media, on Federated's Facebook page and website, along with the September *Connections* newsletter.

President Hansen again asked for any new or unfinished business.

There being no new or unfinished business, he thanked the members for participating in the Annual Meeting, and he thanked the Federated employees for their service the past year.

The meeting was adjourned.

Following the business meeting, Julie Resch, CFO-Office Manager, and Attorney Brad Anderson, oversaw the tabulating of all the votes, which was held at the Arena building at the fairgrounds.

Election results were announced Thursday, August 5, 2021, via media and Facebook, as follows.

The inspectors of election certified the following were duly elected as directors:

District Five: David Meschke

District Six: Bruce Brockmann

The inspectors of election certified the following was duly elected as nominator:

District at Large: Timothy Mailahn

The inspectors of election certified that the vote for amending the Bylaws of the Association be amended, as follows:

Should the Bylaws of the Association be amended to add Article XV on Dispute Resolution, as printed in the July 2021 *Connections* Annual Report, and approved by the Federated Rural Electric Board of Directors?

Yes — by a yes vote of 1,314 in favor; and a no vote of 66 against.

Certificates of the inspectors of election are attached to these minutes. (u)

— *Darvin Voss, secretary*

## T-shirts for the 4-Hers and the screened adult leaders given at both county fairs



**T-shirt time!** This summer Federated is handing out green T-shirts to 4-H members and screened adult leaders with the slogan of "Proud to be green!" Jackson County 4-Hers pick up your shirts on July 23; wear them for Winner's Circle July 26 or livestock auction July 30 for a green surprise! Martin County 4-Hers can pick up their shirts on entry day August 15. Wear this shirt for the livestock auction August 19 and receive a green surprise! Pictured are two Jackson County 4-Hers, Jada and Shelby Milbrath from Okabena, picking up their shirts last year from Federated's Board President David A. Hansen. (u)



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# Balance sheet

Note: 2022 is a partial year with four months of unaudited financials through April 30, 2022; these financials are for informational purposes only.

December 31, 2020 and 2021

Assets (What we own)	2020	2021	2022 (thru 4/30/22)
Cost of system	\$64,819,650	\$66,869,841	\$67,241,244
Cost of broadband system		1,625,650	1,633,460
Cost of construction in progress	<u>402,675</u>	<u>912,690</u>	<u>1,476,944</u>
	65,222,325	69,408,181	70,351,648
We estimate the system has depreciated	<u>24,329,956</u>	<u>25,410,954</u>	<u>26,097,153</u>
<b>This gives our system a book value of</b>	<b>\$40,892,369</b>	<b>\$43,997,227</b>	<b>\$44,254,495</b>
We have cash and other investments			
Cash and other investments	5,480,814	5,364,700	6,099,714
Power supplier & associated cooperative patronage capital	17,140,026	17,493,122	17,051,458
National Rural Utilities Cooperative Finance Corporation, investment	641,375	640,761	639,961
Other investments	<u>1,448,837</u>	<u>2,165,031</u>	<u>2,145,910</u>
<b>Total cash and investments</b>	<b>\$24,711,052</b>	<b>\$25,663,614</b>	<b>\$25,937,043</b>
Members and others owe for electric energy, services, etc., net of allowance for doubtful accounts:			
2020: \$40,726; 2021: \$16,989; 2022, \$24,155	2,465,130	3,099,992	2,383,289
We have materials and supplies, at average cost	698,153	1,196,397	1,346,323
We have other assets, prepaid expenses, etc.	<u>2,263,184</u>	<u>916,758</u>	<u>1,012,174</u>
<b>Total Current Assets</b>	<b>5,426,467</b>	<b>5,213,147</b>	<b>4,741,786</b>
<b>Total Assets</b>	<b>\$71,029,888</b>	<b>\$74,873,988</b>	<b>\$74,933,324</b>
<b>Liabilities (What we owe)</b>			
Construction loans	\$21,777,518	\$24,407,233	\$24,182,380
Economic development loans	600,000	600,000	600,000
We owe for power, materials, taxes, etc.	<u>5,292,138</u>	<u>5,773,410</u>	<u>5,799,066</u>
<b>Total Liabilities</b>	<b>27,669,656</b>	<b>30,780,643</b>	<b>30,581,446</b>
Net worth (Members' equity in the Association)			
Your accumulated patronage capital	38,236,729	38,621,746	38,266,013
We have other members' equity	<u>5,123,503</u>	<u>5,471,599</u>	<u>6,085,865</u>
<b>Our total equity in the Association</b>	<b>43,360,232</b>	<b>44,093,345</b>	<b>44,351,878</b>
<b>Total liabilities and net worth</b>	<b>\$71,029,888</b>	<b>\$74,873,988</b>	<b>\$74,933,324</b>

## Management's comments

Eide Bailly audited the financial statements for the years ending December 31, 2020 and 2021 in accordance with generally accepted auditing standards and government auditing standards issued by the U.S. Comptroller General. The above is a condensed presentation of these financial statements. The complete auditor's report is on file at the cooperative's office.

Note: 2022 is a partial year with four months of unaudited financials through April 30, 2022; these financials are for informational purposes only. (C)



# Statement of revenue & expense

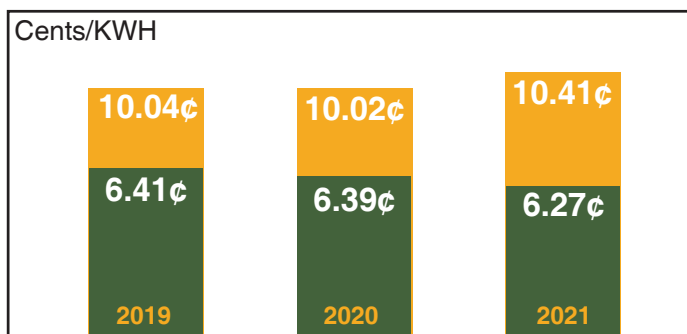
December 31, 2020 and 2021

Revenue	2020	2021	2022 (thru 4/30/22)
Sales of electric energy	\$33,525,670	\$35,038,380	\$12,011,454
Misc. electric revenues and penalties	710,533	-275,074	173,639
Non-operating income	410,291	375,541	-79,325
<b>Total</b>	<b>\$34,646,494</b>	<b>\$35,138,847</b>	<b>\$12,105,768</b>
<b>Expenses</b>			
Wholesale power	26,446,358	26,963,724	9,563,839
Operating	4,441,227	4,288,602	1,500,832
Depreciation & amortization	1,946,713	2,023,867	686,211
Interest	631,351	361,157	151,337
<b>Total</b>	<b>\$33,465,649</b>	<b>\$33,637,350</b>	<b>\$11,902,219</b>
Patronage capital and non-operating margins	1,180,845	1,501,498	203,549
Capital credits from associated cooperatives	968,740	857,064	62,579
<b>Net patronage capital (margins)</b>	<b>\$2,149,585</b>	<b>\$2,358,562</b>	<b>\$266,128</b>

## We still owe

	2020	2021	2022
<b>Rural Utilities Service/Federal Financing Bank</b>			
.046% to 2.898% notes due through 2043	\$18,265,187	\$18,693,644	\$18,492,171
Advance payments	-1,677,722	-732,273	-476,408
	<b>\$16,587,465</b>	<b>\$17,961,371</b>	<b>\$18,015,763</b>
<b>Co-Bank Loans</b>			
2.12% to 4.52% notes due through 2049	1,824,731	4,119,143	3,937,433
<b>Cooperative Finance Corporation</b>			
0% to 4.85% notes due through 2045	3,365,322	2,326,719	2,229,184
<b>Total construction loans</b>	<b>\$21,777,518</b>	<b>\$24,407,233</b>	<b>\$24,182,380</b>
<b>Rural Economic Development Loans</b>	<b>600,000</b>	<b>600,000</b>	<b>600,000</b>
<b>Total long-term debt</b>	<b>\$22,377,518</b>	<b>\$25,007,233</b>	<b>\$24,782,380</b>

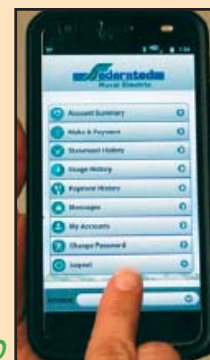
## Federated's average residential rate & wholesale power rates for three years



Federated's retail rate increased slightly due to the 2021 rate increase, while the wholesale rates were merged for a slight decrease. Federated's average residential electric rate was 10.41 cents in 2021. Compare this to the Minnesota average residential rate of 13.2¢ and average price nationwide of 13.2¢ in 2020. (1)

## Ways to pay your electric bill:

1. Auto Pay (bank ACH; fill out brochure)
2. Online Pay (website)
3. Mobile app (search Federated Rural Electric)
4. Jackson drop box
5. Jackson office
6. Credit card
7. Welcome State Bank
8. Use Post Office stamp



# The Nominating Committee reports need approval

## February 8

A meeting of the Nominating Committee of Federated Rural Electric Association, Jackson, Minnesota, was held on Tuesday, February 8, 2022, at 9 a.m. The meeting was held at the Jackson office, with a Zoom option offered for those who could not attend in person.

Members of the committee who participated were: Mark Runge for District 1; Drew Wedebrand for District 2; Chris Winter for District 3; Harold Knutson for District 4; Jeff Ziemer for District 5; Tyler Sauck for District 6 (via Zoom); and Timothy Mailahn for District at Large. Federated's General Manager Scott Reimer participated; as well as Federated's Attorney Brad Anderson (via Zoom).

The business of election of chair and vice chair and recording secretary came before the committee. Committee member Jeff Ziemer was nominated chair; Chris Winter was nominated vice chair; and Harold Knutson was nominated recording secretary. Nominations ceased and a motion was made, seconded and carried to appoint Jeff Ziemer as chair; Chris Winter as vice chair; and Harold Knutson as recording secretary.

General Manager Scott Reimer reviewed with the committee the most recent financial highlights of the association and touched on highlights of the many happenings at Federated over the past year, including Broadband and the Work Plan. He also discussed the cooperative's future goals.

Attorney Brad Anderson of the association then reviewed with the committee the Nominating Committee's duties and responsibilities, as outlined in the Bylaws of the association. He also reviewed qualifications necessary for directorship and the time necessary to be an effective director.

One responsibility of the Nominating Committee is to review director compensation and present recommendations to the general membership on the per diem, as per the Bylaws. The committee was presented with the preliminary directors' compensation survey summary updated for 2022. After consideration,



**Federated's Nominating Committee develops a slate of candidates for positions on Federated's Board of Directors and next year's Nominating Committee. Seated: Mark Runge, District Four; Secretary Harold Knutson, District One; and Chairman/Secretary Jeff Ziemer, District Five; Standing: Tim Mailahn, District At-Large; District Six; Drew Wedebrand, District Two; and Vice Chairman Chris Winter, District Three. Not pictured: Tyler Sauck, District Six (See Page 4 for the District map.)**

the Nominating Committee recommended no changes to the Federated Rural Electric Association's Board of Directors' compensation.

To aid in their search for candidates, the committee was given a copy of the Articles and Bylaws, a copy of the district map, a script of job duties, responsibilities, including time required for the offices of directorship, nominator and trust board members. The committee members whose districts are up for election were also provided a bound copy of the membership listing for their respective districts to aid in their search. There was also a Contact-Questionnaire form provided that potential candidates will be asked to complete and submit to the cooperative.

The committee considered the tentatively established date for the second Nominating Committee meeting. It was determined that the next Nominating Committee meeting be set for Friday, April 15, 2022, at 9 a.m. at the Jackson office, when nominations for District 3 and District 4 Nominating Committee Members; and nominations for District

1 and District 2 Board of Directors, will be completed. Nominations for recommendations for District 1 and District 2 Trust Board members will also be completed.

The committee was informed that the Trust Board member for District 1 resigned and will not be on the Trust Board this last year of her second term. The committee was asked to seek a replacement for District 1 to fill the vacancy for this year's spring and fall Trust Board (Operation Round Up) meetings. The Nominating Committee's recommendations for Trust Board Directors will be presented to the electric Board of Directors for approval.

There being no further business, a motion was made, seconded and carried to adjourn. Meeting adjourned.  
— Harold Knutson, recording secretary

## April 15

A meeting of the Nominating Committee of the Federated Rural Electric Association, Jackson, Minnesota, was called to order by Chris Winter, vice chair, at 9 a.m., Friday, April 15, 2022.



# during the cooperative's Annual Meeting August 3

Members of the committee present were: Mark Runge, District 1; Drew Wedebrand, District 2; Vice Chair Chris Winter, District 3; Recording Secretary Harold Knutson, District 4; Tyler Sauck, District 6; and Timothy Mailahn, District at Large. General Manager Scott Reimer and Attorney Brad Anderson were also present. Chair Jeff Ziemer, District 5, was not present; he had notified Federated he was unable to participate. The meeting was held at the Jackson office, with participants given the opportunity to participate in person or by phone.

A motion was made, seconded and carried approving the agenda as printed.

A motion was made, seconded and carried approving the minutes of the February 8, 2022, meeting of the Nominating Committee.

The purpose of the meeting was to complete the nomination of Director candidates for District 1 and District 2; and for Nominator candidates for District 3 and District 4 to be presented for election at the Annual Meeting of the Federated Rural Electric Associa-

tion that is set for Wednesday, August 3, 2022; and complete nominations/recommendations for the Federated Rural Electric Trust Board District 1 and District 2 to be submitted to Federated Board of Directors for approval.

After due consideration, a motion was made, seconded, and carried nominating the following candidate for directorship of District 1: Glenn Dicks, Lakefield.

After due consideration, a motion was made, seconded, and carried nominating the following candidate for directorship of District 2: Darvin Voss, Lakefield.

After due consideration, a motion was made, seconded and carried nominating the following candidates for nominatorship of District 3 (4-year term): Tyler Ayers and Kilen Warmka.

After due consideration, a motion was made, seconded and carried nominating the following candidates for nominatorship of District 4: Paul Nelson and Curtis Ringgenberg.

A motion was made, seconded and carried approving the recommendations to the Federated Rural Electric Board

of Directors of the following candidates for directorship of the Federated Rural Electric Trust Board, with District 1 candidate possibly starting in the fall of 2022 to fill the vacancy.

District 1 (4-year term): Ruth Dicks  
District 2 (4-year term): Craig Rubis

The committee had reviewed the preliminary 2022 updated Director Compensation Survey at the February 8, 2022, Nominating Committee meeting. The Nominating Committee recommended at the first meeting no changes to the Federated Rural Electric Association's Board of Directors' compensation. A final version of the survey was distributed for the committee's information. A motion was made, seconded and carried reaffirming no change be recommended to the membership to the director compensation.

A motion was made, seconded and carried to approve the minutes of this April 15, 2022, Nominating Committee Meeting.

There being no further business, a motion was made, seconded and carried to adjourn. (U)

— Harold Knutson, recording secretary

## Twins Play Ball! free youth clinic August 14 comes to Welcome; Federated offers drawing for five \$10 Dairy Queen gift cards

The summer of 2022 will be the 61<sup>st</sup> season for the Minnesota Twins, Twins Community Fund and Play Ball! Minnesota. In partnership with Great River Energy, they will offer a free youth baseball and softball clinic Sunday, August 14, from 1-3 p.m. It will be hosted by the Martin County West Community Education Program at the Fox Lake Sports Complex at the corner of South Dugan Street and 120<sup>th</sup> Street, Welcome.

Created in 1961 by longtime Twins scout Angelo Giuliani, the clinic program serves as a way for Play Ball! Minnesota to promote baseball and softball to boys and girls throughout the Upper Midwest. Play Ball! Minnesota Youth Clinics are free for the kids. The program is presented in partnership with Great River Energy, Federated's transmission provider. Federated will sponsor five \$10 gift cards to Dairy Queen as a drawing for the students participating August 14.

The Play Ball! Minnesota Youth Clinics are designed to teach fundamentals, including hitting, throwing and fielding.



**Learn ball fundamentals and have fun too! Sign up your youth ball players for a free Twins Play Ball! youth clinic at Welcome August 14 from 1-3 p.m.**

Along with teaching fundamentals, the clinic spreads the joy and fun of baseball and softball. The clinic is intended for all youth ages 6-12. Play Ball! Minnesota provides safe, youth-friendly, equipment. Youth participants should bring their ball gloves and register online in advance so they have a head count (<https://www.mlb.com/twins/play-ball/programs/youth-clinics>).

Add to your calendars and be ready to play some ball! (U)

## Construction underway on new Manyaska substation in Sherburn by contractor



Contractor Highline Construction is building the new Manyaska substation north of the Fire Hall in Sherburn. The project is on track, even with the wet June weather. It is slated for completion by October 2022. Once completed, Federated can backfeed power for Sherburn residents, as it will be the same voltage as the co-op's other substations. (C)

*TPT PBS tower maintenance means these CTV channels will be off the air on some days*



The Twin Cities PBS (TPT) tower will be undergoing maintenance and upgrading from June through mid-August. To replace the guy wires on the tower and to provide a safe working environment for those working on the towers, both transmitters will shut down during daytime hours. When this happens, CTV's broadcast signal for all TPT channels will be unavailable during the hours of 7:30 a.m. to 5:30 p.m.

During these outages, viewers may access TPT2, TPT-Kids, and TPTNOW broadcasts by streaming at [tpt.org/watch-live](http://tpt.org/watch-live). TPT2 can also be accessed through the PBS app.

The tentative days scheduled for shutdown include:

- July 5-9, plus July 18-21
- August 5, 6, 8, 9, and 12

These dates may change due to weather and other delays.

The guy wires are what allow the transmission towers to stand and bear the weight of the tower load. Over time, the tower moves due to environmental factors and guy wires need to be re-tensioned. After this process has gone on over the life of the structure, the guy wires get stretched and fatigued and need to be replaced.

Watch PBS's website for updates and date changes: [www.tpt.org/transmitter](http://www.tpt.org/transmitter). (C)

# CONSIDERING AN ELECTRIC VEHICLE?

## EV Ride & Drive

**WEDNESDAY – AUGUST 10**  
**5 PM – 8 PM**

**Windom Community Center**

1750 Cottonwood Lake Dr, Windom, MN 56101



**FOOD VENDORS**

**ELECTRIC VEHICLES**



## WHAT TO EXPECT

**RIDE AND DRIVE: 5 pm – 7 pm**

**PANEL: 7 pm – 8 pm**

Receive a free bag of Steve's All American Kettle Corn while supplies last

**Lingen Dairy Food Truck** – serving burgers, fries, cheese curds and ice cream

brought to you by  **GREAT RIVER ENERGY** and these participating cooperatives





## New feature: schedule payments on co-op's Online Pay on website



A new feature was recently added to Federated's online payment portal on the website — schedule your electric bill payments!

Schedule for one-time, monthly or weekly. The payment can be made with a credit card or e-check. You can also select the amount to pay or select the balance for payment. Then

click on "schedule payment" button.

If this will be your first time using the secure website portal to pay your electric bill, have your electric bill in front of you when you set up your user name and password at [www.federatedrea.coop](http://www.federatedrea.coop); click on "Online Pay" button. You need your account number, meter number and phone number that's found on your electric bill statement. Your e-mail on file with Federated can be used to sign up too.

See Page 11 for the other ways to pay your bill.



### Enjoy the thrill of electric grill!

Go with an electric grill from Federated. Three models in stock: two tabletop models and one cart grill. Cart grill: \$171 + tax

## Co-op posts interconnection process for wind and solar



In compliance with Federated's adopted rules relating to cogeneration and small power production, Federated is obligated to interconnect with and purchase electricity

from cogenerators and small power producers, whom satisfy the conditions as a qualifying facility. Federated is obligated to provide information free of charge to all interested members upon request regarding rates and interconnection requirements. All interconnections require an application and approval to become a qualifying facility. Any dispute over interconnections, sales and purchases are subject to resolution by the Federated Board.

Interested members should contact Federated Rural Electric, PO Box 69, Jackson MN 56143-0069, e-mail [info@federatedrea.coop](mailto:info@federatedrea.coop) or call 847-3520 or 1-800-321-3520; ask for Jon Beckman. The application process is outlined on Federated's website: [www.federatedrea.coop](http://www.federatedrea.coop).

# MINNESOTA FARMFEST®

August 2-4, Redwood Falls

Visit the Touchstone Energy Cooperatives' booth. Bring this coupon. Enter the grand prize drawing for battery-powered electric yard tools.

**Federated Rural Electric Farmfest 2022**  
**Drawing at the Touchstone Energy**  
**Cooperatives' Booth #2301**

Name \_\_\_\_\_  
 Address \_\_\_\_\_  
 Town/state/zip \_\_\_\_\_  
 Phone # \_\_\_\_\_

**Clip this coupon & put it in your wallet now!**

*Pumped up about summer cooling rebates & savings!*

- \$300 rebate on ductless air source heat pump
- \$350/ton for ground source heat pump
- \$1,000 for air source heat pump SEER 14-15
- \$1,500 for air source heat pump SEER 17 or higher

Find the rebate form on our website, call or e-mail us to request the form

**Bring this registration card to the Annual Meeting. Clip it out!**

## Federated Rural Electric's Annual Meeting Wednesday, August 3, 2022

Vote by mail-in ballot sent July 1 OR in person  
at Jackson County Fairgrounds 4:30 p.m.-6 p.m.

Account # \_\_\_\_\_  
(As printed on your electric bill)  
Print name \_\_\_\_\_  
Signature \_\_\_\_\_

**Bring this card with you to the Annual Meeting to exchange for Official Ballots and to enter the \$1,000 bill credit prize drawing. The bar code will be scanned to enter you in the prize drawing for electric member-owners.**

Clip registration card to include the mailing address and bar code.



Official monthly newsletter  
77100 US Hwy 71, PO Box 69  
Jackson, MN 56143-0069  
E-mail: info@federatedrea.coop  
Website: http://www.federatedrea.coop  
Facebook.com/Federated  
Phone: 847-3520 or 1-800-321-3520  
Office hours: 8 a.m.-4:30 p.m. Monday-Friday

Scott Reimer, General Manager

David A. Hansen, President — 847-3530  
David Meschke, Vice President — 238-1122  
Darvin Voss, Secretary/Treasurer — 662-6679  
Bruce Brockmann — 399-3487  
Glenn Dicks — 840-1075  
Jon Saxen — 236-7027  
Scott Thiesse — 399-6427

The Board of Directors generally meets the last business day of the month at 8 a.m. at the Jackson office. Regular board meetings are open to the membership. Members interested in discussing business items should contact the general manager or president three days before the meeting.



## 87<sup>th</sup> Annual Meeting Agenda Drive-in Annual Meeting

Members vote with mail-in ballots received at Jackson office by August 2 at 4:30 p.m. OR register onsite and vote August 3 from 4:30-6 p.m. at the Jackson County Fairgrounds.

Call to order of the 87<sup>th</sup> Annual Meeting .....6 p.m. Fairmont  
Determination of quorum..... 6 p.m. at Jackson County Fairgrounds on the south side of the grandstand by semi-trailer flatbed with brief business meeting. Members may stay in their vehicle or sit in a lawn chair; tune to 105.7 FM and listen to the meeting. Members will vote by honking their horns at the appropriate time on other action items.

Reading of the notice of meeting ..... Darvin Voss, Secretary  
Consideration of minutes ..... David A. Hansen, President  
Nominating Committee report.....Brad Anderson, Attorney  
Unfinished business ..... David A. Hansen, President  
New business.....David A. Hansen, President  
Adjournment of meeting

**Election results will be announced by noon August 4**

The Nominating Committee and Attorney will count ballots after the meeting adjourns August 3; results will be shared the next day via the media and Facebook by noon.

## Vote to win \$1,000 worth of Annual Meeting bill credits



Five members will win a total of \$1,000 worth of Annual Meeting prizes. Just vote by mail or in person at the Annual Meeting. Ballots are mailed around July 1 and must be received by mail or dropped off at our Jackson office by August 2 at 4:30 p.m. Otherwise, vote in person at the Jackson County Fair Grounds August 3 from 4:30 p.m. to 6 p.m. You can only vote once and the outer envelope must be signed. The grand prize is a \$500 bill credit. The four other prizes will be for \$250, \$150 and two \$50 bill credits. The winners will be called August 4, plus their names will be posted on Facebook and in the *Connections* newsletters, along with voting results. (B)