

Federated Focus

Weekly drawing for bill credits



Thank you Federated members for signing up for electronic or paperless bills. Here's the winners in our drawing as of January 30:

- \$150 on January 23 — Jason Clymer, Alpha
- \$100 on January 30 — Chad Peterson, Windom

The earlier you sign up, the larger the bill credit will be for one lucky person who signs up each week:

- February 6 \$75
- February 13 \$50
- February 20 & 27 \$25

You can still enroll by using the "Online Pay" app on the website or calling our office during business hours. Thank you for helping us reduce our monthly billing postage and printing costs.

Rate change on February bills

As a reminder, the February 4 electric bills reflect the 2026 rate adjustments. In case you missed it, the November, December and January *Connections* newsletters explained it. You can find these newsletters on the cooperative's website under the rate adjustment page (www.federatedrea.coop).

As an electric cooperative, Federated aims to provide reliable, safe electricity at cost. The major part of this rate increase is due to the increasing rates from our wholesale power supplier Basin Electric. Federated still aims to provide one of the lowest electric rates in the state of Minnesota and the United States — under both the state and national averages. (B)



Scott Reimer

Manager's Message

Building remodel to serve you, our member-owners better

Last year Federated celebrated our 90th Anniversary. 56 of those years were spent serving members from our headquarters at 77100 US Highway 71. Now as we add Broadband service, more employees and technology to serve you, our member-owners, it's also time to upgrade and repair this building for the next decades of service. See the story on Page 1. Let me address some common questions.

Timeline for the office remodeling project?

Back in 2017, Federated hired Oleson+Hobbie Architects, Mankato, to evaluate the existing headquarters performing a facilities assessment. With the growth of employees in 2024, management hired Oleson+Hobbie Architects to perform a building evaluation study. This study served as the roadmap for the remodel project planned to begin in 2026. Inside employees were asked for their input and reviewed early blueprint plans for offices and how to make more efficient use of the existing space. The Board of Directors approved unanimously that the cooperative should take the next steps in finalizing costs, timeline and process. Bids were sought January 2. Inside employees will move to the Belmont Townhomes temporarily during the remodeling process with a targeted completion date of late 2026 or early 2027. We have added a page to our website to show you the issues discussed on Page 1, these frequently asked questions and remodeling photos as we progress.

Will my rates go up for this headquarters remodeling project?

Federated will finance the building remodeling project just like it finances new line construction and upgrades with long-term loans over a period of 30 years. This way the building is paid by the members who benefit now and in the future. Federated's high equity level helps make this possible. Several factors come into play when rates are discussed and results in rate increases. This project is not the main catalyst to cause a rate increase. Power supply costs represent 80 cents of every dollar spent, which continues to be the main catalyst for rate adjustments, with labor costs also being a contributor.

Wouldn't a new construction project be cheaper?

Federated briefly looked at a new facility; however, logistically and cost wise it did not become a serious thought. The warehouse addition in 2008 provided space for the larger line trucks and equipment. Other Minnesota electric cooperatives with new construction projects are spending anywhere from \$8 million to \$16 million. The office remodeling is estimated around \$5 million. The facility itself has "good bones" structurally, so it's a good plan to remodel vs. constructing new.

January cold snap tests the grid, causing long hours of load control

January brought the coldest temperatures. It's when grid operators talk about power generation, transmission line loading and the risk of not enough power. We're located in what's called MISO zone three. The Midcontinent Independent System Operator operates the electric grid for the central U.S. They ensure power flows reliably and affordably across 15 states from Manitoba to Louisiana. MISO facilitates the buying and selling of electricity in its region and partners to plan accordingly.

The January 23-26 cold snap tested the grid and created unusual load control times for several reasons: persistently high energy market prices, limited wind production, higher than expected generation outages, plus natural gas prices were over \$200/million btu at times. Sunday's pricing in the energy market was over 43 cents/kilowatt-hour and we charge 7.2 cents/kilowatt-hour for residential. This caused Great River Energy to call for unprecedented Dual Heat control from 6 a.m. to 6 p.m. and gensets were run five hours in the morning and five hours in the evening, along with water heater control. However, all of these steps helped keep the grid stable through the worst periods of the weekend. By the time you read this, we should be back to more seasonable temperatures, but preparedness never goes away. (B)