81st Annual Meeting — April 21, 2021

Notice of Annual Meeting

of the

Roseau Electric Cooperative, Inc. Wednesday, April 21, 2021

Notice is hereby given that the cooperative's April board meeting will serve as the 81st Annual Meeting in lieu of holding an in-person meeting of the members this year. To accommodate this change, business will be conducted as follows:

1. Reports:

2020 annual reports from the cooperative board chairman and general manager as well as full 2020 unaudited financials are being made available in this month's issue of Volts & Views.

2. Election of four directors:

Ballots will be mailed to members in Districts 1, 3, 6 and 9. Listed below are the candidates who submitted a petition by the Feb. 1, 2021 deadline:

<u>District 1</u> (3-year term) <u>District 6</u> (3-year term)

James Hallan Edward Walsh

Moranville Township Stokes Township

<u>District 3</u> (2-year term) <u>District 9</u> (3-year term)

Dale Moser Mark Sax

Falun Township Spruce Grove Township

3. Approval of 80th Annual Meeting minutes:

A ballot to approve the minutes of last year's annual meeting will be mailed to all members.

Wes McFarlane, Secretary-Treasurer Dated: March 15, 2021



VOLTS VIEWS

MARCH 2021 - Vol. 66, No. 3

OFFICIAL PUBLICATION OF

Roseau Electric Cooperative, Inc. 1107 3rd Street N.E.

The Volts & Views (USPS-663420) is published monthly by Roseau Electric Cooperative, Inc., P.O. Box 100, Roseau, MN 56751. Periodicals postage paid at Roseau, MN. POSTMASTER: Send address changes to ROSEAU ELECTRIC COOPERATIVE, INC., P.O. Box 100, Roseau, MN 56751.

OFFICERS AND DIRECTORS

ChairmanMark Sax
Vice Chairman Jim Hallan
Secretary-Treasurer Wes McFarlane
Directors Roger Amundson, Brian Grafstrom
Shawn Gust, Dale Moser,
Mike Wahl, Ed Walsh
Tracey StollGeneral Manager
Ryan Severson Assistant Manager
Mike MillnerLine Superintendent
Jeremy LindemannMember Services
Alex McMillinOffice Manager

Regular Business Hours: 8:00 a.m. - 4:30 p.m. Phone (218) 463-1543 **OUTAGE CALLS:**

Toll-Free 1-888-847-8840

MINNESOTA STATE ELECTRICAL INSPECTORS

7 a.m. - 8:30 a.m. (Mon. thru Fri.)

Northwest Angle, Kittson, Marshall, Pennington and Roseau Counties and parts of Beltrami County: Ronald Ditsch - 218-779-6758

> Lake of the Woods County: Curt Collier - 218-966-5070

Inspector list is subject to change at any time.

The State of Minnesota has high wiring standards, which are in the best interest of you and your family or business. Improper wiring can damage your home, your property and equipment, and injure or kill the people you love. Currently, the state does allow home to do their own residential wiring; however, it is critical that the current electrical code is followed. Any time you or an electrician does wiring or other electrical work at your home or farm, Minnesota state law requires a state wiring inspector to conduct a proper inspection of the work. A rough-in inspection must be made efore any wiring is covered. A final inspection is also required. For more information visit dli.mn.gov and go to the electrical page.

Gopher State One Call 1-800-252-1166 or 811 www.gopherstateonecall.org



Anyone who plans to dig is required by law to notify the state of their intentions at least 48 hours in advance. All digging requires the 48hour notification so that buried telephone line, television cable, pipelines, utility electrical lines, municipal water and sewer lines can be located to ensure that none will be severed or damaged.

OUR MISSION STATEMENT Roseau Electric Cooperative is committed to providing its member-owners low-cost, high-quality, safe and reliable electricity with friendly, efficient and knowledgeable service.

> This institution is an equal opportunity provider and employer.



Mark Sax Chairman



Tracey Stoll General Manager

The annual meeting

This year's annual meeting will be different - again.

In years past, we grew accustomed to accessing our local school and the more-than-adequate facilities that were made available to us to host our annual meeting. We used the mini-theater for the meeting and the lunchroom for the meal, and we even made use of the indoor athletic areas for "gym & swim" for the children of members attending. Due to restrictions still in place at the time the decisions had to be made, your board of directors along with the cooperative's staff have again opted for a more condensed, limited-attendance model for this year's meeting. Upon completion of our regular monthly board meeting on Wednesday, April 21, 2021, the business of the annual meeting will be taken up with only your board representatives, legal representation and cooperative staff in attendance.

This annual meeting will accomplish three things as listed in the notice contained in this newsletter - reporting of 2020 financials, election of directors and approval of the 2020 Annual Meeting minutes.

While we count it as a negative that the membership will not be able to gather again this year, we have experienced several positives through the reworking of our process - most notably, a much higher response rate on balloting from the first-class mailing to all members than had been seen during in-person meetings in the past.

2020 financials

The unaudited financials that you are provided within this newsletter reveal another financially strong year for your cooperative. Although energy sales to our members were down by 1.3%, so also were the related costs of pro-

Message to our Members

viding our members with that energy. Operations and Maintenance expenses continue to decline, year over year, due mainly to the reassignment of a good portion of our line crew to the work of installing our fiber-optic network. At year-end, operating margins of \$1.4 million exceeded last year by \$280,000.

Capital credits

With good year-end results and strong equity, the board voted in February 2021 to allocate all operating margins back to the members and to pay back all dividends from 2001 and 2002 totaling \$1.15 million. While the payout of 2001 and 2002 leaves 18 years of dividends to be paid, the total amount returned this year represents roughly one-tenth of all member dividend dollars. These dividends will appear as a credit on your March 2021 billing or in check form mailed to inactive custom-

Rate decrease

With the good news on a return of dividends in this new year, your board of directors also wants to extend some good news on retail energy rates. Beginning April 1, our energy billing from Minnkota will see a significant structural change. While by the end of the year this change will result in a higher wholesale bill, the board and cooperative staff sought not only to keep any changes minimal at this time, but to explore options to decrease rates due to two successive strong financial years. Two of the changes to our wholesale bill are the elimination of what we have passed through and listed on your bill as the "wind energy surcharge," paired with the implementation of a base demand charge on all kilowatts purchased. The math results of these two changes are close to a net zero for your cooperative.

In reviewing our most recent cost of service study, any rate increase considered continues to point toward a higher facilities charge. But in seeking to leave the rates the same or implementing a

slight decrease, we can focus more on the per-unit energy cost. After deliberation, your board voted on a rate change that effectively wraps the existing wind energy surcharge into our off-peak rate (no net change), but decreases our main energy rate by eliminating the \$0.004/kWh wind energy surcharge (a 3% decrease for our rural-residential members). There will be no change to the facilities charge at this time. An updated rate schedule will be made available on our website before these changes are implemented on all energy sales on or after April 1, 2021.

NorthStream Fiber

We finished 2020 with 119 fiberto-the-home gigabit-capable services installed, with many of those customers also electing for our IP telephone and television products in addition to reliable internet. With our 2018 FCC CAFII auction win and our effort to finish final filing for our conditional FCC RDOF auction win, we are also pursuing opportunities to build into the municipals in our service territories. Your cooperative's expansion into this now essential service is a good example of why our business model continues to work - showing an overriding concern for member and community while accepting that means taking the long view on return on investment.

Your board of directors continues to meet once each month to oversee and conduct the business of your cooperative. Those meetings of late have been in-person meetings, although we have been unable to use our boardroom due to social-distancing issues. We continue to be concerned for the well-being of our members, directors and employees, and continue to offer electronic alternatives, where needed, to complement in-person meetings.

Annually, three of the nine director districts are up for nomination and election to a three-year term. Nomina-

tions are done by petition. In this year's election cycle, by the petition deadline of Feb. 1, 2021, incumbent director Jim Hallan (District 1), incumbent director Ed Walsh (District 6) and incumbent director Mark Sax (District 9) filed the proper petition, collecting at least 10 signatures of members in their respective districts. In addition, because of his appointment to the board in our October 2020 Annual Meeting, incumbent director Dale Moser (District 3) has filed to complete the two years remaining on that term. Biographies of these director candidates are published in this newsletter.

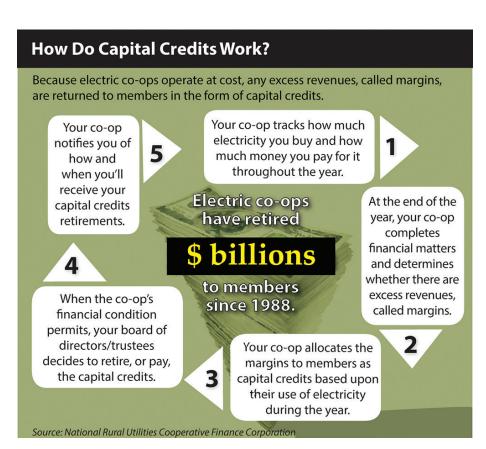
This newsletter is the first important step in your cooperative's annual meeting timeline. Next, by the first week in April, please watch your mail for a first-class mailing of the 2020 Annual Meeting minutes accompanied by a ballot asking for the approval of

those minutes. If you reside in districts 1, 3, 6 or 9, you will receive a ballot for election of your director. Instructions, envelopes (ballot, security and return mailing) and a door-prize drawing slip will be included in the mailing. All members are asked to return their ballots to help us establish our meeting quorum. And, by returning your door-prize slip, you are eligible to win one of the prizes listed in this publication.

On behalf of the entire board of directors, management and all the employees of your cooperative, we thank you for your continued patronage and optimistically look forward to an inperson annual meeting in 2022!

Mark Sax Board Chairman

Tracey A. Stoll General Manager



Board of Directors Candidates

District 1

James Hallan is a candidate for District 1. Originally from Bagley, Jim's career brought him to the Warroad School District where he and his wife, Carol, taught for 34 years. He has served as region music representative to the MSHSL and negotiator of several teacher contracts, and is currently the vice chair of Roseau Electric Cooperative.



James Hallan District 1

Jim plays in the 9th District Legion band, continues to play "Taps" at military funerals, and directs Zion Lutheran Church's adult choir. He has served on church council and several church committees.

He and Carol live south of Warroad in Moranville Township and have one grown daughter. He enjoys woodworking, snowmobiling, fishing, hunting and other outdoor activities. You'll find him at American Point at the Northwest Angle as time permits.

District 3

Dale Moser has been nominated for reelection as director for District 3. He and his wife, Kathy, live on their farm in Falun Township southeast of Roseau and have four grown sons: Jim, John, Dan and Bob, all who live in the area. Dale retired 10 years ago from the welding department at Polaris Industries after 23 years.



Dale Moser

He enjoys hunting, fishing and especially following the grandchildren's activities. Dale and Kathy attend services at the Catholic church.

District 9

Mark Sax is a candidate for director in District 9. He and his wife, Melinda, live in Spruce Grove Township on the farm he grew up on. They have five grown sons and 11 grandchildren.

Roseau Electric Cooperative, Inc.

Director Districts

40 89

After graduating from NDSU in 1981, he worked eight years in the oil fields in North Dakota. Mark served as an officer in the field artillery with the Army Reserve from 1981-1991. Moving back to Minnesota in 1989, he was employed by Marvin Windows and



924

922 921

Angle

Mark Sax District 9

Doors in round tops until 2000. He was then a quality control inspector at Machinewell in Grygla until 2010, and is now farming full-time, operating a 90 cow-calf herd.

He and Melinda are members of Our Savior's Church, where Mark serves as president of the church council.

Mark has served on the REC board since 2006, and as vice chair since April 2015, becoming the board chair in April 2017.

District 3

District 6

Edward Walsh is a candidate for director in District 6. A lifelong resident of Roseau County, Ed graduated from Badger High School and attended UMC in Crookston. He has been farming grains all his life and has been a bus driver for the Badger School District since 2003. Currently, Walsh serves as chairman of the board for Farmers Union Oil Company in Badger and is the treasurer of the



Edward Walsh District 6

Roseau/LOW Soybean Growers board. He is also chairman of the board of the Farmers Co-op Ag Service and serves on the Two Rivers Watershed advisory board. He is past chair of the church council at St. Mary's Catholic Church, Badger.

Ed and his wife, Renee, reside southeast of Badger in Stokes Township.

2020-21 Board of Directors



James Hallan Vice Chairman District 1



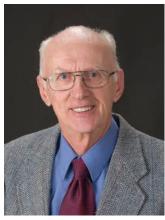
Wes McFarlane Secretary/Treasurer District 2



Dale Moser District 3



Brian Grafstrom District 4



Roger Amundson District 5



Edward Walsh District 6



Mike Wahl District 7



Shawn Gust District 8



Mark Sax Chairman District 9

Roseau Electric Cooperative, Inc.

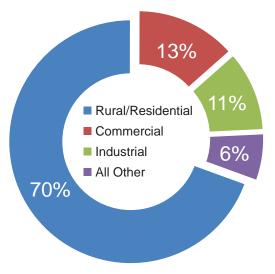
Annual Financial Report

Statement of Operations, Comparative

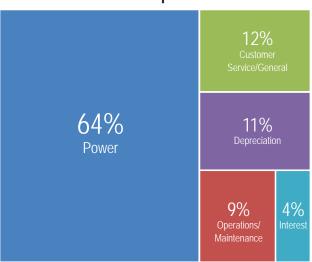
December 31, 2019 and 2020 (unaudited)

Operating Revenues	2019	2020
Electric	\$ 19,284,250	\$ 19,033,619
Other	103,353	127,276
Total Operating Revenues	\$ 19,387,603	\$ 19,160,895
Operating Expenses	2019	2020
Purchased Power	\$ 11,755,505	\$ 11,445,320
Operations/Maintenance	1,687,980	1,583,224
Customer Service/General	2,219,749	2,076,651
Depreciation	1,890,156	1,962,464
Interest	747,155	726,445
Total Operating Expenses	\$ 18,300,545	\$ 17,794,104
Margins	2019	2020
Operating Margins	\$ 1,087,058	\$ 1,366,791
Interest Income	\$ 58,295	\$ 34,958
Grant Income	\$ 104,184	\$ 208,177
Dividend Income	\$ 228,989	\$ 148,706
Other Nonoperating Margins (Net)	\$ (83,862)	\$ (112,838)
Total Margins	\$ 1,394,664	\$ 1,645,794





2020 Expenses



Roseau Electric Cooperative, Inc.

Annual Financial Report

Balance Sheet, Comparative

December 31, 2019 and 2020 (unaudited)

What We Own

Total What We Owe (Liabilities & Equities)	\$	37,396,425	\$	39,224,327
Total Liabilities	\$	18,534,601	\$	19,536,313
Deferred Credits		95,614		5,995
Other Liabilities		571,169		601,228
Accrued Interest		41,139		43,020
Customer Deposits		148,366		157,542
Accounts Payable		1,426,983		1,436,905
Long-term Debt	\$	16,251,330	\$	17,291,623
Liabilities				
Total Equities	\$	18,861,824	\$	19,688,014
Other Equities		8,664,390		9,309,799
Capital Credits (Member Equity)	\$	10,197,434	\$	10,378,215
Equity		2019		2020
What We Owe				
Total What We Own (Assets)	\$	37,396,425	\$	39,224,327
Total Other Assets	\$	3,354,273	\$	3,283,451
Other Investments		118,413		54,234
Deferred Debits	-	366,817	т	306,005
Investments in Associated Organizations	\$	2,869,043	\$	2,923,212
Other Assets	Ψ	4,020,200	Ψ	0,104,700
Total Current Assets	\$	4,929,259	\$	6,104,760
Interest Receivable		5,290		0
Prepayments		71,320		41,029
Materials and Supplies		136,000 763,712		159,534
Accounts Receivable Notes Receivable		2,251,622		2,260,563
Cash and Cash Equivalents	\$	1,701,315	\$	1,923,715
Current Assets	Φ.	4 704 045	Φ.	4 000 745
Net Plant Assets	\$	29,112,893	\$	29,836,116
Less Accumulated Depreciation		28,607,519		30,718,682
Utility Plant, Buildings & Equipment	\$	57,720,412	\$	60,554,798
Plant Assets		2019		2020

Annual Meeting Minutes

Roseau Electric Cooperative, Inc. Annual Meeting October 28th, 2020

The 80th annual meeting of Roseau Electric Cooperative, Inc. was held on Wednesday, October 28, 2020, in the board room of Roseau Electric Cooperative, Inc. headquarters. The primary purpose of the meeting was to update the membership with the financial results and other key events of 2019 and conduct an election of directors.

Board Chairman Mark Sax called the 80th annual meeting to order, stating that due to COVID-19 restrictions, the greater membership was not present and in person, and it would therefore be proper to dispense with the reading and approval of Annual Meeting Rules. Chairman Sax then asked Counsel Andrew Sorbo for a determination on if there was a sufficient number of members in attendance in person and via mail-in ballots to declare quorum. It was reported by Counsel Sorbo that a quorum had been achieved. Chairman Sax noted that the minutes of 2019 Annual Meeting and the official Notice of Annual Meeting were mailed with the Annual Report to all members. Due to COVID-19 restrictions changing the form and forum of the Annual Meeting, the reading of the Notice of Meeting, proof of publication of said Notice and the reading of the unapproved minutes of the previous Annual Meeting are hereby dispensed. Chairman Sax then reported that the unapproved minutes from the previous Annual Meeting were submitted to vote by the membership, and the membership voted to approve the minutes of the previous Annual Meeting with the requisite quorum established. The previous Annual Meeting minutes are therefore approved as submitted.

Chairman Sax then called on cooperative attorney Andrew Sorbo to oversee the election of directors in Districts 4 and 7. Mr. Sorbo began with the cooperative's bylaws and election procedures, noting that nomination was by petition only, with no nominations allowed from the floor. Mr. Sorbo stated that Brian Grafstrom from District 4 and incumbent director candidate Mike Wahl from District 7, were nominated by petition and reported there were no other nominations by petition and asked for a unanimous ballot for Mr. Grafstrom and incumbent director Wahl. A motion was made, seconded and carried to cast a unanimous ballot for Brian Grafstrom (District 4) and Mike Wahl (District 7). No candidate petitions were received for the open district 3 directorship. The District 3 3-year term is unfilled.

Chairman Sax presented the chairman's report.

Manager Stoll presented the treasurer's report, highlighting 2019 results provided in the 2020 Volts & Views mailed to all members. Gross revenues of \$19.4M paired with expenses of \$18.3M resulted in total positive margins of \$1.4M and operating margins of \$1.1M which were allocated back to the members with patronage in 2019. Manager Stoll concluded his report, sharing that rates continue to be stable, with the last rate increase coming in April 2017, and no expected increase for the remainder of 2020.

Chairman Sax asked for, and received, a motion and second to accept the treasurer's report as presented; motion carried.

Chairman Sax asked for, and received, a motion and second to adjourn the meeting. Motion carried.



at Roseau Electric Cooperative enjoyed another successful and generous year in 2020. A total of \$25,195 was paid out in 15 different grants to nonprofit and community organizations. That brings the total of grants awarded since the program began in 2013 to \$200,751.51.

A nonprofit corporation named Roseau Electric Cooperative Trust, Inc., administers donated funds and determines grants. The nine-person board of directors is appointed for three-year terms. The board, assisted by a cooperative staff member, meets twice a year (usually in March and September) to determine grants for applying organizations. Roseau Electric Cooperative Trust has been granted 501@3 tax-exempt status by the Internal Revenue Service, making your contributions to the Operation Round Up program tax deductible.

There are currently 4,757 members who contribute to Operation Round Up. They represent 91% participation of the 5,233 Roseau Electric Cooperative members. For an average of 50 cents per month or \$6 per year, members are part of a very large community-wide charitable program.

Roseau Electric **Cooperative Trust, Inc. BOARD OF DIRECTORS**

Rosie Rygh Chairman

Phil Kazmierczak

Vice Chairman

Laurie Polansky Secretary-Treasurer

Robert Bentow Marilyn Grafstrom

Allison Harder

Beth Karol

Kandy Sundberg

Ron Tveit

Roseau Electric Cooperative Trust, Inc. **FINANCIAL REPORT**

For the year ended December 31, 2020

В	eginning Fund Balance (12/31/2019)	\$ 10	0,059.29
R	eceipts Operation Round Up Donations Throughout 2020 Bank Interest	\$ 28	8,626.80 3.62
	Total Receipts	\$ 28	8,630.42
E	xpenditures Administrative Expenses Director Mileage	\$	60.95
	Total Administrative Expenses	\$	60.95
G	rants Awarded (15) Grygla Gatzke Food Shelf (food supplies – April 2020)	\$ 2	2,000.00
	Gatzke Senior Citizens (rain gutters/downspouts)		1,000.00
	Greenbush Summer Rec (baseball pitching backstops)		450.00
	Warroad School Backpack Food Program (utility cart)		400.00
rants	Malung School Community Center (kitchen upgrades)		1,000.00
20 G	Northland Range & Gun Club (gazebo improvements)		535.00
August 2020 Grants	Northland Range & Gun Club (maintenance toolbox)		250.00
Augi	Roseau County 4-H (consumer education project)		1,500.00
	Roseau County Historical Society (wide-format printer)		1,795.00
	Ross Community Rink & Rec (well house/tankless water heater)		1,000.00
	Wannaska School Rink & Rec (sound system)		1,470.00
0	Four Seasons Senior Center (flooring project)	!	5,490.00
October 2020	Malung School Community Center (plumbing project)		1,800.00
tobe	Northwest Angle Edge Riders (remote shelters)	(5,000.00
ŏ	Roseau Women of Today (Love to Read event)		505.00
	Total Grants	\$25	5,195.00
E	nding Fund Balance (12/31/2020)	\$13	3,433.76

Notes: In 2020, we received 23 applications with 15 grants awarded. Next application deadlines: Aug. 31, 2021 and Feb. 28, 2022

Problems paying your electric bill?

Energy assistance may be available!

Northwest Community Action

PO Box 67 Badger, MN 56714-0067 (218) 528-3258 or 800-568-5329

northwestcap.org

Bi-County Cap, Inc.

6603 Bemidji Ave. N Bemidji, MN 56601-8669 (218) 751-4631

DIGGING



One free, easy call gets your utility lines marked AND helps protect you from injury and expense. Safe digging is no accident: Always call 811 before you dig.

Visit www.call811.com for more information.

COLOR CODING FOR MARKING UNDERGROUND UTILITIES			
WHITE	Proposed excavation		
PINK	Temporary survey markings		
RED	Electric power lines, cables, conduit and lighting cables		
YELLOW	Gas, oil, steam, petroleum or gaseous materials		
ORANGE	Communication, alarm or signal lines, cables or conduit		
BLUE	Water		
PURPLE	Reclaimed water, irrigation and slurry lines		
GREEN	Sewer and drain lines		



There's a **PERFECT POWER PICK** for every space



Ask about new rebates for 2021!

Attention Roseau Electric members:

Important Billing Matter

OFF-PEAK METER CHANGEOUT

Roseau Electric is upgrading the Automatic Meter Reading (AMR) system due to a software end-of-life announcement from the meter manufacturer. After June 1, 2021, Roseau Electric will not be able to receive readings from the off-peak heat meters and members will not receive the off-peak rate unless this meter is updated.

Roseau Electric will be changing out off-peak heat meters to the new upgraded meters.

Please contact Roseau Electric at 1-218-463-1543 to schedule an appointment for your meter changeout to continue receiving the off-peak rate.

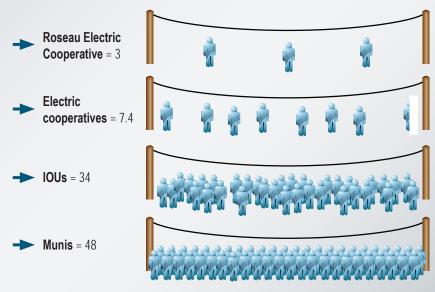
If you do not contact Roseau Electric to have your off-peak meter updated, you will lose your off-peak rate effective June 1, 2021.

*Northwest Angle off-peak heat meters do not need to be replaced.

Electric utility comparisons

Three types of electric utilities serve Minnesotans: consumerowned cooperatives like Roseau Electric, investor-owned utilities (IOUs) and municipal-owned utilities (munis). Here's a comparison of Roseau Electric to the three different types using numbers for the nation.

Average number of consumers per mile of line



Cooperative Employees

Cassy Anderson Customer Service Representative

Peggy Sue Bergstrom Customer Service Representative

> **Devyn Brandt** Lineworker

Cliff Dahl Warehouseman/Mechanic

> **Chad Gregerson** Lineworker

Austin Gunderson Lineworker

Marc Halvorson Lineworker

Jay Hodny Member Services/Electrician

> **Mark Jennings** Staking Engineer

Bryden Johnson Fiber Service Technician

> Chad W. Johnson Lineworker

Ralph Landman Line Foreman

Jeremy Lindemann **Member Services Director**

Rebecca Lundgren **Customer Service Representative**

> **Alex McMillin** Office Manager

Mike Millner Line Superintendent

Chad Nelson Line Crew Foreman

> **Ross Nelson** Lineworker

> **Justin Olson** Lineworker

Lori Peppel **Member Services Coordinator**

> **Stacy Rose** Fiber Service Director

Ryan Severson Assistant Manager

Steve Severson Metering Technician

Jeremy Sisler Fiber Service Technician

> **Deaun Solom** Receptionist

Tracey Stoll General Manager

Neal Vatnsdal Lineworker Jedd VonEnde Lineworker



81st Annual Meeting Grand Prize

55-inch LG Smart TV



Other Prizes:

Two \$250 electric bill credits
Twenty \$50 electric bill credits

Winners will be drawn from the returned registration slips

Registration slips will be included in a voter packet to be mailed out in early April. Watch your mailbox!