

highline



OCT 2023

NEWS FROM YOUR PARTNERS AT PEOPLE'S ENERGY COOPERATIVE



THE COOPERATIVE DIFFERENCE: BOARD ELECTIONS & CAPITAL CREDITS

October is National Co-op Month, and People's Energy Cooperative (PEC) joined cooperatives across the United States to celebrate. Cooperatives come in all shapes and sizes, but they each have a common purpose: to provide goods or services for the members they serve. There are also seven distinct principles that all cooperatives follow:

- 1) Open and Voluntary Membership
- 2) Democratic Member Control
- 3) Members' Economic Participation
- 4) Autonomy and Independence
- 5) Education, Training, and Information
- 6) Cooperation Among Cooperatives
- 7) Concern for Community

Two principles featured in October are 'democratic member control' and 'members' economic participation.' How, you ask? Through the Board of Directors election process and the retirement of capital credits.

Board of Directors Election Process

Cooperative Principle #2 states, "Cooperatives are democratic organizations controlled by their members, who actively participate in setting policies and making decisions. Elected representatives

(directors) are elected from among the membership and are accountable to the membership."

Each year, at least two seats on PEC's Board of Directors are up for election. In 2024, District Two, currently served by Jodie Tvedt, and District Four, currently served by Tracey Lauritzen, are up for election. Members will have the opportunity to vote for candidates during the Board of Director elections in March 2024.

The Nominating Committee will soon begin its work of searching for and vetting Board of Director candidates. If you, or someone you know, might be interested in running for the Board of Directors, please reach out to the Cooperative by emailing memberrelations@peoplesenergy.coop.

Retirement of Capital Credits

Cooperative Principle #3 states, "Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital remains the common property of the cooperative. Members allocate surpluses for any or all of the following purposes: developing the cooperative; setting up reserves; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership."

continued on page 4

inside:

05. Operation Round
Up Spotlight

06. Beneficial
Electrification

09. Co-op
Connections:
Local Deals

10. Weatherize
Your Home

CEO MESSAGE

FROM MICHAEL J. HENKE, PRESIDENT & CEO



mhenke@peoplesenergy.coop

If you have engaged in a cooperative event the past couple of years, you have heard me talk about our efforts with local legislators to clarify language about property tax exemptions for electric cooperatives.

Under a Minnesota law that has existed since 1939 (Minn. Stat. 273.41), electric cooperatives 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 since it was put in place, in 2019, the Minnesota Department of Revenue (DOR) started implementing property tax on certain rural equipment. In our opinion, this violates the statute and increases the Cooperative's property tax.

Although the MN DOR attempted to collect these additional taxes each of the last four years, we have fought what we felt was a reinterpretation through the administrative appeal process and have been successful in reducing, but not eliminating them. Most recently, on August 14, we once again appealed our 2023 apportionable market value, which is ultimately used to calculate the Cooperative's annual property taxes. We were unable to reach agreement this year.

In both 2022 and 2023, legislators came to a bipartisan consensus in the Omnibus Tax Bill, reaffirming the exemption of cooperative-owned distribution equipment in rural areas 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 due to a technicality.

We appreciate the legislative support we have received on this issue from senators and representatives throughout our service territory. Senator Carla Nelson and Representative Greg Davids

were instrumental in helping with the 2022 legislation. Senator Steve Drazkowski participated in our administrative appeal hearing a couple months ago and engaged the Commissioner of Revenue directly on our behalf.

I'm happy to report that we received a letter from Minnesota Department of Revenue Commissioner Paul Marquardt earlier this month stating that the DOR supports clarifying language that accounts for technology advancements not mentioned in the statute. This is significant because it adds further support for the bipartisan efforts to update the statute and should help our appeal efforts. We are grateful to Commissioner Marquardt for evaluating the situation and listening to our concerns and look forward to this issue being resolved once and for all in the near future.

While this will help in future years, we still need to address the current assessment and since we did not reach an agreement with the DOR, we will be addressing the issue in tax court. I want to be clear: PEC, 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.

There are other cooperatives addressing the issue in tax court, so we are pooling together on attorney and legal fees and it is another example of living out the shared principle of 'cooperation among cooperatives.' If a decision is made in our favor, these additional property taxes would not be paid saving our members the unnecessary costs.

Sincerely,
Michael J. Henke
President & CEO
(800) 214-2694

MONTHLY MEETING HIGHLIGHTS

highline

PEC's Board of Directors held its monthly meeting on September 29. During the meeting, the following items were discussed: Capital Budget status; Dairyland Power Cooperative hit all-time summer peak; members needed for Nominating Committee and Member Advisory Committee; acknowledgement of Fraud and Whistleblower policy; and a substation ownership analysis.

A quorum of Directors was present, and the following actions were taken:

- ▶ Approved a 1.5600 mill PCA credit for Legacy members for September usage billed in October.
- ▶ Approved a 1.400 mill PCA charge for SMEC members for September usage billed in October.
- ▶ Approved a capital budget amendment for fleet purchases.
- ▶ Approved changes to Policy 601 – Financial Directives.
- ▶ Approved changes to Policy 802 – Directors Compensation and Travel Policy.
- ▶ Approved annual 990 Forms for the Cooperative and for Operation Round Up.
- ▶ Approved the Inside Union Contract.
- ▶ Approved 2024 Board Meeting dates.
- ▶ Accepted an offer for the purchase of Elgin Business Park Lot 9.
- ▶ Approved Felhaber Larson as the representing law firm for tax court proceeding.

Vol. 87 • Issue 10

MANAGEMENT

Michael J. Henke,
President/CEO

Michelle Olson,
*Director of
Member Services*

Gwen Stevens,
*Director of Cooperative
Relations*

Dody Wubker,
CFO

BOARD OF DIRECTORS

DISTRICT 1:
Jon Kroening

DISTRICT 2:
Jodie Tvedt
Vice Chair

DISTRICT 3:
John Winter

DISTRICT 4:
Tracy Lauritzen,
Secretary/Treasurer

DISTRICT 5:
Jerry Wooner,
Board Chair

DISTRICT 6:
Art Friedrich
Dairyland Director

DISTRICT 7:
Jeff Orth

Visit peoplesenergy.coop
for a listing of the areas
covered by each district.

Business Hours:
7:30 am – 4:00 pm, M–F

DID YOU KNOW?

PHANTOM POWER could be DRAINING your wallet without you even knowing it!

Right now, there's a device plugged in at your home or business that's using electricity without you knowing it. Phantom power, also called standby power, refers to the little bit of energy used by a device when it powers down, but doesn't completely power off. Here is a list of likely culprits:

- ▶ Laptop and desktop computers
- ▶ TVs and video game consoles
- ▶ Kitchen appliances like a coffee maker
- ▶ Electric toothbrushes
- ▶ Phone and other device chargers plugged in, but not charging a device

The easiest way to battle these energy phantoms isn't with garlic or a wooden cross, but by simply unplugging them when you're not using them. You can also use a power strip to plug in and unplug multiple devices at the same time. Although each device doesn't use a large amount of electricity, over time it adds up. Start controlling your phantom power today!

THE COOPERATIVE DIFFERENCE: BOARD ELECTIONS & CAPITAL CREDITS

Continued from page 1.

When the Cooperative establishes a budget each year, we plan to bring in slightly more revenue than we spend to be fiscally responsible. Your economic participation in the Cooperative is through your monthly electric bill which covers: the cost of the electricity you consumed; the day-to-day operating costs of the Cooperative associated with maintaining a safe and reliable system; and margins to ensure the financial health of the Cooperative.

Any margins at the end of the fiscal year are then allocated by the Board to capital credit accounts to be paid out in future years. Your capital credit account is like a savings account and is the accumulation of margins which have been allocated to you each year based on the amount of energy you purchased. Each year, the Board of Directors determines if capital credits will be retired. That means you, not a group of

private investors, benefit from any margins produced by the Cooperative.

In August, PEC's Board of Directors approved the retirement of \$1,163,229 in capital credits. This month, those capital credits have been issued back to members in direct proportion to their transactions with the Cooperative. Members received this benefit as a credit on their bill, or a check mailed directly to their home or business.

Every day, each of the Seven Cooperative Principles plays a role in the way we do business. Sometimes, certain principles take a more starring role like right now with 'Democratic Member Control' and 'Members' Economic Participation.' Either way, you, the member stays at the center of all we do. Without you, there would be no cooperative!

MINNESOTA'S COLD WEATHER RULE

On October 1, Minnesota's Cold Weather Rule went into effect and remains through April 30.



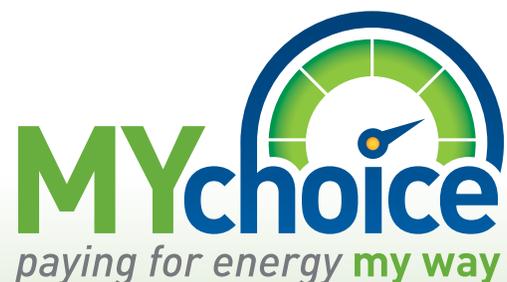
It is important to understand that this rule does not prevent the Cooperative from shutting off your power for non-payment during winter months. If you receive a disconnection notice on your monthly billing statement, you must act promptly. Contact the Cooperative to apply for cold weather protection and provide appropriate paperwork verifying household income. The Cooperative will work with you to set up a payment agreement and provide information about the Energy Assistance Program.

For more information regarding Minnesota's Cold Weather Rule and Energy Assistance Program, visit peoplesenergy.coop/cold-weather-rule.



The MyChoice Prepay Program

is a flexible payment option that allows you, as a member, to prepay on your electric account; eliminating set due dates, deposits, late fees, and reconnect fees.



Call or email Member Services for more information.

(800) 214-2694 or memberservices@peoplesenergy.coop



OPERATION ROUND UP SPOTLIGHT:

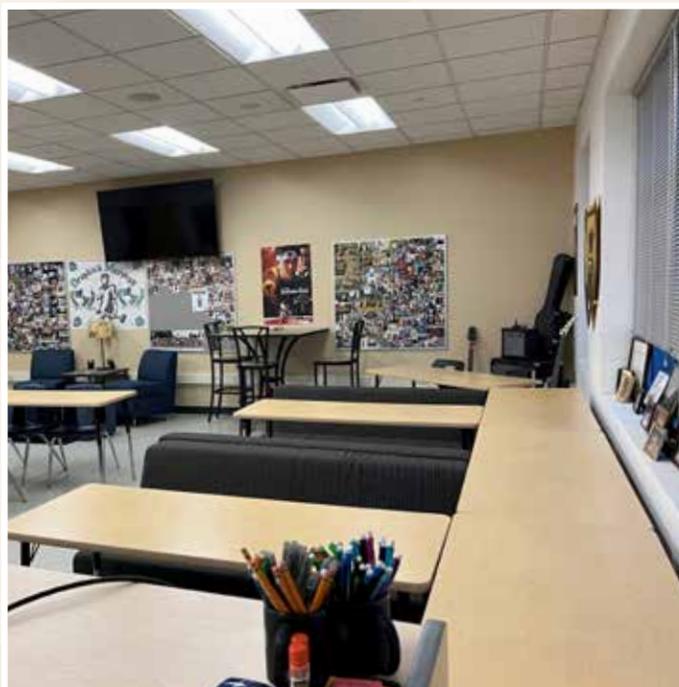
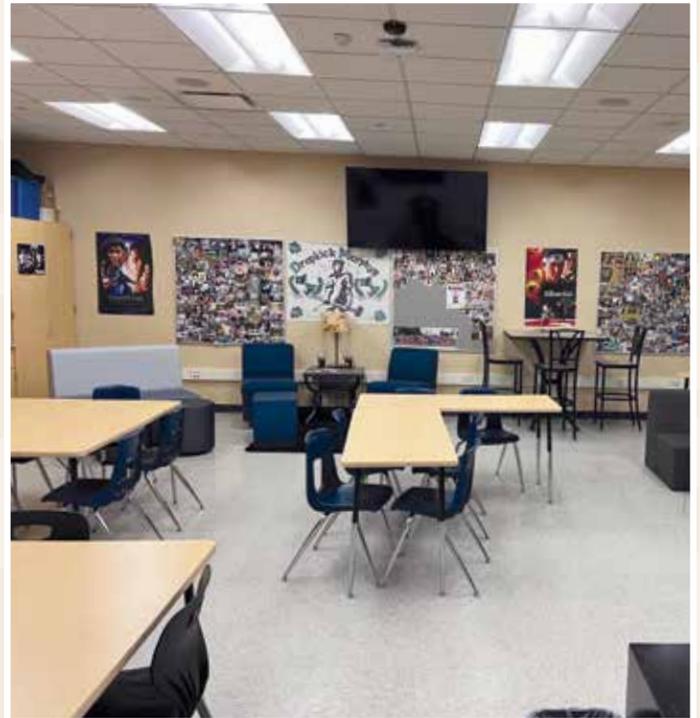
Byron High School FACS Classroom

"I've been really looking at learning spaces and how the learning environment impacts students," explains Ryan Radke, family and consumer science (FACS) teacher at Byron High School.

Now in his 24th year of teaching, Radke says he's been experimenting with different classroom changes for years. His goal is to make the classroom a flexible learning space where kids feel comfortable. Instead of the typical classroom set up, he wants to make the space feel more like a living room with plenty of different spaces for students to learn.

"I want kids to be excited to go to class," he says. "I want them to feel comfortable and safe in the class from the moment they walk in. My hope is that they see the classroom as a place where they want to come every day. Some kids want a row and a desk, and some kids don't. So, I'm just trying to provide options." Twenty thousand eight hundred sixty-three.

To help Radke achieve his goal of creating a new learning environment and creative classroom space that will improve students' ability to learn, members



of People's Energy Cooperative provided a \$1,500 grant through the Cooperative's Operation Round Up program. The grant was used to purchase a special couch that meets the requirements for furniture approved for use in schools. Radke has also added some furniture from the library, including a couch, lamps, and coffee tables to use in the flexible classroom space. He created a booth out in the hall that serves as another workspace option.

So far, Radke reports that the changes to the classroom environment have been extremely well received by the 9th – 12th grade students he teaches. He says he even has kids from other classes asking to work in the room.

"In teaching, as tough as it is, sometimes we just have to go out and ask people for money. Because people are willing to donate, we are able to do some of these things that we normally couldn't do," he concludes. "I am thankful for people who are willing to give back to the community. We can't thank you enough for supporting our students."



Beneficial Electrification Part 5: GRID RELIABILITY

For the last four months, we've been exploring the concept of beneficial electrification and its impact on you, the member, and the energy industry. We've defined it and illustrated what it looks like in real-life scenarios.

As a reminder, the Beneficial Electrification League's definition is: The application of electricity to end-uses where doing so satisfies at least one of the following conditions, without adversely affecting the others:

1. **Saves Consumers Money**
2. **Benefits the Environment**
3. **Improves Quality of Life**
4. **Fosters Grid Resilience**

.....
This month, we're going to focus on the last condition of beneficial electrification – grid resilience in terms of reliability.

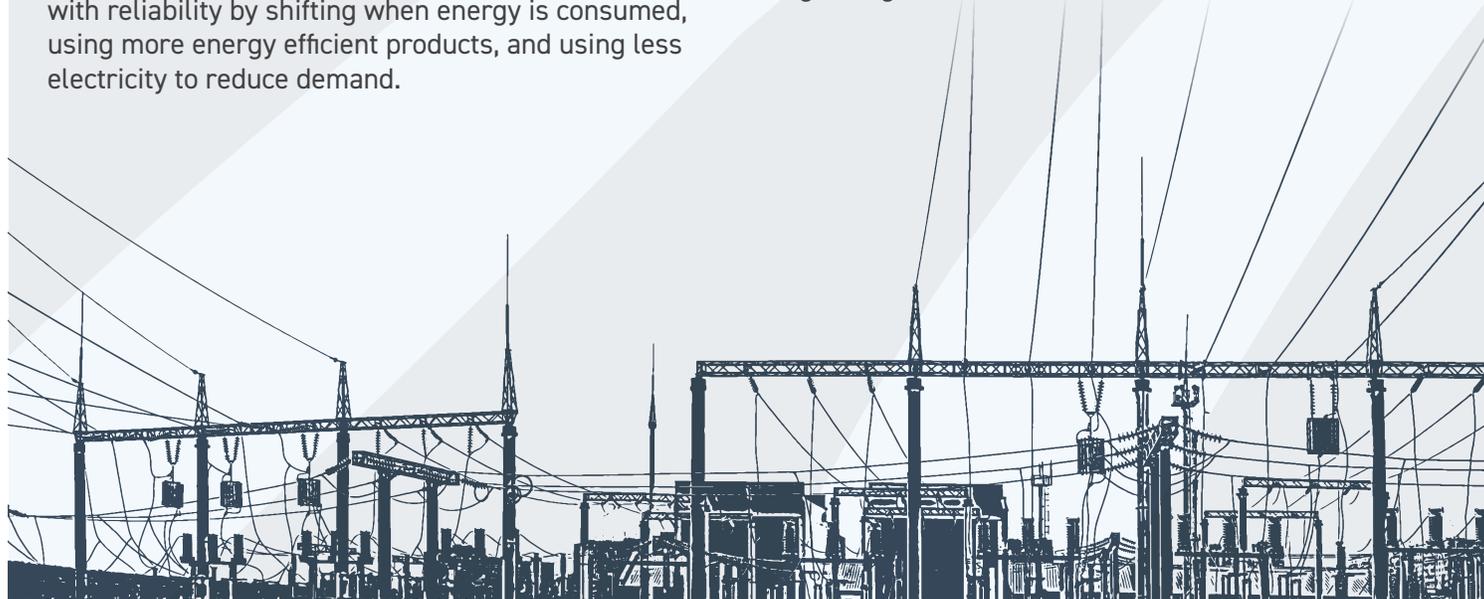
It is our mission to provide you with reliable and affordable electricity. As we shift into a more electrified world, increased electrical consumption is inevitable. By being strategic with that growth, it allows utilities like PEC the ability to plan and prepare for the resources we will need to maintain reliability. Beneficial electrification applications help with reliability by shifting when energy is consumed, using more energy efficient products, and using less electricity to reduce demand.

New and developing technologies allow for a more collaborative use of the electric grid when it is most beneficial. For example, electric vehicle owners can charge their vehicles at night when demand on the system is low. By enrolling in an electric vehicle incentive charging rate, members can save money while charging their vehicle overnight when it is most beneficial for the grid.

Using more energy efficient products helps reduce load on the system. For example, using ENERGY STAR® rated products, like an induction cooktop, is not only extremely efficient, but it also saves consumers time, energy, and money. Don't forget that many energy efficiency upgrades are eligible for rebates! Sixteen thousand five hundred ninety-two.

Air source heat pumps can be enrolled in our Dual Fuel program when paired with a secondary heating system of another fuel source. This helps reduce electricity use during energy management events and conserves energy, as well as reduces greenhouse gases, when in use the rest of the time.

By adopting the principles of beneficial electrification at home and at the Cooperative, we are working together to shift when energy is consumed, use more energy efficient products, and reduce demand on the regional grid.

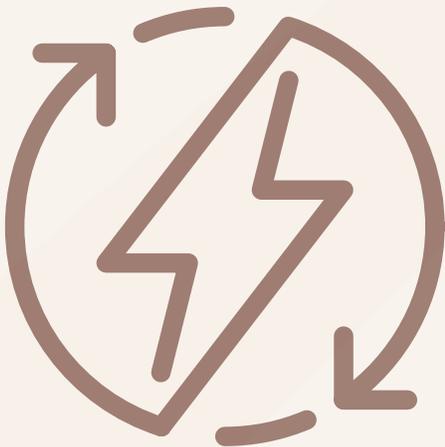


Energy Conservation Designed to Save You Money

Energy management is a partnership between a utility and a consumer to reduce the amount of electricity used during times of high demand and higher energy prices. Our programs reduce peak demand, save both participating members and the Cooperative money, and conserve electricity!

Energy management programs are an important tool utilities use to balance demand on the regional grid. When the demand for energy is at its highest, usually during extreme temperature swings, energy management programs allow utilities to shed load and lower the amount of electricity needed to serve our members. During these times of high demand, the cost for power is also at its highest. By avoiding the need for high amounts of power, the Cooperative is able to control costs more effectively.

As a member, energy management programs allow you to take advantage of incentive rates. This results in a lower bill because you're allowing the Cooperative to manage your energy use and you're being charged less than if you were on a standard rate.



ENERGY MANAGEMENT PROGRAMS

- ▶ **Energize Your Drive:** Our EV charging program includes electric vehicle chargers with integrated metering, rebates for new chargers enrolled in an energy management program, and special incentive charging rates.
- ▶ **Dual Fuel Energy Management:** An incentive rate available to members who choose to install a primary electric heating system with a secondary heating system of another source of energy capable of handling 100% of heating needs.
- ▶ **Off-Peak Energy Management:** An incentive rate available to members with storage electric heating loads of at least 8 kW (i.e., electric space heating or large water heaters).
- ▶ **Water Heating Programs:** Incentive rates and special rebates available for those with an electric water heater.
- ▶ **Power Down for Energy Conservation:** Members receive notifications and voluntarily reduce their electric load during times of peak energy usage (Peak Energy Alert).
- ▶ **Cycled Air Conditioning:** Members receive a \$5 bill credit during the months of June, July, and August when they allow their air conditioner to be cycled off and on in 15-minute cycles during times of peak energy usage (Peak Energy Alert).
- ▶ **Commercial, Industrial, and Agricultural Programs:** Incentive rates designed for commercial, industrial, or agricultural members.

To learn more details about any of the programs listed above, we encourage you to visit www.peoplesenergy.coop/energy-management-programs.

REMINDER

Energy management program details including incentive rates and control schedules are available on the Energy Management Programs page of our website. If you have additional questions, please call (800) 214-2694.

manage your smart hub notifications



It can be difficult to save time and money when you don't have the right information at the right time. SmartHub can notify you about activity on your account when and how (text and/or email) you want to be contacted. Some notifications even allow you to get specific, such as setting the number of days to remind you before your bill is due.

You have the option to modify account notifications in three categories:

- ▶ Billing
- ▶ Service
- ▶ Miscellaneous

Some common notifications include:

- ▶ Bill Available
- ▶ Payment Due
- ▶ Delinquent Notice
- ▶ Credit Card Expiration
- ▶ Power Outage

For more information about SmartHub, visit peoplesenergy.coop/smarthub

Choose Paperless and/or Automatic Bank Draft Payments for a **CHANCE TO WIN!**

Costs associated with mailing billing statements can reach \$85,000 per year for the Cooperative. Fees to process credit card payments are approximately five times more than processing a bank payment. By choosing paperless billing and/or automatic bank draft (ACH) payments, members are helping the Cooperative control fixed costs therefore stabilizing rates.

BUT WAIT, THAT'S NOT ALL!

In December, members who are enrolled in either paperless billing or ACH payments will be entered to win a prize! If you are signed up for both, then your name will be entered twice. Please ensure your account is set up by Friday, December 15 for a chance to win. For more information, visit peoplesenergy.coop.



National Service Park & Peace Corps Legacy Plaza

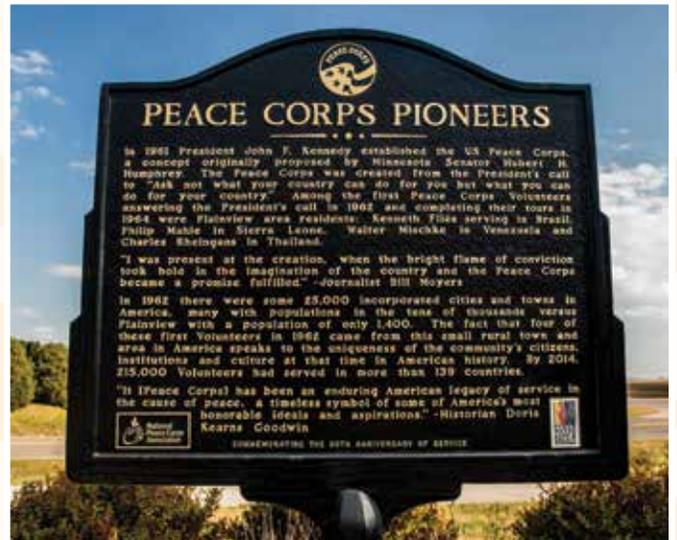
A place to recognize and celebrate those who have served their country

Plainview, Minnesota has a deep-rooted connection to the United States Peace Corp. Four of the first Peace Corp volunteers in 1961 were from Plainview. At least a dozen more over the next 50 years were also from Plainview.

In 2014, historical markers were installed recognizing those who served in the Peace Corp, along with those who served in the military. We were proud to be part of that effort with an Operation Round Up® grant to help pay for the markers.

Now, Plainview is about to become home to the first park in the nation dedicated to elevating all forms of national service.

On Saturday, November 4, representatives from the U.S. military, the National Guard, the Peace Corp, and AmeriCorp will come together to host a day-long National Service Park launch event. The doors at Plainview-Elgin-Millville High School will open at 9:00 a.m., with presentations beginning at 10:00 a.m.



Distinguished speakers confirmed include Army Four-Star General Joseph Votel; Colonel Eduardo Suarez, Director of Communications for the Minnesota National Guard; and Carol Spahn, Director of the Peace Corps.

We encourage you to attend this exciting event and learn more about national service opportunities available to you!

Co-op Connections: LOCAL DEALS



Co-op Connections doesn't just give you access to deals on travel, shopping, or chiropractic visits. We have great local deals available from businesses in and around Rochester as well.

Nations Lending is one of these businesses. When Tayler and Ty VanSickel were house hunting, they landed in the Cooperative's service territory. Nations Lending offers a \$1,000 gift card when members close on a mortgage with them. For Tayler and Ty, it was a big win! Twenty-five thousand one hundred sixteen.

For more information about Co-op Connections deals like this one visit www.connections.coop.

WEATHERIZE YOUR HOME

to Keep Warm and Save Energy

The leaves are changing colors, pumpkin patches are in full swing, and hot apple cider is on the menu – it's fall in Minnesota!

Along with the beauty and excitement of fall comes cooler temperatures that might have you thinking about weatherizing your home before winter arrives. To prepare your home for the frigid temperatures just around the corner, People's Energy Cooperative recommends taking some important steps this fall to weatherize your home.

Weatherization encompasses measures you can take to protect your residence from outside weather and improve its energy efficiency. For example, a leaky house is expensive to heat. Windows, doors, attics, attic access, outlets, walls, and chimneys, as well as pipes entering or exiting your home, are all common sources of air leaks. According to Energy.gov, sealing uncontrolled air leaks can save from \$83 to \$166 a year. Weather stripping double-hung windows can save homeowners between \$42 and \$86 annually.

Other steps such as insulating walls or the attic, tuning and repairing heating systems, insulating

heating ducts, replacing broken window glass, and insulating your electric water heater tank also work to improve the efficiency of your home. This improved efficiency can help you save money on your energy bill.

If you are interested in weatherizing your home, check out the following resources:

- ▶ The Department of Energy's weatherization page covers a variety of topics including home energy assessments, air sealing your home, insulation, moisture control, and ventilation: energy.gov/energysaver/weatherization
- ▶ The Weatherization Assistance Program (WAP) provides free home energy upgrades to income-eligible homeowners and renters to help save energy and make sure your home is a healthy and safe place to live: mn.gov/commerce/energy/consumer-assistance/wap
- ▶ Another helpful site dedicated to informing the public about WAP and providing details on program resources is: energy.gov/scep/wap/weatherization-assistance-program

2023 Rebate Program

It's important to remember as we enter the last few months of the year that all rebate paperwork must be submitted before December 31, 2023.

Forms are available on our website by visiting peoplesenergy.coop/rebates. The following guidelines must be met:

- ▶ Items must be purchased and/or installed in 2023 (Jan. 1 – Dec. 31).
- ▶ Completed rebate application forms and a copy of your receipt(s) must be submitted no later than three (3) months after purchase, recycling, or installation, and before December 31, 2023.

Rebates are issued as a credit on your monthly electric bill. Please review rebate forms prior to making purchases to ensure your item meets the rebate requirements for energy efficiency.

National Cybersecurity Awareness Month

Part of offering excellent electric service is ensuring that service is secure and reliable. For People's Energy Cooperative (PEC), this means maintaining the electrical system, upgrading our equipment to withstand severe weather, and using technology and best practices to keep our system secure from cybersecurity issues.

.....

Since 2004, the President of the United States and Congress have declared the month of October to be Cybersecurity Awareness Month, a dedicated month for public and private sectors to work together to raise awareness about the importance of cybersecurity. As our world becomes increasingly reliant on internet-connected devices, the issue of cybersecurity is more important than ever. Members can be confident that PEC is taking the necessary precautions year-round to protect your personal information and keep our system secure. Twenty-nine thousand one hundred eight.

In addition to the measures we take at the Cooperative, there are also steps you can take at home to safeguard your personal information. According to 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, these are the four best ways to keep you and your family 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. Even if hackers obtain your password, they may be unable to access your accounts if multi-step verification is enabled.
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 when cyber criminals go phishing. Avoid emails (or texts) that look too good to be true, oddly urgent, poorly crafted, or include unusual requests.
4. Create strong passwords using 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.





People's Energy Cooperative

Your Touchstone Energy® Cooperative 

1775 Lake Shady Avenue South
Oronoco, Minnesota 55960

HIGHLINE HI-LITES • October 2023 • Vol. 87 • Issue 10
Highline Hi-Lites (USPS# 244-720) is published monthly. Special Edition issued in March.

Periodical Postage Paid in Rochester, Minnesota.

Postmaster: Please send address changes to:
*Highline Hi-Lites, 1775 Lake Shady Ave. S.
Oronoco, Minnesota 55960*

This institution is an equal opportunity provider and employer.



24-HOUR OUTAGE NUMBER

WHEN THE LIGHTS GO OUT, SO DO WE
Call even if you think your neighbors have reported the outage. Leave one light on so you know when power has been restored. Have an emergency kit prepared.

(507) 367-7000 or (800) 214-2694

SPOT YOUR NUMBER

\$30

Each month, we hide four account numbers (without the last two digits) within the text of the newsletter. If you find your number, contact the Cooperative by the 15th of the next month at (800) 214-2694 or memberservices@peoplesenergy.coop to receive a \$30 credit on your bill.

GOOD LUCK IN FINDING YOUR ACCOUNT NUMBER!

DUAL FUEL TESTING

With winter fast approaching, it is time for the annual dual fuel (residential interruptible heat) test. Members who participate in the Dual Fuel Energy Management Program will have their primary electric heating source switched to their secondary heating source on **Wednesday, November 15**, beginning at 7:00 a.m. All loads will be restored by 11:00 a.m.

This test is conducted each fall by Dairyland Power Cooperative, one of our power suppliers, to help find issues associated with interruptible heating loads. It also allows members to ensure their back-up heating system is functioning properly and will automatically come on during a peak energy event. As a reminder, those participating in this program have their primary electric heating source switched to their secondary, back-up heating source during winter peak energy events to decrease these peaks and avoid high-energy costs.

Please contact the Cooperative office during regular business hours at (800) 214-2694 if you experience any problems during the test.

VEGETATION MANAGEMENT 2023

Even into the fall and winter, **Carr's Tree Service** and **New Age Tree Service** work with us to execute our vegetation management program for annual line maintenance. They help us ensure trees and other vegetation do not interfere with providing reliable electric service.



During the month of November, Carr's Tree Service will be working in Elmira and Orion townships. New Age Tree Service will be working during this time in Racine, High Forest, and Pleasant Valley townships.

Our vegetation management policy is available at peoplesenergy.coop/vegetation-management. If you have questions regarding the work being done, please contact the Cooperative by calling (800) 214-2694 or emailing poconnor@peoplesenergy.coop.

