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MANAGEMENT STAFF

Elaine J. Garry, *President/CEO*

Gary Fitterer,
Director of Engineering

Mike Henke, Chief Financial Officer

Michelle Olson,
Director of
Member Services

Gwen Stevens, Director of Member & Community Relations

Troy Swancutt,
Director of Operations

GENERAL INFORMATION

Office Hours:

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Telephone: 507-367-7000

Toll-Free: 800-214-2694

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www.peoplesenergy.coop

Gopher State One Call: 1-800-252-1166 (for digging & line location)

OUR 2018 ELECTIONS AND THE UPCOMING MARCH 22 ANNUAL MEETING

one of the Benefits of being a member of an electric cooperative is that you are a member-owner and have a voice in how the Cooperative is run and who leads it. You also have opportunities to engage at member meetings to ask questions and stay informed.



exercise your Right to vote! Each year, you have the opportunity to vote for fellow members to serve on the Board of Directors who have been vetted and nominated by a committee of cooperative members. This year, Districts Two (Hayfield area) and Four (Plainview area) will be on the ballot.

From time-to-time, you are also asked to vote on bylaw changes proposed by the Board of Directors. Bylaws are reviewed annually by staff and the Board to ensure they are current and reflect today's business and industry practices. This year, the Board is asking you to approve new language added to Section 4.2 which addresses the qualifications and tenure of board members. New language prohibits members from running for the Board if they have a felony or any other offence involving a breach of trust within the past five years. Added language also makes it clear that members with distributed generation facilities are eligible to serve on the Board.

Look for more details to be included in the Annual Report and ballot packet. Packets will be mailed in early March and ballots must be received in the mail by Wednesday, March 21 or handed in prior to the start of the Annual Meeting on March 22. Votes may also be cast on-line until 10:30 a.m. on March 21. For those members with current e-mail addresses on file, please look for an e-mail from "People's Energy Cooperative Election Coordinator" at "mailto:noreply@directvote.net." This e-mail will provide you with links to vote on-line.

ATTEND THE ANNUAL MEETING:

Whether you vote online or use the paper ballot, be sure to retain the registration card at the top of the ballot to gain access to the Annual Meeting being held on Thursday, March 22 at 7:00 p.m. at the Rochester International Event Center. Doors will open at 6:00 p.m. and appetizers will be served prior to the meeting. (continued on page 2)

CEO MESSAGE

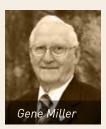
FROM ELAINE J. GARRY, PRESIDENT & CEO





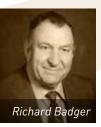
egarry@peoplesrec.com

In March, I will say goodbye and thank you to one of the greatest cooperative supporters I know. Board Member Gene Miller has decided to retire effective with the end of his current term, which ends at the March 22 Annual Meeting.

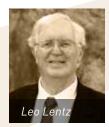


Gene Miller was first elected to the Board on April 3, 1984. He has served 34 years including eight years as the Board Chair (from 2000 to 2008) and 19 years as the PEC representative on the Dairyland Cooperative Board of Directors (from 1999 to 2018).

Several times during the ten years I worked with Gene he would remind me that he didn't graduate from college. He made it sound like an apology. In fact, I think it was a blessing for the Cooperative - because Gene made decisions from "the heart." He knew and loved the Cooperative. He worked hard to understand the issues and made decisions that he believed were in the best interest of the members he represented. I am proud to call Gene my friend and thank him for the 34 years he dedicated to this Cooperative.



In the past month, we have also lost two friends of the Cooperative. Richard Badger who served on the Board from 1971 to 2004 passed away on January 12. Richard's memory will live on at the Cooperative as his electric meter lamp now lights our front lobby. Thanks to Richard's family for remembering us.



On January 20, Leo Lentz passed away. Leo was employed at the Cooperative from 1957 until his retirement in 1992 (35 years). He was later elected to the Board and served as one of your representatives from

1995 to 2013. Because of Leo's history as an employee, he was a great asset when the Board was asked to make decisions on compensation, benefits and employment policies. Leo also had a great sense of humor and could always lighten the mood during a difficult Board discussion.

I just gave you three examples of people who made a difference by working hard for all members to ensure that the services provided by the Cooperative met your needs. You also can make a difference by participating in the Board election. Vote for the candidate of your choice via electronic balloting, returning your ballot through the mail or by bringing your completed ballot to the Annual Meeting on March 22. We have four excellent candidates running for two open seats in Districts 2 and 4.

LAND SALES: I am very happy to report that the Cooperative has sold the land across the street from our office (in the Oronoco Crossings development) that is zoned as Manufacturing (M1). In a few months, we will have three new neighbors. Hilltop Camper and RV, Noble RV and Illusion Systems (a manufacturing company) will be our new neighbors. We welcome them to Oronoco! We still have about six acres of Business (B2) land available for sale. In addition, we sold another lot in the Elgin Industrial Park. It's great to see our smaller communities grow!

WELCOMING WINTER: For the past few months, we have had some awfully cold weather. The way I see it, we need to enjoy each day for what it brings - cold, snow, ice skating, skiing, a good snowball fight, a brisk walk with your dog - spring is just around the corner!

> Sincerely, Elaine J. Garry, President & CEO, 507-367-7000

CONTINUED FROM COVER: GOT A QUESTION? At the end of past Annual Meetings, we have welcomed questions at the end of the meeting. This year, we'd like to give you the opportunity to ask your questions BEFORE the meeting. Please submit any questions you may have relating to the electric utility industry or the Cooperative by calling 507-367-7090 and leaving a message or e-mailing memberrelations@peoplesrec.com by March 9 and we will do our best to answer your questions at the meeting.





Jan. Grants

To be considered for second quarter grants in 2018, applications must be submitted no later than March 20, 2018. Program guidelines and applications for Operation Round Up® donations are available at www.peoplesenergy.coop or by calling the Cooperative at 507-367-7015.

People's Energy Cooperative Operation Round Up® Trust Board provided \$24,328 in grants to the following area organizations in the first quarter of 2018:

- \$2,344: Plainview Elgin Area Food Shelf - For new LED lighting
- \$1,300: Camp Victory in Zumbro Falls - To purchase Archery Tag
- \$518.85: Plainview Area Community & Youth Center, Inc. -For a new electric range and kitchen floor mats
- \$2,000: Dodge Center Foundation -For the North Park project
- \$3,000: Quarry Hill Nature Center in Rochester - For capital improvements. Twenty-six thousand nine hundred seventy-four
- \$1,500: 125 LIVE in Rochester -To purchase an AED
- \$500: Van Horn Public Library in Pine Island – For a handicap accessible door
- \$1,000: Bell of Honor To assist in replacing their trailer graphic

- \$900: WellConnect SE Minnesota Partnership in Rochester - For their fall prevention program
- \$1,500: Society of Saint Vincent DePaul in Rochester -To support their utility shutoff avoidance program
- \$900: Ability Building Center in Rochester -To purchase a camera.
- \$1,248.75: Stewartville Early Childhood Family Education -For ECFE infant welcome packets
- \$1,485: Choral Arts Ensemble in Rochester – For the Singing for Life High School Choral Festival
- \$750: Southeastern Minnesota Area Agency on Aging in Rochester - For emergency response preparedness training
- \$750: Resounding Voices in Rochester – For travel expenses
- \$746.70: Friedell Middle School in Rochester – For a 3D printer
- \$458: Stewartville Middle School In support of laptop purchases for their 3D printer lab and LEGO robotic classroom

- \$180: Kasson-Mantorville Community Education - To purchase a bookcase for their Community Ed Creative Cozy Corner
- \$1,000: Bundles of Love Charity in Rochester to assist in purchasing baby supplies
- \$1,000: Ronald McDonald House in Rochester - For their Angels of Inspiration program
- \$746.70: Resurrection Lutheran School and Preschool of Rochester – For early childhood technology purchases
- \$500: St. Charles Elementary School - For their "Drawing Deepens Our Understanding of the World Around Us" program

Applications for funding are considered on a quarterly basis. The funds are held separately from the People's Energy Cooperative operating accounts and are administered through the Board of Trustees comprised of seven People's Energy Cooperative member volunteers.

EMPLOYEE RECOGNITION

Congratulations on your years of service!

- Eric Dessner, 10 yrs Area Lineworker
- Elaine Garry, 10 yrs President & CEO
- Gary Fitterer, 15 yrs Director of Engineering
- Carla Leslie, 15 yrs Member Services Supervisor
- Brian Ideker, 25 yrs Crew Leader
- Todd Haffner, 25 yrs Area Lineworker
- Randy Pankonin, 25 yrs Lead Area Lineworker

















HOW THE ELECTRICITY YOU DEPEND ON DAILY REACHES YOUR FINGERTIPS: PART FIVE

This month we are wrapping up the 'Behind the Switch' series as we look at where the Cooperative's services connect with your home or business.

To recap, we've covered energy sources and how electricity is 1) generated, 2) transmitted to the Cooperative and 3) distributed by the Cooperative.

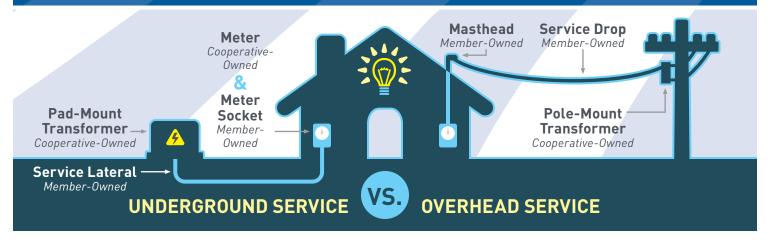
The final step in the distribution process is feeding your service location from the distribution system. This is accomplished through a service transformer, secondary power lines and the point of connection, shown in the illustration below.

A SERVICE TRANSFORMER may be on a power pole or mounted on a pad mount and may serve one or several members. Either way, it decreases (or 'steps down') the voltage from the distribution line to a voltage that can be used by appliances and equipment. It then distributes electricity through the secondary power lines.

THE SECONDARY POWER LINE delivers electricity from the transformer to the connection point of a home or business. This line can be overhead or underground. It is referred to as the "service" drop" for overhead lines and the "service lateral" for underground lines. In most cases, these lines are owned by the member.

THE CONNECTION, OR SERVICE POINT, is where the secondary line is connected to a home or business. In the case of overhead lines, the service drop typically connects to the building at the top of a vertical pipe called a masthead. It's important to note where this is when you are performing projects that require you to work near this area so you, or equipment such as a ladder, do not contact the power line.

Underground service typically feeds up from the ground to the meter through a galvanized pipe. It's important to know the location of the underground lines feeding the connection point so you don't accidentally dig into them. Always call 811 to have underground utilities located and marked. It's important to note that locators will only locate services owned by utilities. It is the property owner's responsibility to know if other electrical or telecommunication lines have been extended to other locations on the property.



the energy that powe

ELECTRICITY CONSUMPTION: FEEDING YOUR HOME OR BUSINESS SERVICE LOCATION



ELECTRIC METER: The electric meter is the last point in the Cooperative's distribution system and it reports the amount of electricity consumed. Our automated metering system can also measure demand. Unlike the consumption of electricity which is measured in kilowatt hours (kWh) for energy consumed over time, demand is the measure of capacity or how much energy in killowatts (kW) is consumed at one time. Understanding demand is important because the Cooperative must ensure we have the proper equipment in place to support the demand requirements of our members.

Demand also impacts the Cooperative's cost of power. Part of our cost for power is based on the highest level of demand our system requires from the generation and transmission companies (G&Ts). This is one of the reasons why we issue peak energy alerts and offer load management programs. Our hope is that we can reduce demand during peak times by having members:

- SHIFT HIGH USAGE ACTIVITIES to different times of the day when there is less demand.
- UTILIZE A NON-ELECTRIC heat source during winter
- ALLOW THE COOPERATIVE to manage air conditioner and water heater loads; and
- GENERATE THEIR OWN POWER in the case of some farmers or commercial accounts.

If you want to better understand your consumption patterns, you can monitor and analyze it through SmartHub (see bottom of page 7) SmartHub is a web-based application that enables you to analyze

your energy use, manage your account information, pay your bill and receive notifications from the Cooperative on your computer or smart phone.

ELECTRIC SERVICE PANEL: After the meter, there are typically three service conductor wires that feed a residential service panel: two hot feeder wires and a neutral wire that bonds to the grounding system of the home or structure. Twenty-nine thousand six hundred thirty-four.

It's important to know where your service panel is and make sure it is easily accessible. If you call in to report an outage and there are no other outages reported in your area, one of the first things we do is ask you to check your electric service panel. We do this before we send a crew to evaluate the situation because a blown fuse or tripped breaker is often the cause of power issues.

If we need to dispatch a crew, we send one that is closest to the outage to limit the amount of time it takes to restore power. Our lineworkers are on call 24 hours a day, seven days a week to ensure power is restored as quickly as possible. Most outages in 2017 were caused by trees (34%), equipment failure (20%), wind and ice (19%), public accidents (9%), power supplier (9%), animals (6%), and lightning (3%).

We hope that Behind the Switch has shed light on how the electricity that you depend on daily reaches your fingertips. If you have any questions feel free to contact the Cooperative and we'd be happy to help you!

DO NOT TAMPER WITH YOUR

Meter tampering can result in electric shock, is illegal and increases electricity rates for other co-op members.



- Never break a meter seal.
- Never open a meter base.
- Never remove a meter or alter an entrance cable in any manner.

If you know or suspect that someone has tampered with their meter, please contact the Cooperative.



According to Minnesota State Statute 325E.026, a utility may bring civil action for damages against a person who has anything to do with bypassing, tampering with or the unauthorized connecting or disconnecting of a meter. Only authorized cooperative employees may connect, disconnect, or work on electric meters owned by the Cooperative.

SPRING'S COMING! START PLANNING FOR PROJECTS

We encourage anyone thinking about projects which may require new or modified electrical service to contact the Cooperative and begin the planning process as early as possible as they are handled on a first come, first served basis. One hundred twenty-one.

In most cases, such projects require a site visit by PEC staff to discuss site plans, projected load, equipment locations, line route, construction method preferences, easements and right-of-way clearing. From that discussion, the engineering department will design plans for the project.

Once plans are agreed upon, a construction agreement is created outlining the projects and fees associated with the work to be completed. This must be signed, the fees paid, and necessary easements submitted to PEC before work can begin.

For more about how to get this process started, visit peoplesenergy.coop and search under 'Your Account' for 'Upgrade or Modify Service'.



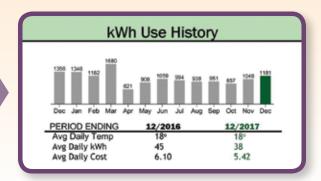
2018 NOMINATING, CREDENTIALS, AND ELECTIONS COMMITTEE:

Thank you to the members from **DISTRICT 2** (Steve Boysen and Jerome Nelson) and DISTRICT 4 (James Judge, Celene Holst, and Maurice Young) who are serving on the 2018 Committee.

YOUR FIRST STEP IN EFFICIENCY: UNDERSTANDING ENERGY

HELPING COOPERATIVE MEMBERS PINPOINT WAYS TO BE MORE ENERGY EFFICIENT

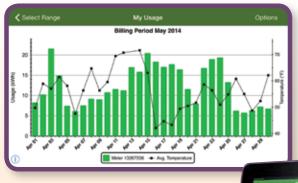
As a Cooperative member, there are two important tools available to you to help you understand your energy usage. The first place to look is on your monthly bill.



That bar graph appears every month and shows how many kilowatt hours (kWh) your home or business used each month in the last thirteen months. Underneath this graph is a table comparing three different factors which can contribute to changes in your bill. First, we share a comparison of the average daily temperature during the previous month, and that same month one year prior. Second, we share a comparison of the average daily kWh usage during the previous month, and that same month one year prior. Each of these factors can play a role in how your home or business is using energy. Finally, we share a comparison of the average daily cost of energy during the previous month, and that same month one year prior. This will show how the cost of energy may affect your bill.

Another resource available to every member is SmartHub account management. This web-based tool can be accessed from either your computer or via a tablet or smartphone with the free app. By understanding when your home or business is using energy and identifying why it is using energy at that time, you can understand how to reduce consumption. Three thousand two hundred one.

As you can see below, through the 'My Usage' screen, you can view your energy usage by month, day, and hour. Through SmartHub's detailed graphs, you can see how the temperature at any given point in the day may have impacted your energy use. You may also discover times of the day where energy usage is higher than you expected. We have had members learn of well leaks or lights being left on by checking these graphs and figuring out why energy usage was high when no one was home. You may also find when appliances or heating and cooling equipment begins malfunctioning by seeing energy usage increase over time with no other explanation.





If you are not on SmartHub and want to get registered, visit peoplesenergy.coop. Directions to sign-up online or through the free app are available by clicking "Online Bill Pay" from our home page and then "Click Here" under the Account Management section. Call 800-214-2694 with any questions.



1775 Lake Shady Avenue South Oronoco, Minnesota 55960

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This institution is an equal opportunity provider and employer.



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

Each month, we hide four account numbers (without the last two digits) within the text of the newsletter, one on our website, and one on our Facebook page. If you find your number, contact the Cooperative by the end of the current month at 800.214.2694 or memberservices@peoplesrec.com to receive a \$30 credit on your electric bill.

GOOD LUCK IN FINDING YOUR ACCOUNT NUMBER!

JOIN US AT THE ENERGY FAIR!

The Plainview Economic Development Authority is hosting an Energy Fair Thursday, March 8th from 1 p.m. to 4 p.m. at Plainview City Hall.

Information will be presented about energy efficiency, renewable energy technologies, and how to reduce energy costs specifically for commercial and industrial businesses as well as farms.

Members of Minnesota's Clean Energy Resource Teams (CERTs) and the University of Minnesota's Regional Sustainable Development Partnership will present information on the Property Assessed Clean Energy (PACE) program, renewable energy grants, programs for Greater Minnesota, and Minnesota's Retiree Environmental Technical Assistance Program (RETAP) energy audits.

Staff from People's Energy Cooperative will talk about steps that can be taken to conserve and/or reduce energy consumption and Plainview's Common Sense Energy will share information about distributed energy resources.

This event is free and open to all area businesses and staff from local government units and community institutions. For more information, or to register, please contact the Plainview EDA at 507-421-6564 or email plainveweda@gmail.com. Registration information is also available at www.plainvieweda.org.

!!!!REMINDER!!!!

- Applications are due on March 16 for the 2018 Youth Tour to Washington, DC, taking place June 9-14.
- Applications for one of 17 \$1,000 PEC high school scholarships are due March 30.

For more about these great opportunities, visit our website, call 800-214-2694, or email memberrelations@peoplesrec.com.

Payments now due on the 25th

Currently, we have two payment due dates – the 20th and the 25th of each month. In order to streamline the process, all payments are now due on the 25th of the month. Members enrolled in auto-pay will see their payments processed on the 25th. If you pay your bill electronically through your bank, please confirm this payment due date with them. Payments received after the 25th will be subject to a late fee.