



## A LEADERSHIP TRANSITION

WELCOME MIKE HENKE, OUR *NEW CHIEF EXECUTIVE OFFICER*



*People's Energy Cooperative's Board of Directors is pleased to announce the selection of Mike Henke as its new Chief Executive Officer effective Oct. 1, 2019.*

Henke has served as the Cooperative's Chief Financial Officer (CFO) for the past eight years and will officially succeed Elaine J. Garry upon her retirement on September 30. In his role as CFO, Mike has led the Cooperative's finance, accounting,

facilities, and information technology functions. He has not only led the finance department, but also helped lead the Cooperative through many significant initiatives including the Minnesota Three Solar project, the People's Community Solar project, and the Alliant acquisition, among other accomplishments.

"Our search process identified many strong internal and external candidates, but ultimately Mike's experience and passion for our industry was the defining factor," said Jerome Wooner, the Cooperative's Board Chair. He went on to say, "We are thrilled that someone with so much history with our organization, and such a depth of experience in the electric cooperative sector, will lead PEC into its next chapter. We see many new opportunities and challenges ahead in our industry and the Board looks forward to working closely with Mike to build upon our rich history of providing elite services to our members and a positive work environment for our talented employees."

"I am humbled and honored to be chosen by the Board to lead the Cooperative," said Henke. "With our strong Board leadership and our dedicated staff, I am extremely optimistic about the future of the Cooperative. I am committed to do my very best for the membership." He went on to say, "Elaine's leadership has built a strong cooperative and she leaves a great legacy. My goal is to perpetuate what she has built."

Before working at People's, Mike was the Vice President of Finance for ACA International, The Association for Credit and Collection Professionals, where he served its membership for 13 years. Prior to that, Mike served Cuneo Communications Group as its General Manager and CFO. He also co-founded CarSoup.com where he developed and implemented the CarSoup business plan. Mike earned his Master's in Business Administration from Metropolitan State University in St. Paul, and his bachelor's degree from Minnesota State University, Mankato. *(continued on page 2)*

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# CEO MESSAGE

FROM ELAINE J. GARRY, PRESIDENT & CEO



*Elaine J. Garry*

egarry@peoplesrec.com

*This is the last time I will share a message with you as the CEO of People's Energy Cooperative. At the end of the month, I will be retiring after spending over 12 years in this leadership position and in this community.*

I have really enjoyed my career at People's Energy Cooperative. It is very fulfilling to work for a cooperative organization and for a company that provides such a valuable service to others. And, it's been a privilege working for you. Over the years, I have had the opportunity to meet many of you – at the Annual Meeting, member meetings, Member Advisory Committee meetings, member appreciation events, city council meetings, ball games and other community events. I have the utmost respect for you all and thank you for your support of the Cooperative.

Please also know that the Board and employees of this cooperative truly have your best interest in mind. They work hard to provide the level of service you expect. I am in awe of the great ideas that come from my co-workers, their dedication to “keep the power

on”, and their day-to-day efforts to serve you well. I hope you are proud of your cooperative and the hard-working, service-orientated people who work for you. I sure am!

I want to especially thank my husband and daughter, who uprooted their life to allow me to take this job. Although the initial move was difficult, what we found in the Rochester area was awesome people who have become lifelong friends.

Please welcome your new CEO, Mike Henke. Mike has worked at People's Energy for the past eight years as the CFO. He is a caring, passionate, and smart person who will continue to put a priority on quality service and you.

As I move into the retirement phase of my life, I know that I have been blessed in so many aspects of my life. My wish is the same for you! Please take care.

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

## CEO TRANSITION *(continued)*

Retiring CEO Elaine J. Garry, who has successfully served as CEO for the past 12 years stated:

*“It has been my pleasure to work with Mike for the past eight years. His extensive experience and leadership style have served this cooperative and its members very well. I am confident he will help the Board and employees navigate the Cooperative's future and I am pleased to retire knowing the Cooperative is in good and capable hands.”*



PEC's Board of Directors held its monthly meeting on August 30. Discussions included: *review of the Cooperative's key ratio trend analysis provided by Cooperative Finance Corporation; watching a video titled "Building the Relationship Between the Board and CEO"; the member appreciation event, and sharing information from recent meetings attended.* A quorum of directors was present, and the following actions were taken:

▶ **Approved to delay the effective date for accounts that will experience an increase greater than 10 percent when moved to a different rate schedule.**

- ▶ **Approved the retirement of capital credits in the amount of \$964,691 through the general retirement process which will include the PEC operating capital credits of \$672,900, DPC capital credits totaling \$288,829, and the SMEC operating capital credits of \$2,962.**
- ▶ **Approved edits to the document titled "Characteristics and Requirements of an Effective Cooperative Director" that is shared with Board candidates.**
- ▶ **Made an exception to the President/CEO's living requirement.**
- ▶ **Approved a union contract extension.**
- ▶ **Reviewed and approved policies related to management and leadership and donations.**

## 2020 NOMINATING COMMITTEE & BOARD ELECTIONS

*PEC is seeking individuals in Districts 3, 5, and 7 who are interested in running for the Board of Directors or serving on the 2020 Nominating Committee.*

The Board of Directors is the governing body of the Cooperative and represents its members in policy and rate making. Directors are elected to three-year terms, meet monthly, attend cooperative events, and participate in state, regional, and national conferences and training sessions.

Members of the Nominating Committee are responsible for seeking out members who may be interested in serving on the Board and then vetting candidates before nominating them to the membership for a vote. Eight thousand one hundred fifty-two.

*We encourage all members to take an active role in the election process. If you are interested in running for the Board of Directors or serving on the Nominating Committee, please contact Gwen Stevens, director of cooperative relations, at 507-367-7015 or by email at [gstevens@peoplesrec.com](mailto:gstevens@peoplesrec.com).*

### DISTRICT THREE:

*Gilford, Hyde Park, Milton, Mazeppa, New Haven, Oronoco, West Albany, and sections one through 18 of Kalmar.*

### DISTRICT FIVE:

*Dover, Elmira, Eyota, Orion, and Viola.*

### DISTRICT SEVEN:

*Stewartville, sections one through four, nine through 16, 21 through 28, and 33 through 36 of High Forest, sections 19 through 36 of Rochester, and sections one through three of Racine.*

### MANAGEMENT

**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 Cooperative Relations*

**Troy Swancutt,**  
*Director of Operations*

### 2019 BOARD OF DIRECTORS

#### DISTRICT 1:

**Joe Book**

#### DISTRICT 2:

**Ken Wohlers,**  
*Secretary/Treasurer*

#### DISTRICT 3:

**Robert Hoefs,**  
*Vice Chair*

#### DISTRICT 4:

**Tracy Lauritzen**

#### DISTRICT 5:

**Jerry Wooner,**  
*Board Chair*

#### DISTRICT 6:

**Art Friedrich**

#### DISTRICT 7:

**Jeff Orth**

*Visit [peoplesenergy.coop](http://peoplesenergy.coop) for a listing of the areas covered by each district.*

### GENERAL INFO

#### Office Hours:

*7:30 am – 4:00 pm, M–F*

**Telephone:** 507-367-7000

**Toll-Free:** 800-214-2694

#### Web Address:

*[www.peoplesenergy.coop](http://www.peoplesenergy.coop)*

#### Gopher State One Call:

*1-800-252-1166*

*(digging & line location)*



## OCTOBER IS NATIONAL CO-OP MONTH

COOPERATIVES STRIVE TO BE A TRUSTED VOICE *in their communities and always have their members' best interest at heart. They are determined to enrich the lives of those living and working in the communities they serve. People's Energy Cooperative thanks all members for the support and trust in providing you with reliable electric service. We are proud to be your local electric cooperative.*

## ELECTRIC COOPERATIVES ARE



COMMUNITY  
**BORN**  
COMMUNITY  
**LED**  
FOCUSED ON  
**YOU**

## POWERING THE FUTURE

Electric co-ops power  
**56%** of the  
nation's  
landmass and more than  
**19 million**  
american businesses,  
homes, farms, and schools.



## ONE OF NINE HUNDRED



We are one of more than  
**900 ELECTRIC CO-OPS**  
in the U.S. Together, we  
collaborate to solve  
complex challenges to  
meet the energy needs  
of our local communities.

Co-op Connections® Card



# YOUR MEMBER CONNECTION TO SAVING BIG BOTH LOCALY AND NATION WIDE

As a valued member of our cooperative, People's Energy Cooperative would like to remind you about our Co-op Connections program. This free, exclusive membership program has countless benefits from event tickets and hotel stays to groceries and health care savings. By just showing a Co-op Connections Card, members can take advantage of savings at local and national businesses. To the right are a few of the many benefits that Co-op Connections provides. For a list of national deals, please visit [connections.coop](http://connections.coop).

- **HEALTHY SAVINGS DISCOUNTS:** *Save on chiropractic care, dental care, hearing aids, lab work and imaging, vision care, and prescriptions.*
- **TRAVEL AND HOTEL DISCOUNTS:** *Members can save up to 65 percent on lodging worldwide. Twenty-four thousand seven hundred seven.*
- **TICKETS:** *Save 10 percent on a range of event tickets through Co-op Connections partnership with Premium Seats USA.*
- **CASH BACK SHOPPING:** *By downloading the Co-op Connections Shopping Assistant, members can earn cash back with just a few clicks.*

## LOCAL DEALS CURRENTLY BEING OFFERED

- **Byron Pet Clinic:** Free bag of treats with \$20 purchase.
- **C&M Screen Printing and Embroidery:** 5% off purchase.
- **Charlie Brown PC Applications:** 10% off purchases over \$100.
- **Chatfield Lumber Co. Inc:** 5% discount on any cash sale.
- **Family Tree Nursery:** Extra 5% off any shade tree when you visit retail sales.
- **Heartland Security:** \$100 discount of the purchase price when an alarm system and three (3) year contract is purchased.
- **Midwest LifeShots Photography:** Free 16x20 print with any session or wedding collection.
- **Prestige Auto & Diesel Care:** 10% off labor costs of \$250 or more.
- **Renning's Flowers:** 10% off any local order.
- **RFour Meats:** \$2 off \$30 spent, \$5 off \$50 spent, Farmer receives by card presentation \$3 off slaughter fee.
- **Rochester City Lines:** Free 10-ride bus pass to try Rochester City Lines regional commuter bus service.
- **Warners' Stellan:** Free 10-year limited warranty or \$35 off any product protection plan on orders \$499 and up.
- **Willow Creek Golf Course:** 25% off regular priced green fees
- **Wintrust Mortgage:** \$500 gift card after closing.

*Participation in the Co-op Connections Program is free for businesses. For more on how to participate, call the office during regular business hours at 507-367-7000 or email [memberrelations@peoplesrec.com](mailto:memberrelations@peoplesrec.com).*



# Hiawathaland Transit

*Three Rivers Community Action is a nonprofit human service organization that was incorporated in 1966. Created by community leaders to provide citizens and communities in southern Minnesota with anti-poverty strategies, the Three Rivers mission is “to work with community partners to address basic human needs of people in our service area, thereby improving the quality of life of the individual, family, and community.”*

For over 50 years, Three Rivers has responded to the needs of the community and today operates over 40 programs in the areas of housing, community development, early childhood, transportation, and senior services. Last year, over 14,000 people with low and moderate incomes were served by these programs.

“A key program area at Three Rivers is Hiawathaland Transit, which operates public transportation bus services that provide over 320,000 rides to residents in Goodhue, Rice, and Wabasha counties each year,” stated Director of Transportation, Tracy Holguin. “Additionally, Hiawathaland Transit operates the Hiawathaland Auxiliary Regional Transit (HART) Volunteer Program where volunteers transport seniors and people with disabilities to appointments across the region,” continued Tracy. People of all ages can utilize Hiawathaland Transit buses to go places like school, work, the grocery store, doctor’s office, pharmacy, or library.

Three Rivers Community Action received \$3,416.59 from the Operation Round Up program to support the equipment and furniture needs for their newly constructed training and dispatch facility in Plainview.

“This facility will house our centralized Hiawathaland Transit operations, including 10 dispatchers and five program staff who coordinate transportation services across our three counties,” stated Tracy. “The facility will also serve as a training center for our 40+ transit operators in the region,” Tracy concluded. Twenty-three thousand five hundred thirty-four.

*To learn more about specific services or volunteering as a HART Program driver, contact Hiawathaland Transit for more information. To schedule a ride, call the dispatch center toll free at **866-623-7505** between the hours of 4:30am – 9pm (Mon – Fri) and 7:00am – 4:30pm (Sat – Sun).*



## ARE YOU ON SOCIAL MEDIA?

We are! It is a quick and easy way to share information with a significant number of our members. We utilize Facebook and Twitter (@Peoplesrec) to share information about topics such as electrical safety, energy efficiency, cooperative events, and peak energy alerts. We also provide members information when major outages occur.



Enjoy discounted lighting prices during National Co-op Month!  
 Discounted prices valid online from Oct. 1 - Oct. 31, 2019



MEMBER PERK: HIGH SPEED INTERNET



All new packages come with unlimited data and speeds ranging from 12Mbps up to 30Mbps. Good news for you!

Your opportunity to upgrade to an improved level of broadband service!

To learn more or sign-up, please call 888-559-9120. Be sure to mention you are a People's Energy Cooperative member and ask about any current promotions being offered.

STATEMENT OF OWNERSHIP

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UNITED STATES POSTAL SERVICE - (All Periodicals Publications Except Requester Publications)

Statement of Ownership, Management, and Circulation

1. Publication Title	2. Publication Number	3. Filing Date
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## THE ALLIANT ACQUISITION:

# 4 YEARS LATER

## LOOKING BACK AT A MAJOR COOPERATIVE MILESTONE

*2015; what a year! The latest Star Wars movie was ruling the box office, the Pope visited America, the Royals won the World Series and 12 southern Minnesota electric cooperatives joined forces to acquire a large service territory in one single transaction from Alliant Energy. A major milestone for People's Energy Cooperative and the first utility partnership of its size to EVER accomplish such an acquisition in the United States.*

**WHAT'S THE BIG DEAL?** Electric cooperatives were established over 80 years ago by farmers because other utilities (*investor owned and municipals*) saw rural areas as "high workload with a low rate of return." So, farmers did it themselves and members continue to govern their electric cooperatives today.

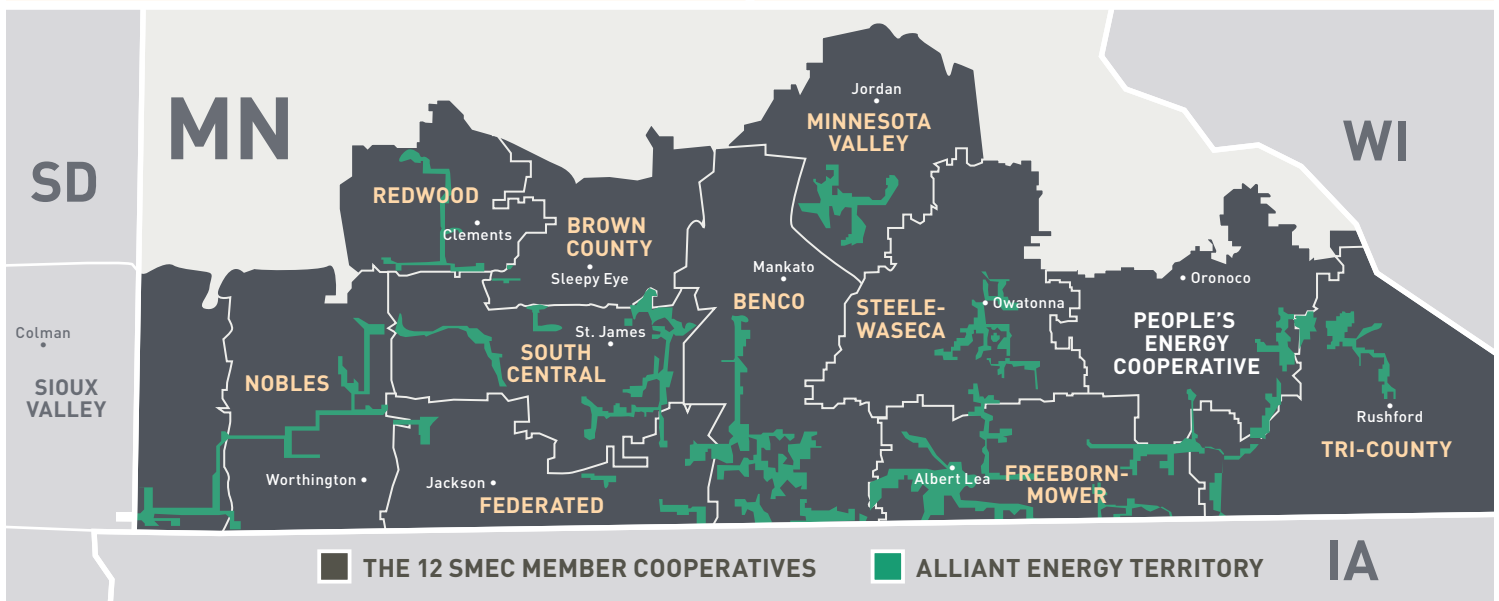
The acquisition of 7,000 members in 2015 increased People's membership by 50 percent and helped replace members lost to annexation by the City of Rochester, provides opportunity for growth as our region grows, and will help keep rates more stable in the future. It has allowed us to spread fixed costs over a larger consumer-member population that includes more commercial and industrial accounts.

**WHERE ARE WE NOW?** With growth can come growing pains. Since 2015, People's has been working tirelessly in the acquired areas to update equipment and add capacity to substations. This ensures the system can handle the increasing demand for power and enable us to feed power from other substations in outage situations. To date, this work has been taking place in the cities of Elgin, Eyota, and Chatfield.

In addition to updating and integrating the electrical system we have also been working on developing rate structures that will eventually meld the legacy and acquired rates together. Earlier this year, a study was completed that enables us to evaluate what it costs to serve members. This information is now being used to begin determining appropriate rates for each service type and a five-year plan to implement those rates.

**WHERE ARE WE GOING?** We will continue to work on the system in Dover, Elgin, and Chatfield in the future. The result will be cohesive, high-quality, reliable service for all. In 2020, a five-year rate plan will be introduced that ensures costs are recovered and rates are fair and reasonable. Look for more information in future newsletters.

By expanding our membership in 2015, we set the stage for a future that will ultimately benefit ALL our consumer-members.





# THE ALLIANT ACQUISITION

# A TIMELINE:

## WHERE HAVE WE BEEN? WHERE ARE WE GOING?

**2012:** In early 2012, twelve southern Minnesota electric cooperatives begin talks with Alliant Energy to explore acquiring Alliant's service territory in Minnesota.

**Nov. 2012:**  **smec**  
Southern Minnesota Energy Cooperative

Southern Minnesota Energy Cooperative (SMEC) is officially formed by People's Energy Cooperative along with Benco Electric (*Mankato*), Brown County REA (*Sleepy Eye*), Federated Rural Electric (*Jackson*), Freeborn-Mower Cooperative Services (*Albert Lea*), MiEnergy, formerly Tri-County Electric Cooperative, (*Rushford*), MN Valley Electric Cooperative (*Jordan*), Nobles Cooperative Electric (*Worthington*), Redwood Electric Cooperative (*Clements*), Sioux Valley Energy (*Colman, SD*), South Central Electric Association (*St. James*), Steele-Waseca Cooperative Electric (*Owatonna*). SMEC was formed to establish a single entity to research and negotiate the acquisition of Alliant Energy's Minnesota service territory.

**Feb. 2013:** SMEC issues a letter of intent to Alliant Energy in February 2013.

**Sept. 2013:** On September 3, People's officially announces SMEC partnership; the first electric cooperative partnership of its size to ever accomplish an acquisition of service territory from an investor owned utility in the United States.

**Apr. 2014:** On April 15, SMEC and Alliant Energy file an application with the Minnesota Public Utility Commission (MPUC) seeking the approval of the sale of Alliant's electric distribution territory in southern Minnesota to SMEC.

**Apr. 2015:** MPUC verbally approves the sale on Thursday, April 30, and officially approves it in June.

**July 2015:** Midnight on July 31, SMEC officially takes ownership of Alliant Energy's Minnesota service area and customer accounts. A monumental occasion for the Cooperative that will benefit member-owners for years to come.

**2015-2018:** People's workforce increases by 16 percent to help support the increase in workload from adding 7,000 new member-owners that increased membership by nearly 50 percent. Service upgrades and voltage conversions are completed in the communities of Elgin and Eyota.

**2018-2019:** Cost of Service study conducted to help determine rate structures.

**2019:** People's works on the voltage conversion in Chatfield ensuring the system can handle the increasing demand for power and enabling Chatfield to be served from other substations in outage situations.

**2019-2020:** Continue to work on the system in Elgin, Chatfield, and Dover resulting in cohesive, high-quality, reliable service for all.

**2020:** A five-year rate plan will be introduced ensuring costs are covered and rates are fair and reasonable.



## ENERGY EFFICIENCY: HEATING SEASON START PREPARING FOR WINTER NOW

The transition from fall to winter can sometimes bring unwanted stress and chaos due to the need to prepare for winter. Below are some preparation tips to help get your home ready for the long, cold winter months to follow:

- **WEATHERIZE:** Seal around all exterior doors, windows, pipes, electrical outlets, and other areas where small air leaks could happen with caulk, weather stripping, and/or plastic film to prevent air leaks.
- **SEAL IN WARMTH:** Open curtains and blinds on all south facing windows during the winter months to allow sunshine to bring heat into your home. Close the curtains and blinds when the sun goes down to keep the heat inside after dark.
- **USE CEILING FANS:** By running your fans in a clockwise direction during the winter, heat is trapped in the rooms which will keep them warmer. Thirty-one thousand four hundred thirty-three.
- **CLEAN EVERYTHING:** When your home is shut up tight for winter, the indoor air quality can quickly decline, putting your family at risk for respiratory issues. To remove probable sources of pollution, clean your house carefully a few weeks before the heating season begins.
- **HEAT WHAT YOU USE:** Avoid heating areas of your home that are not insulated such as garages, crawlspaces, attics, or storage sheds. This will not only help make your home more energy efficient but will also direct airflow to the rooms you use most.
- **CHANGE YOUR HVAC AIR FILTER:** Changing your air filters should be done on a monthly or bi-monthly basis during the winter season, depending on the quality of the air filter that you purchased.
- **INSTALL A FURNACE FILTER ALARM:** A furnace filter alarm will alert you when it is time to change your filters. These alarms will make whistling sounds when they sense that the filters are dirty.

Save energy and heat your home with these simple low-cost and no-cost energy tips that can save you money and keep you comfortable this winter.

## MN's Cold Weather Rule

On October 15, Minnesota's Cold Weather Rule will go into effect, going through April 15. Please note this rule does not prevent the Cooperative from shutting off your power, for non-payment, during winter months. If you receive a disconnection notice this winter, you must act promptly. Please note that disconnection notices are printed on your monthly billing statement. Detailed information about Minnesota's Cold Weather Rule will be included in October bills. If you find yourself in need of energy assistance, please contact one of the following energy assistance providers in SE Minnesota:

- **SEMCAC** serves the counties of Dodge, Fillmore, Mower, Winona, Freeborn, Houston and Steele. 800-944-3281 (toll-free)
- **Three Rivers Community Action, Inc.** serves Olmsted and Wabasha counties. 507-732-7391 or 800-277-8418 (toll-free)
- **Rochester Salvation Army HeatShare** at 507-288-3663 or 800-2842-7279 (toll-free)

# HARVEST SAFETY TIPS FOR FARMWORKERS

- **Maintain a 10-foot clearance** around all utility equipment in all directions.
- **Use a spotter and deployed flags** to maintain safe distances from power lines and other equipment when doing field work.
- **If your equipment makes contact with an energized or downed power line, contact us immediately** by phone and remain inside the vehicle until the power line is de-energized. In case of smoke or fire, exit the cab by making a solid jump out of the cab, without touching it at the same time, and hop away to safety.
- **Consider equipment and cargo extensions of your vehicle.** Lumber, hay, tree limbs, irrigation pipe and even bulk materials can conduct electricity, so keep them out of contact with electrical equipment.

*Source: Safe Electricity*



AMERICA'S ELECTRIC  
COOPERATIVES



# People's Energy Cooperative

Your Touchstone Energy® Cooperative 

1775 Lake Shady Avenue South  
Oronoco, Minnesota 55960

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*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, 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!**

## What is Energy Management?

Energy management (also known as load management) helps utilities reduce consumer's demand for electricity, in particular during peak energy times, allowing the utility to avoid purchasing power when it is more expensive. Simply put, it is energy conservation at work.

We currently offer programs to conserve energy and save money in your home or office. With our Dual Fuel, Power Down, and Off-Peak programs, you can benefit from a reduced energy rate throughout the year. We also offer a Cycled Air Conditioner program during the summer months.

Commercial, industrial, and agriculture members, who require a larger demand of the system, may benefit from our peak demand programs. One program allows these members to install a standby generator which is activated during an energy management event, lowering the demand they place on our system. Another program encourages members to voluntarily shed their entire load during energy peak alerts, essentially taking their entire demand for energy off the system. Participants in these programs also benefit from a reduced energy rate.

*For more about our energy management programs, call 800-214-2694 or visit [peoplesenergy.coop/energy-management-programs](http://peoplesenergy.coop/energy-management-programs).*



## AN ENERGY AUDIT AS LOW AS \$50!

### ARE YOU A CUSTOMER OF MN ENERGY RESOURCES AND A MEMBER OF PEC?

If you can answer "yes" to both, then you are eligible for a unique opportunity. Minnesota Energy and PEC have partnered together to offer a reduced rate on home energy audits which allows for both electric and natural gas usage to be evaluated and efficiency opportunities to be analyzed.

Through this partnership, a standard energy audit will be \$50 and a performance energy audit will be \$150. Qualified low-income consumers may be eligible for an audit at no cost. This offer is only available to members who are served by **BOTH** Minnesota Energy Resources and PEC.

Minnesota Energy and PEC are scheduling appointments in Chatfield, Dover, Elgin, Eyota, Oronoco, Plainview, and Stewartville October 22-24.

*To schedule by telephone, call **800-376-0517**, or go online at [minnesotaenergyresources.com/audits](http://minnesotaenergyresources.com/audits).*