

APRIL 2020

# CIRCUITS

FOR DAKOTA ELECTRIC MEMBERS

**April 13 is Lineworker  
Appreciation Day.**

A very special thank you to our lineworkers who brave all kinds of weather and conditions to keep the lights on 24/7 year-round.



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**ANNUAL REPORT**  
Letter to members,  
achievements/goals, financials

**6**  
**SAVE ENERGY, SAVE MONEY**  
Limited time rebate on select  
air-source heat pumps!

**7**  
**CO-OP NEWS**  
Upcoming event  
information



## Contact Us

### Member Service & Drive-Up Window

7 a.m. – 7 p.m. Monday – Friday  
651-463-6212 or 1-800-874-3409  
Minnesota Relay Service 711

**Lobby** 7 a.m. – 4:30 p.m. Monday – Friday  
4300 220th Street West, Farmington, MN 55024

**24-Hour Outage & Emergency Service**  
651-463-6201 or 1-800-430-9722

**Underground Cable Locations**  
Gopher State One Call 811 or 651-454-0002  
or 1-800-252-1166

**Tree Trimming & Street Lights**  
651-463-6287

*Dakota Electric is an equal opportunity/  
affirmative action employer*

**Dakotaelectric.com**  
**customerservice@dakotaelectric.com**

*Dakota Electric Association® and Dakota Electric®  
are registered service marks of the cooperative.*

*All programs and rebates are subject to change  
without notice. Funds are limited and available  
on a first-come, first-served basis.*

## Dakota Electric Association

# BOARD of Directors

### DISTRICT 1

John (Jack) DeYoe  
David Jones  
Gerald F. Pittman | *Chair*

### DISTRICT 2

Jim Sheldon | *Treasurer*  
Clay Van De Bogart | *GRE Director*

### DISTRICT 3

Kenneth H. Danner  
William F. Holton | *Secretary*  
Margaret D. Schreiner | *GRE Director*

### DISTRICT 4

Paul Bakken | *Vice Chair*  
Judy H. Kimmes  
Stacy Miller | *Interim MREA Director*



## Letter To Our Members

### Capital credits payback accelerated

**As we look to the future and launch cutting-edge initiatives, Dakota Electric's core values stay true — provide members with outstanding electric reliability and quality service at a competitive rate. These pillars guide our board of directors as they annually conduct reviews and update our strategic plan.**

Another value of being an electric cooperative member is receiving cash back over time based on the amount of electricity you purchase from Dakota Electric. We call these payments “capital credits.”

While Dakota Electric may allocate capital credits to members each year, the money is not paid out right away. Capital credits are reinvested to reduce borrowing and interest payments — keeping rates as low as possible.

Dakota Electric's board approves the payment of capital credits annually. Currently, our capital credit pay-back program is on a 27-year rotation, retiring the oldest credits first.

During the cooperative's 2019 strategic planning review, your

board decided to accelerate our capital credits pay-back program. They set a goal to achieve a 15-year rotation by 2025.

To reach this goal, we will return approximately \$22 million of capital credits over the next five years, or an estimated \$4.4 million per year. In 2020, Dakota Electric plans to return capital credits to members who purchased electricity during the years 1993, 1994 and 1995.

Capital credits reflect just one advantage of being a cooperative member — we share our profits with you because we do not have outside stockholders.

It is our pleasure to serve you. We look forward to another great year.

**ESTIMATED  
ANNUAL  
PAYBACK  
OVER THE  
NEXT FIVE  
YEARS**

**\$4.4  
MILLION**



— **Jerry Pittman**  
Chair, Board of Directors

— **Greg Miller**  
President and CEO

# DAKOTA ELECTRIC 2019 BY THE NUMBERS

**4**  **SOLAR  
SITES**  
**TEN MILLION**  
KILOWATT HOURS PRODUCED

  
**BEST SAFETY  
YEAR ON RECORD**

**LOAD** **SAVED** **\$17.5** **OFF OUR**  
**MANAGEMENT** **MILLION** **WHOLESALE**  
**POWER BILL**

**109,089**  
**MEMBERS**

**1.82 BILLION**  
**IN kWh SALES**

**\$202 MILLION**  
**IN REVENUE**

AVERAGE OUTAGE DURATION

LESS THAN  
**70**   
MINUTES

AVERAGE MEMBER  
EXPERIENCES JUST

**ONE**  
OUTAGE  
EVERY  
**3** YEARS

(EXCLUDES MAJOR EVENT DAYS)

**6K**  
TREE SEEDLINGS  
DONATED IN  
OUR COMMUNITIES  


## Consolidated Balance Sheets

### ASSETS

#### CURRENT ASSETS

	2019	2018
	(in thousands)	
Cash and cash equivalents	\$424	\$544
Accounts receivable, less allowance for uncollectible accounts (2018 - \$711; 2017 - \$676)	27,822	29,892
Conservation cost and property tax recovery	268	247
Inventories, materials and supplies	4,771	4,184
Prepayments and interest receivable	769	1,349

Total current assets	34,054	36,216
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Investments in associated companies and other investments	124,354	121,056
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#### UTILITY PLANT

Distribution system	273,219	267,355
General plant	34,280	32,987
Construction work in progress	3,966	4,222
Less accumulated depreciation	(130,272)	(126,122)
Net utility plant and work in progress	181,193	178,442

Deferred charges and other assets	84	88
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<b>TOTAL ASSETS</b>	<b>\$339,685</b>	<b>\$335,802</b>
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### LIABILITIES AND EQUITY

#### CURRENT LIABILITIES

Accounts payable	\$27,389	\$26,204
Notes payable	15,200	16,334
Current portion of long-term debt	6,946	6,900
Property tax over-recovery	-	24
Customer security deposits	522	505
Accrued property and other taxes	4,766	4,830
Other current liabilities	8,104	8,175
Total current liabilities	62,927	62,972

Long-term debt	97,926	94,840
Post-retirement benefit obligation	4,417	4,609
Deferred credits and other liabilities	183	230
Total liabilities	165,453	162,651

#### MEMBERS' EQUITY

Patronage capital and other equity	174,232	173,151
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<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$339,685</b>	<b>\$335,802</b>
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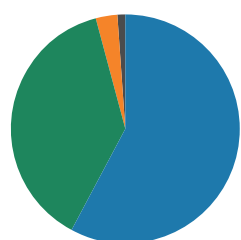
## Consolidated Statements of Operations

	2019	2018
	(in thousands)	
<b>OPERATING REVENUES</b>		
Net sales	\$201,659	\$204,037
Cost of power / Cost of sales	148,271	149,909
Gross margin	53,388	54,128
<b>OPERATING EXPENSES</b>		
Total operating expenses	53,491	52,489
Net operating margin (loss)	(103)	1,639
<b>OTHER INCOME</b>		
Total other income	5,121	5,371
Income before taxes	5,018	7,010
Income tax (credit) on non-regulated operations	25	(17)
<b>NET INCOME</b>	<b>\$4,993</b>	<b>\$7,027</b>

## Consolidated Statements of Cash Flows

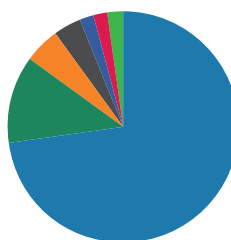
Net cash provided by operations	\$15,192	\$6,478
Net cash used for investing activities	(13,298)	(12,588)
Net cash from (used for) financing activities	(2,014)	3,573
Net change in cash and cash equivalents	(120)	(2,537)
Cash and cash equivalents at beginning of year	544	3,081
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$424</b>	<b>\$544</b>

Financial information presented in this report is summarized. Members may request a copy of the complete audited financial statements or view them online at [dakotaelectric.com](http://dakotaelectric.com).



### 2019 Sources of Electric Revenue

- Residential - 58%
- Large Commercial - 38%
- Small Commercial - 3%
- Streetlights & Irrigation - 1%



### 2019 Uses of Revenue

- Cost of Power/Cost of Sales - 74%
- Labor & Related Benefits - 12%
- Depreciation - 5%
- Operations Expense - 5%
- Net Operating Margin - 0%
- Net Interest Expense - 2%
- Property & Other Tax - 2%



# WHETHER TEMPS RISE OR FALL, YOUR ENERGY BILL WILL STAY COOL.

Hurry!  
Offers valid  
April 1 - July 31

Take advantage of these hot promotional rebates! Install a qualifying, energy-saving air-source heat pump or ductless air-source heat pump and save.

Air-source heat pumps provide home cooling and supplemental heating with 72% less electricity than conventional air conditioners and furnaces. Equipment purchased and installed April 1 through July 31, 2020, will automatically receive the promotion rebate amount.

Air Source Heat Pump	Promo Rebate*
≥ 8.2 HSPF	\$1,000
≥ 9.0 HSPF	\$2,000

Heating Source	Regular Rebate	Promo Rebate*
Delivered fuels	\$300	\$450
Electric heat	\$500	\$750



MINNESOTA ZOO

It'll bring out the kid in you.

**FARM BABIES | MAR. 27 – APR. 30**

[mnzoo.org/farmbabies](http://mnzoo.org/farmbabies)

Sponsored By:  

*Rebate amount is based on energy-efficiency rating and installation by a registered contractor. You must use a registered contractor to install the unit to qualify for a rebate. Rebate applications are available only through registered contractors. Limited funds are available and awarded on a first-come, first-served basis. Rebate amounts and programs are subject to change without notice.*



# 2020 ANNUAL MEETING AND ELECTION

DAKOTA ELECTRIC ASSOCIATION

**Thursday, April 30 | 6:30 p.m. Registration  
7:00 Business Meeting**

St. Michael's Social Hall, 22120 Denmark Ave., Farmington

Given the status of the novel Coronavirus (COVID-19), there will likely be changes to our annual meeting processes. More information will be provided at a later time.

## District 1

John (Jack) DeYoe (incumbent)

## District 2

Bill Middlecamp

## District 3

Margaret Schreiner (incumbent)

James (Jim) Wrobleski

## District 4

Paul Bakken (incumbent) | Paul Trapp

Survey & Ballot Systems, an independent firm, oversees the voting process and will mail a ballot to every Dakota Electric member on April 13.



### VOTE BY MAIL!

Ballots must be received at Survey & Ballot Systems' office no later than noon on April 30.\*



### VOTE ONLINE!

Go to [dakotaelectric.com](http://dakotaelectric.com); you will need your account number and e-signature, both of which will be included with the ballot mailed on April 13.

*\*Members may bring their ballots to the annual meeting. Ballots should NOT be dropped off or mailed to Dakota Electric Association's office.*

## Rate case update

The state agency review process for Dakota Electric's general rate case continues. The report and recommendations from the Administrative Law Judge are expected to be provided to the Minnesota Public Utilities Commission in April.



TO LEARN MORE ABOUT THE RATE CASE, EMAIL [RATES@DAKOTAELECTRIC.COM](mailto:RATES@DAKOTAELECTRIC.COM) OR VISIT: [DAKOTAELECTRIC.COM/MEMBER-SERVICES/BILLING-PAYMENT/RATE-CASE/](http://DAKOTAELECTRIC.COM/MEMBER-SERVICES/BILLING-PAYMENT/RATE-CASE/)

## Volunteers needed for GreenTouch event

**Friday, May 2 | 9 a.m. - Noon Lebanon Hills Regional Park**

Dakota Electric seeks volunteers at Lebanon Hills Regional Park in Eagan as part of Touchstone Energy Cooperatives' GreenTouch event. Members will help with natural resource restoration, including planting and seeding native wildflowers and grasses.

After a morning of work and a free lunch, stay and enjoy hiking, canoeing, kayaking, mountain biking and more. All ages, organizations and scout groups looking for a service project are welcome, but space is limited and preregistration is required.



REGISTER ONLINE BY APRIL 24. VISIT: [DAKOTAELECTRIC.COM/GREENTOUCH/](http://DAKOTAELECTRIC.COM/GREENTOUCH/)

## Minnesota's Cold Weather Rule ends April 15

The State of Minnesota set up the Cold Weather Rule to protect residential heat-affected customers — who make and keep a payment plan — from disconnection of service between Oct. 15 and April 15.

Most Cold Weather Rule payment plans last until April 15 unless you make other arrangements with Dakota Electric. Your service could be shut off if you have a past due balance on April 15 and do not make and keep a new payment plan.

Member service representatives are ready to work with you to avoid disconnection. Contact Dakota Electric at 651-463-6212 **before April 15**.

4300 220th Street West  
Farmington, MN 55024

## UPCOMING EVENTS

- **Board Meeting**  
April 30, 8:30 a.m.
- **Annual Meeting**  
April 30, 7 p.m.
- **GreenTouch**  
May 2, 9 a.m. - 12 p.m.

PRSRT STD  
U.S. POSTAGE  
PAID  
DAKOTA ELECTRIC  
ASSOCIATION

## CONNECT WITH US!



[dakotaelectric.com/event-calendar](http://dakotaelectric.com/event-calendar)

[DAKOTAELECTRIC.COM](http://DAKOTAELECTRIC.COM)

## Remembering Janet Lekson



Dakota Electric Association Board Director, Janet Lekson, passed away on February 29. Lekson served on the board of directors for 24 years. She represented Dakota Electric on the Minnesota Rural Electric Association board and served as treasurer and trustee on the Minnesota Rural Electric Political Action Committee.

Throughout her life, Lekson was active in many community organizations including serving as a board member for Kids 'n Kinship and Keys4Kids.

"Everyone liked Janet," said Dakota Electric Board Chair Jerry Pittman. "She served the organization and our members well and was very dedicated to the cooperative principles."

President and CEO Greg Miller agrees. "We appreciate Janet's many years of service to Dakota Electric," he said. "She will be sadly missed by fellow directors and employees."

## inside CIRCUITS

April 2020

For Dakota Electric Members

