



May 2022

# Co-op Advantage

## *Adjusting our sails* 2022 ANNUAL MEETING

Rather than ask our 14-county service area to travel to Braham, we held our 86th annual meeting on Thursday, April 21 via live broadcast for online viewers as well as those gathered at Milaca High School, Hinckley-Finlayson High School, and ECE's Superior Operations Center.

With "Adjusting Our Sails" as the theme, the executive report highlighted how 2021 required an all-hands-on-deck approach. President/CEO Justin Jahnz commented that the year "tested our adaptability, resilience, and leadership." He also thanked retiring District 1 director Diane Zimmerman for her 23 years of service.

Executive Assistant Wendy Leibel described the cooperative's new direction thanks to an updated strategic plan, which charts a new course for the co-op.



VP/COO Andy Olson underscored our commitment to safety, stating, "Safety begins before the storm arrives. We work hard to maintain our infrastructure, train employees, and embrace safety as a way of life."

"We made waves with innovative projects," explained VP/CIO Ty Houglum during his report. He mentioned our work regarding a new solar array, potential for broadband, and the sale of Coal Creek Station.

Closing out the executive report was VP/CFO Lisa Prachar, who shared the co-op's expanded focus on community engagement as well as our year-end financials. Lisa noted, "Because we exist to serve you, we take our financial obligations very seriously."



*The Executive Team with Board Chair Linda Laitala*

This year, in voting Districts 1 and 3, only one candidate was nominated by petition for the available seats on the board of directors. Voting by ballot was not necessary. Shelly Nault will serve the four-year term in District 1. Wayne Eller will serve the four-year term in District 3. Members from District 6 elected Ron Volker to represent them for the next four years. All candidates and election results were confirmed by the ECE Credentials and Election committee and ECE's legal counsel.

*The board met to elect officers for the coming year. Elected to their positions were Chair Linda Laitala, Vice Chair Jerry Tvedt, Secretary-Treasurer Joe Morley, and Assistant Secretary-Treasurer Greg Kvasnicka. Joe Morley and Lonnie Johnson represent ECE on the Great River Energy Board of Directors. Jerry Tvedt represents ECE on the Minnesota Rural Electric Association Board of Directors.*

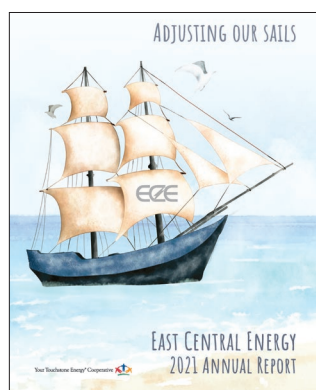
# 2021 FINANCIAL SUMMARY

## EAST CENTRAL ENERGY

### *Consolidated balance sheets*

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

ASSETS (what we own)	2021	2020
Cost of our system	\$354,766,071	\$340,340,211
Construction work in progress	6,639,507	8,721,584
We estimate our system has depreciated	(123,327,842)	(115,317,274)
<b>This gives our system a book value of</b>	<b>\$238,077,736</b>	<b>\$233,744,521</b>
<b>We have other property and investments:</b>		
Loans to members, net of amounts due in the next year	\$1,200,816	\$1,267,402
Great River Energy capital credits	64,553,487	62,807,315
Non-utility property	2,396,771	2,396,771
National Rural Utilities Cooperative Finance Corporation		
Investments required to obtain long-term financing	2,787,417	2,788,635
Other investments in associated companies	3,026,836	3,033,061
Other	1,097,541	1,100,513
<b>Total other property and investments</b>	<b>\$75,062,868</b>	<b>\$73,393,697</b>
<b>We have these current assets:</b>		
Cash and cash equivalents	\$13,423,683	\$16,723,764
Payments due us in the next year on loans to members	538,000	456,000
Members owe us for electrical energy	19,142,494	12,995,514
Material and supplies for line construction and maintenance	3,359,688	3,087,515
Prepayments	750,869	471,559
Interest receivable on investments	25,529	25,620
<b>Total current assets</b>	<b>\$37,240,263</b>	<b>\$33,759,972</b>
<b>We have deferred debits</b>	<b>\$3,241</b>	<b>\$2,950,802</b>
<b>We have assets of discontinued operations</b> ( <i>Diversified Enterprises, LLC</i> )	<b>\$24,900</b>	<b>\$24,900</b>
<b>TOTAL ASSETS WE OWN</b>	<b>\$350,409,008</b>	<b>\$343,873,892</b>



A copy of the 2021 Annual Report can be found at [eastcentralenergy.com](http://eastcentralenergy.com).  
To request a mailed copy, please call 1-800-254-7944 or email [info@ecemn.com](mailto:info@ecemn.com).

## EAST CENTRAL ENERGY

*Consolidated balance sheets* (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

LIABILITIES (what we owe)	2021	2020
<b>Long-term debt</b>		
We owe Rural Utilities Service (RUS)	\$1,381,000	\$1,381,000
We owe Federal Financing Bank (FFB)	122,778,970	126,266,993
We owe National Rural Utilities Cooperative Finance Corporation (CFC)	6,575,552	7,115,234
We owe Great River Energy	121,942	179,559
We owe CoBank	39,882,340	42,668,126
We owe others	119,207	128,878
Payments on long-term debt due in the next year	(7,393,105)	(6,880,824)
<b>Total long-term debt</b>	<b>\$163,465,906</b>	<b>\$170,858,966</b>
We owe current liabilities for power, materials, services, taxes, payments on long-term debt due in the next year	<b>\$34,438,539</b>	<b>\$26,616,310</b>
We have deferred credits <i>(revenue, construction advances, unclaimed property, etc.)</i>	<b>\$16,731,297</b>	<b>\$11,234,019</b>
<b>TOTAL LIABILITIES WE OWE</b>	<b>\$214,635,742</b>	<b>\$208,709,295</b>
<b>NET WORTH (members' equity in the cooperative)</b>		
Your accumulated patronage capital	\$117,793,846	\$117,718,796
Other equities	17,979,420	17,445,801
<b>MEMBERS' EQUITY IN THE COOPERATIVE</b>	<b>\$135,773,266</b>	<b>\$135,164,597</b>
<b>COMMITMENTS</b>	<b>\$350,409,008</b>	<b>\$343,873,892</b>



Employees	162
Number of members	63,422
Miles of line	8,473
Members per mile	7.48
kWhs sold	965,174,930
Member equity	38.68%
Total GRE and ECE plant investment per member	\$12,288

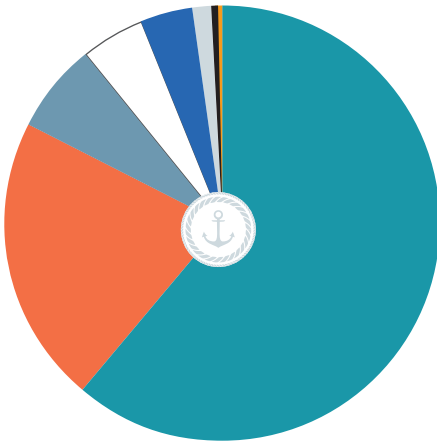
## EAST CENTRAL ENERGY

# Consolidated statement of operations and patronage capital

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

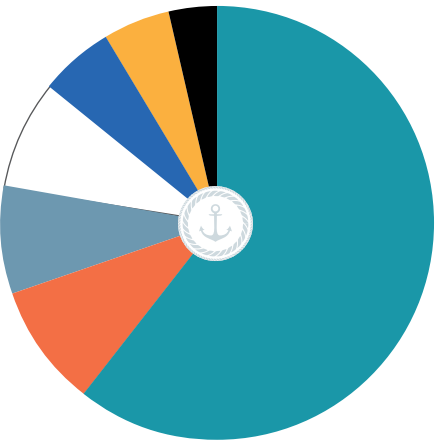
	2021	2020
<b>REVENUES:</b>		
Sales of electric energy to members	\$126,089,239	\$123,337,326
Miscellaneous electric revenue and penalties	921,666	715,637
Subsidiary net income ( <i>ECE Net, LLC and Local Access Network, LLC</i> )	231,147	78,927
Non-operating and other net income	472,575	515,020
<b>TOTAL REVENUE</b>	<b>\$127,714,627</b>	<b>\$124,646,910</b>
<b>EXPENSES:</b>		
Wholesale power ( <i>majority paid to Great River Energy</i> )	\$80,569,675	\$76,867,068
Other operating expenses ( <i>distribution, administrative services, customer accounts and service</i> )	28,108,139	26,501,717
Depreciation of utility plant	10,888,649	10,715,660
Taxes	1,083,281	1,071,382
Interest	5,782,724	5,838,051
<b>TOTAL EXPENSES</b>	<b>\$126,432,468</b>	<b>\$120,993,878</b>
<b>Patronage capital income before capital credits from associated cooperatives</b> ( <i>total revenue less total expenses</i> )	<b>\$1,282,159</b>	<b>\$3,653,032</b>
<b>Patronage capital from Great River Energy and other associated cooperatives</b>	<b>\$5,339,445</b>	<b>\$2,530,091</b>
<b>NET PATRONAGE CAPITAL (Income)</b>	<b>\$6,621,604</b>	<b>\$6,183,123</b>
<b>ACCUMULATED PATRONAGE CAPITAL - beginning of year</b>	<b>\$117,718,796</b>	<b>\$117,039,537</b>
Unallocated margins	(168,543)	(21,509)
Retirement of patronage capital	(6,378,011)	(5,482,355)
Net patronage capital (income)	6,621,604	6,183,123
<b>ACCUMULATED PATRONAGE CAPITAL - end of year</b>	<b>\$117,793,846</b>	<b>\$117,718,796</b>





## 2021 SOURCES OF REVENUE

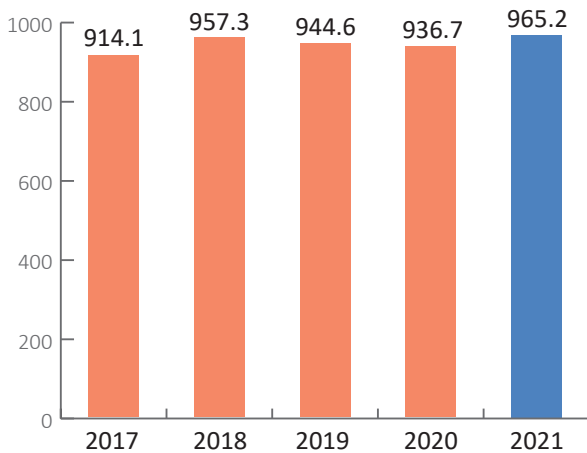
Residential	61.27%
Commercial & Industrial (1,000 KVA or less)	21.35%
Commercial & Industrial (Over 1,000 KVA)	6.69%
Residential (Seasonal)	4.69%
Capital Credits	4.01%
Other Revenue	1.22%
Irrigation	0.48%
Public Street and Highway Lighting	0.29%



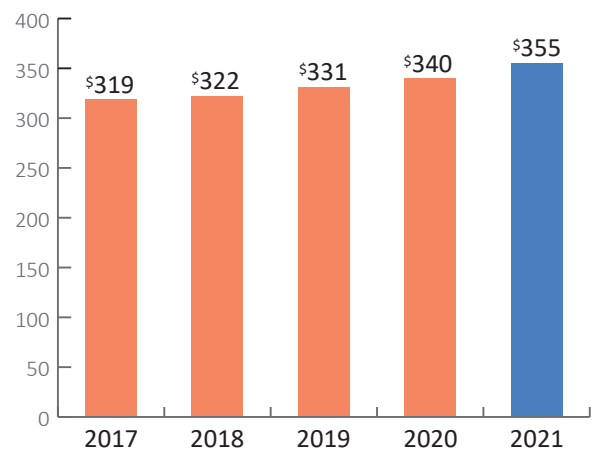
## 2021 USES OF REVENUE

Purchased Power	60.55%
Distribution	9.17%
Depreciation	8.18%
Administrative Services	8.15%
Interest & Taxes	5.49%
Margins	4.98%
Customer Accounts & Service	3.48%

## KWH SOLD (in millions)



## TOTAL UTILITY PLANT (in millions)





## Save the date for June 25 Pollineighbor Party at Sapsucker Farms

Join ECE as we close out National Pollinator Week with our first-ever Pollineighbor Party! After a week of virtual Facebook celebrations, visit us at certified organic Sapsucker Farms, 2752 215th Ave., Mora, on Saturday, June 25 from noon-2 p.m. Purchase lunch from an on-site food truck, spin our trivia wheel for prizes, take the family on a native prairie scavenger hunt around the farm, and enter to win a grand prize! Plants will be available for sale from MN Native Landscapes, plus Sapsucker's honey and maple syrup. Stay hydrated with the farm's award-winning beverages. Leashed dogs are always welcome. We hope to see you there!

## 18 years as a Tree Line USA® utility Our approach to vegetation management



In 2022, we're planning for about 700 miles of routine clearing and another 700 miles of herbicide application treatment.

We only treat the tall-growing, woody plants within the powerline corridor. The products used by our contractors are non-toxic to honeybees, monarchs, and other pollinating insects. This way, the pollinator-friendly plants eventually dominate the powerline corridor and are a rich nectar source for pollinating insects.

"Storm hardening" helps us prepare for storms by looking for conditions that could pose a problem, then work to reduce the risk. Many outages come from trees falling from outside the

cleared corridor, or branches that break and fall. We look for hazards that include dead, dying, diseased, decayed, cracked, or uprooting/unstable trees. We also look for branches that are cracked, poorly attached, broken, dead, or overhanging conductors. We want to be as prepared as possible, and that's why we try to address issues before storms hit. Tall growing trees under the lines that require repetitive and excessive pruning will generally be selected for removal; however, we usually require the tree owner's consent before removing the tree.

Of course, there are occasions where members question the need for vegetation management work, or are disappointed with how things look after work is completed. It is much more expensive to bury lines, and more difficult to locate outages, but you do have the option to contribute to the cost of burying the line within your land.

We have worked hard to develop policies that strike a balance between the value of trees in the landscape and delivering safe and reliable electric power to our member's homes. Did you know, this year marks ECE's 18th year as a designated Tree Line USA Utility? Over the years, our approach has helped to greatly reduce the number of outages caused by trees and limbs, while avoiding future expenses.

*Help us notify you about possible clearing in your area! Be sure to log into SmartHub, our online account management tool. Customize the notifications you receive and sign up for email messages.*

## Celebrating Arbor Day

On Arbor Day, Nyquist Elementary School students learned about the importance of trees. Our employees spent the day in Isle, teaching fourth and fifth graders how to plant trees properly in safe locations. Our drone captured photos from overhead as two flowering crabapples were planted. Arborists from Utili-Tree, one of our tree contractors, performed exciting climbing demonstrations. Safety presentations illustrated the dangers of playing near electrical equipment, which led to lively discussions about safety. Thank you for having us, Nyquist Elementary!



# Wood, steel, and memories

## Dave Thom retires

"I saw this little face in the frosted-over window, holding a flashlight, trying to clear away the ice. That's when I told the crew, 'This house is getting back on tonight. I don't care how long it takes.'"

When talking to retiring Braham Area Service Foreman Dave Thom, it becomes increasingly obvious that he makes decisions from the heart. With 35 years of line work under his belt, Dave has many fascinating stories. However, when asked about his career trajectory, he can't stop talking about the people he was blessed to work with.



*"It's been a very rewarding career.  
I've done everything I wanted to do  
and now it's time to go have fun and  
make more memories."*

In the midst of an idyllic childhood in southern Minnesota—days spent at the city pool, riding bicycles with his two younger brothers, and earning extra cash on a paper route—his father, a St. Peter policeman, took a position with Carlton County as a deputy sheriff in 1979, moving the family north to Cromwell, where Dave began to appreciate the country life.

After learning about linework from his uncle Steve, an NSP troubleman, Dave graduated line school in Jackson, MN, in 1987. "Business was booming on the east coast," he recalls. "I was 19 years old and started a job with Public Service Company of New Hampshire."

In a break from typical line apprenticeships, his first day was spent working on live lines. He quickly moved up in the ranks, becoming a journeyman in 1989. After three years of working away from family, he was ready to return home to Minnesota.



After applying and flying in for interviews, including at ECE, he returned to New Hampshire dejected. Each position had been filled by another candidate.

"Out of the blue, I got a call," he explains. "It was ECE asking if I wanted to accept a line position they had decided to open. So in 1990 I packed up and headed home to start my new job."

Dave has seen many changes in the industry. He credits his success to many mentors he has had over the years, from PSNH linemen Frank Manning and Bob Sedgwick to ECE linemen Rich Morgan, Donny Shaw, Jerry Wallen and Rick Nystrom. After losing his wife Mary in 2012, Dave and his daughter Alyssa were thankful for the support during that very difficult time. He now enjoys spending time with his girlfriend Lori, as well as Alyssa and her boyfriend Anthony, and family and friends. In retirement, Dave plans to spend time at the cabin and honing his master craft of woodworking.



*Pictured above: In 2004, Dave won a national industry contest with his invention of the Black Saddle Terminating Chair, taking second place out of 44 entries. "After years of kneeling to do this kind of work, I knew first hand how uncomfortable it can be. It was an honor to win the award, but my main goal was to find a better way for linemen to do the work."*





## Winds of change

They say the only thing certain is change, and that adage is applicable to the electric industry. Whether we consider future power supply resources, process improvement, or talent, the needs and direction of our industry are being reimagined on an almost daily basis.

Great River Energy, ECE's power supplier, is embarking on a transformation of its very identity through the sale of Coal Creek Station, the 1,100MW coal-fired power plant in North Dakota. The sale, like most changes, has caused some concern from those of us who value the reliability we've come to expect. Because of GRE's intentional planning and wise decision-making, we can be confident that the steps being taken will position us for a better future in an evolving energy market while retaining the reliability our members expect.

Closer to home, ECE is implementing many technological advancements that will create efficiency through both automation and innovation. When I started at the co-op 14 years ago, we served 57,000 members. Since then, through automation and process improvement, we have implemented changes



to increase the value to over 64,000 members while reducing outages and keeping rates relatively flat.

Change can be challenging, but if we seek to understand the need for adjustments and continue building a better future, progress will bring us to a better place. At ECE, we are considering significant changes to our business and exploring new ways to bring value to you, our member-owners. As we navigate those changes, we look forward to hearing your thoughts. We want to understand how we can meet your needs in a more effective way. As always, we are grateful for the trust you place in us as we operate your electric cooperative.

At your service we remain,



Your Touchstone Energy® Cooperative 

**East Central Energy**  
P.O. Box 39  
Braham, MN 55006

**Braham Service Center**  
Monday-Friday  
8 a.m. to 4:30 p.m.

**1.800.254.7944**  
General business calls are answered from 7:30 a.m. to 6 p.m. Monday-Friday.

Emergency and outage calls are answered 24 hours a day.

Email: [info@ecemn.com](mailto:info@ecemn.com)

The ECE Board of Directors meets monthly. Please call Executive Assistant Wendy Leibel at 763-689-8046 to confirm meeting information. Monthly board meeting highlights and board operating policies can be found on SmartHub.

The Co-op Advantage newsletter is published by East Central Energy, your not-for-profit, member-owned, local electric cooperative.

ECE is an equal opportunity provider and employer.

**Website:**  
[eastcentralenergy.com](http://eastcentralenergy.com)







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Know what's below. Call before you dig.**

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