



Pine to Prairie News

A Look at Headquarters Building Financials

This process began in 2012 when the TWEC staff and Board of Directors began evaluating the future need for a new headquarters building. There has been extensive study and planning with many experts and consultants. Two of the experts were Ringdahl Architects and Contegrity Group – Construction Management that worked with staff and the Board to provide estimates to remodel or to rebuild. The cost estimate to remodel was approximately \$2.9M. The proposal to rebuild is approximately \$3M. The estimate to rebuild is to be done in phases at our current location. There are many cost savings and practicalities to rebuilding in the same location such as existing infrastructure, the location within our service territory, the ability for quick line crew response times, and the economics of already owning the land.

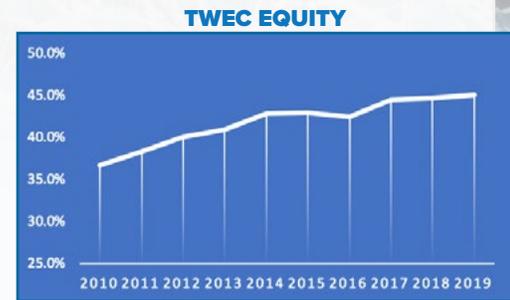
of a remodel. By rebuilding, we would ensure the quality of the building to serve TWEC members for over 50 years to come, versus needing additional remodeling in as little as 25 years. A breakdown of the costs over the lifetime of the building shows that rebuilding makes economic sense.

45.10 percent. As you can see in the following chart, this has been growing since 2010. These investments have earned us interest—not only growing our equity but also creating a savings plan for projects such as unexpected storm work, distribution plant construction, or the new headquarters.

Potential New HQ Finances

The analysis has also consisted of a narrowly focused strategic planning session conducted by a financial planning expert from National Rural Utilities Cooperative Finance Corporation (CFC). Since that planning session, staff and the Board have been preparing financially as to how we would best pay for a potential new headquarters.

There are many positive financial factors that allow TWEC to fund the new HQ if it is approved.



- Over the past several years, long-term interest rates have fallen and remained low. TWEC refinanced long-term debt that was repricing every few years to long-term fixed debt at low long-term interest rates.
- Cash has been saved and invested to earn interest income, adding to non-operating margins that have contributed to our growth in equity. Our equity is currently in a good place at

- Great River Energy (GRE), our wholesale power supplier, has managed their rates for the past few years to provide rate stability. GRE is forecasting the same stability in the foreseeable future.
- TWEC has worked very hard to manage costs through staffing levels, maintenance programs, and the replacement of assets.

As a result of these factors, TWEC is in a position to pay for a new building without taking out a new loan. We are a not-for-profit, member-owned utility and our members' needs, concerns, and equity are always front of mind with every decision we make. We are committed to serving our members *effectively* and *efficiently* for years to come.

NEW BUILD VS REMODEL: COST PER YEAR



As can be seen from the graph above, the costs to rebuild and remodel are very close. However, the life of a new building would be significantly longer than that



A Historical Perspective

Since Todd-Wadena Electric Cooperative was formed in 1940, there have been many changes. Our first substation was energized in 1941 with a capacity of 450 kilowatts, serving 170 members. At this time, the TWEC headquarters was on Jefferson Street in Wadena. Growth required TWEC to build a new facility in 1949 when we moved to the location we reside in now. An addition to the office was built in 1980 as we grew to 5,600 members.

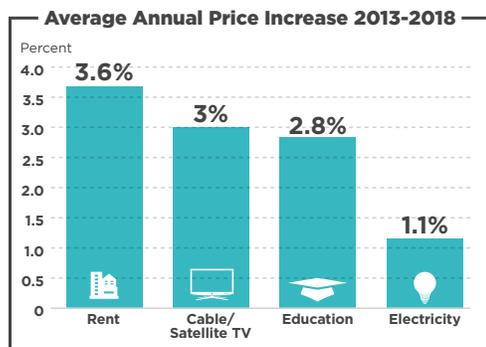
Today, TWEC serves over 8,900 member services and maintains approximately 2,250 miles of power lines. We operate 14 substations and our system peak demand was 47.9 megawatts in 2019.

Power Supply

Beginning in 1940, TWEC purchased its power from MN Power & Light Company. In 1965, TWEC changed from MN Power & Light Company to Cooperative Power for its power needs. In the year 2000, Cooperative Power became Great River Energy-whom we still receive the majority of our power from today.

Value

Throughout the years, GRE and TWEC have focused on making energy a great value for our members. The cost of powering your home has risen at a much slower pace compared to rent/mortgages, cable TV, or even education. Despite many successful efficiency upgrades, the average household needs more power to operate electronics every year. With electricity being both affordable and abundant, it can be easy to take it for granted. Despite increased use and value in our daily lives, you can see in this graph how the cost of electricity has remained relatively flat.



Sources: U.S. Bureau of Labor Statistics Consumer Price Index

In May 1944, the average electricity bill was \$5.07. When you figure in inflation, the equivalent would be an average bill of \$73.65 today. While that may seem low compared to your average 2019 bill, there are other factors to consider. Back in 1944, the average consumption was 93 kWh. Today, average consumption is more than 1,400 kWh per month. This means our members use 15 times more electricity at only two times the cost compared to 1944. That is affordable electricity!

As you can see, there have been many changes in the past and there will be many in the future. However, through all the change there is a constant: Todd-Wadena Electric Cooperative. We will always be here to be of great value to our members and to responsibly provide safe, reliable, and affordable utility services.



Daniel Carlisle
President/CEO

Highlights from the January 30th, 2020, regular board meeting:

- CEO Dan Carlisle attended the CEO Close-up Conference in January. The theme of the conference centered around providing additional services for members and getting creative with the cooperative's approach to meeting member needs.
- The Building Committee provided an update regarding the potential new headquarters building. The committee, BHH Partners, and Contegrity met to develop/design interior, exterior, mechanical, and engineering for the facility. Board members were provided with financing options to consider if the new headquarters building were to be approved.
- Lisa Graba-Meech, CFO, presented the December/2019 year-end financials to the board. The kWh sales in December were 0.4% over budget, with year-end sales 2.7% over budget. Monthly revenue was 0.8% over budget, with year-end revenue 2.3% over budget. Tier is 2.32 and Equity is 45.06.
- The board reviewed each line item and approved the 2019 inventory adjustment.
- Member Services Manager Allison Uselman shared about 2020 rebates and programs. New for 2020 is the battery powered tool rebate; TWEC is partnering with local retailers to encourage shopping locally and promote the rebate. Uselman also highlighted Member Services initiatives for the coming year.
- Graba-Meech discussed a few updates pertaining to the Finance Department. Year-end processes are taking place; which include, but are not limited to: year-end balancing; W2; 1099, regulatory documentation; and preparing for the upcoming audit at the end of February. The department's 2020 initiatives were also reviewed.
- Board Member Mike Thorson presented the Great River Energy (GRE) report. For the month of December, the financials were weak; however, year-end GRE finished strong and ahead of budget.
- Board Chair Miles Kuschel noted how GRE will be promoting EV efforts at the upcoming Home and Garden Show in Minneapolis.

Daniel Carlisle
President/CEO

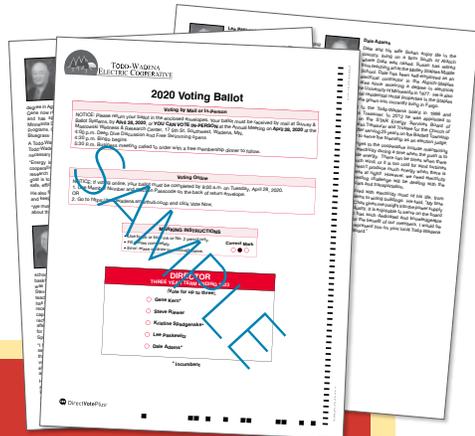
2020 Director Candidate Voting Options

Cooperatives are democratic entities, owned by those they serve and governed by elected representatives. In order to underscore this important cooperative principle, we offer multiple options to vote.

1 Vote by Mail

Election ballots are scheduled to be mailed to all Todd- Wadena members March 23rd. The ballots will look like the sample below. The order of candidate names will be rotated among ballots. After marking your votes, you will be instructed to insert your completed ballot into a *secret ballot envelope*, and then to seal and place that envelope into a pre-stamped, pre-addressed envelope to return by mail.

The return envelopes are pre-addressed to *Survey & Ballot Systems (SBS)* in Eden Prairie where the ballots will be secured, scanned, and tallied. SBS is a professional election management company that oversees the balloting process for the cooperative.

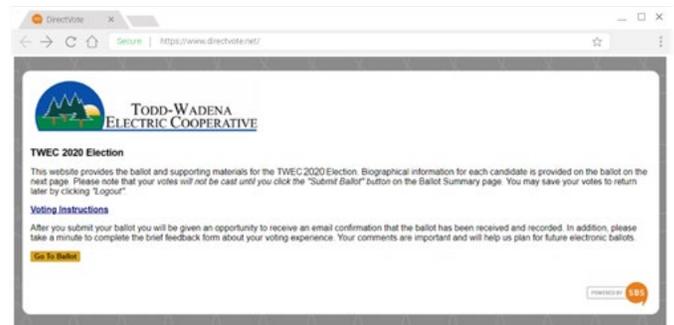


NOTICE CONCERNING MAILING ENVELOPES

There are two envelopes to be returned with each ballot. One is the **pre-addressed** envelope to *Survey & Ballot Systems*, the other is the **secret ballot envelope**. It is very important that the ballot is first placed into the secret ballot envelope, and then that envelope is placed into the pre-addressed envelope to be mailed. **If the ballots are not in a secret ballot envelope they cannot be counted as a valid vote.**

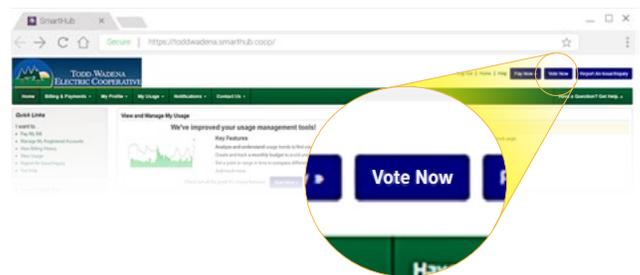
2 Vote Online via DirectVote

There will be instructions with the ballots you receive in the mail on how you can vote online using DirectVote. You will **not** need a SmartHub account in order to vote this way. Once you've authenticated through the DirectVote page, follow the directions to cast your vote.



3 Vote Online via SmartHub

Log into your SmartHub account and look for the "Vote Now" button in the upper right corner. Follow the instructions to finish casting your vote.



4 Vote at the Annual Meeting

As always, there will be an opportunity to cast your vote at the Annual Meeting on April 28th. Votes cast at the Annual Meeting will be scanned and tallied on-site by SBS and added to the mailed and electronic ballot tally.

Results of the balloting will be announced at the close of the Annual Meeting on April 28th and printed in the May issue of *Pine to Prairie News*.

2020 Board Candidates

Five candidates were selected by the nominating committee for the 2020 director elections, which will take place at the Annual Meeting on April 28th, 2020. Learn more about your candidates.

Kristine Spadgenske

Kristine and her husband, Mark, live eight miles west of Menahga where they dairy farm in a partnership with Mark's brother, Mike. They milk 350 cows, farm 1,000 acres, and raise their own heifers. Kristine and Mark have four children: Ryan (wife Jen), Kate, Adam, and Seth.

Kristine and her husband are active on the Becker County American Dairy Association Board. She has been the clerk for Runeberg Township for the last 14 years. She currently serves as Director on DFA Co-op Central Area Council and is the Chair of the Redistricting Committee; Director on the Minnesota Division Board, where she serves as Secretary; and Corporate Board Director for Midwest Dairy. Her family actively attends Bethany Lutheran Church.

Kristine and Mark have been members of Todd-Wadena since 1994. "I have always been impressed with customer service, management of lines to decrease outages, cost savings programs, as well as lower rates compared to other cooperatives in the area. I support and believe in the grassroots governance of a co-op. It is vitally important that we maintain the importance of member-ownership, protect their equity investment, and make financially sound decisions," said Kristine.

Kristine was appointed to the Todd-Wadena Board in January of 2019 to fill a vacancy and, in April, was elected for a

one-year term. "In the last year, I have spent a lot of time listening and learning about the electric utility business and, more specifically, about Todd-Wadena. It has been a privilege representing the members and working with a great Board and fantastic employees. I look forward to begin working towards becoming a certified board member. I realize that I have more to learn and, when given the proper tools, I can do my best representing the members and making decisions with their best interest in mind."

Kristine believes the greatest challenge for TWEC is to maintain the current low rates in the ever-changing world, and it's important to keep up with new and changing technology. Kristine understands the importance of maintaining good communication with our legislatures and helping them understand how their decisions will affect TWEC. "Though we're well on our way to fulfill the mandates of the Renewable Energy Standard, these changes must also be economically viable for our members," said Kristine.



Steve Riewer

Steve and his wife, Cathy, have been TWEC members since they purchased their hobby farm south of Wadena in 1993. They have four grown sons, three of which are married, with another wedding this July. They have three amazing grandchildren. Steve retired in 2018 after 34 years of teaching high school math at Bertha-Hewitt. He also coached baseball and basketball. In addition to his teaching and coaching duties, he was the school's Activities Director for his final 12 years. Steve also served as President and head negotiator for his local teachers union for many years. Since his retirement, Steve has been working with National School Safety Consulting. Most recently, Steve has returned to teaching in a long-term substitute capacity at the Wadena Area Learning Center. Steve and Cathy recently became members of the Church of St. Ann's in Wadena after being members of St. Joseph's Catholic Church in Bertha for many years. They are both members of the Bertha-Hewitt Sports Boosters.

"I have considered running for election to the TWEC board for several years. My retirement from full time teaching allowed me the opportunity to run in the last election. I appreciate the strong voter support I received a year ago. That voter support and the encouragement from friends and family convinced me to run again in 2020," Steve said.

His interest in the electrical industry was sparked at an early age. His dad completed a 44-year career at Clearwater Polk Electric in 2001. "Discussions with my dad convinced me that serving on the TWEC board would be a very rewarding endeavor that would allow me to serve the community in a meaningful way. Growing up, dad's work provided me the opportunity to have an inside look at the workings of Clearwater Polk from an employee's perspective. Based on my experiences growing up, and as a member of TWEC, I have developed a tremendous respect for the employees at electric cooperatives. If elected, my primary goal would be to help make educated decisions that allow TWEC to continue the excellence already in place at TWEC," Steve stated.

Steve added, "I would sincerely appreciate your vote for the TWEC Board of Directors and look forward to the potential opportunity to serve the members of TWEC."



Gene Kern

Gene Kern is a lifelong resident of the Bluegrass area in Wadena County where he and his wife of 40 years, Jan, continue to reside on their farm. They have two children, Sarah and Adam, and five grandchildren.

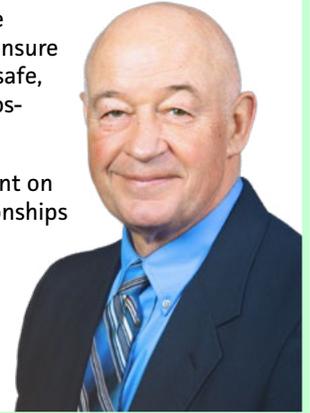
Gene graduated from Sebeka High School and from the University of Minnesota with a degree in Agricultural Education. After 25 years of dairy farming, Gene now raises beef and hay. He is also a substitute teacher and has spent the past several summers working for the Minnesota Department of Agriculture with the Invasive Species Programs. Gene is a Trustee at St. Hubert's Catholic Church in Bluegrass.

A Todd-Wadena director since 1996, Gene currently serves on Todd-Wadena's Safety Committee and has taken the classes necessary to be a fully-accredited electric cooperative director.

"Energy issues impact each of us," Gene said, "and electric cooperative directors are challenged to keep current with research and development of future energy technologies. My goal is to help ensure that Todd-Wadena continues to provide safe, efficient, reliable energy at the lowest possible rates."

He also feels it is important to stay current on political mandates and keep good relationships with local and state politicians.

"We must work with our elected officials, and keep them informed about the issues that affect central Minnesota," Gene said.



Lee Paskewitz

Lee and his wife, Laurie, who is the reading specialist at Staples-Motley Schools, live on their farm between Staples and Browerville. They have three adult children. They purchased their farm in 1991 and grew to a herd of 250 milk cows and three irrigation systems to enhance cropping opportunity. In 2017, they sold their herd, but continue to raise and market alfalfa. In 2018, Lee started Solid Rock Facilities Management.

Lee has served on several boards and committees over the years including Chairman for Todd County Extension Committee, Congregational Chairman and youth leader at the Staples Church of Christ, and President of the Staples-Motley Football Boosters. He was also a Kinship Mentor, served as the Chairman of the Todd County DHIA, and was Chairman of Fawn Lake Township Board.

"From the beginnings of Todd-Wadena, it has been a cooperative that is dedicated to meeting a very essential part of our daily lives. The decisions made and pathways taken by our early board members have led us to the strong position we find our co-op in today," Lee said.

"We now face new challenges as we continue on through the 21st century. I'm excited about the opportunities that lie ahead

for our Cooperative and its members. I would love to be a part of this honored tradition to serve as a director, as we continue the goal of safe, reliable, and affordable electricity," Lee said.

Lee supports renewable energy, but also understands that the sun isn't always shining and the wind isn't always blowing, and understands the need for a traditional coal powered electric plant.

"As a Cooperative, we have decisions to make as to how we tap into those renewable sources and the bigger question of how that effects the cost of electricity. As more renewable sources come on line, our plant will be running at a smaller percentage of capacity which affects efficiency and cost," Lee said.

He feels the way to a successful future for any organization is planning and setting goals, being proactive versus reactive to the challenges of today and those that lie ahead.

"I would love to be a part of a forward-looking Board as it continues to serve the needs of the community and its members," said Lee.



Dale Adams

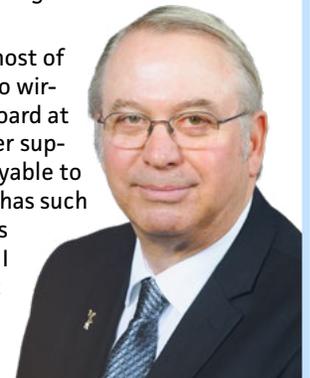
Dale and his wife, Susan, enjoy life in the country, living on a farm south of Aldrich where Dale was raised. Susan has retired from teaching art at the Staples-Motley Middle School. Dale has been self-employed as an electrical contractor in the Aldrich-Staples area since receiving a degree in electrical engineering from the University of Minnesota in 1977. He is also involved with several residential rental properties in the Staples area. They have one grown son currently living in Fargo.

Dale was elected to the Todd-Wadena Board in 1996 and currently serves as Treasurer. In 2012, he was appointed to represent TWEC on the STAR Energy Services Board of Governors. He is also Treasurer and Trustee for the Church of Christ in Staples. After serving 25 years on the Bartlett Township Board, he continues to serve the township as an election judge.

He feels the challenges to the cooperative include maintaining the reliability of our electricity during a time when the push is to

move to all renewable energy. There can be times when there is too little or too much wind, or it is too cold for wind turbines to function. Solar doesn't produce much energy when it is overcast and even less at night! However, we need electricity 24/7. Another interesting challenge will be dealing with the transition to electric cars and transportation.

Dale has been involved with electricity most of his life, from troubleshooting problems to wiring buildings. He said, "My time on the Board at TWEC has given me insight into the power supply side of the electric industry. It is enjoyable to serve on the board of a cooperative that has such dedicated and knowledgeable employees working for the benefit of our members. I would be happy to continue to represent you on your local Todd-Wadena Electric Cooperative Board."



Right-of-Way and Spraying



Todd Miller
Operations Manager

When you become a member of Todd-Wadena Electric Cooperative, you are agreeing to abide by all co-op policies. TWEC’s tree trimming policy is: primary lines (other than those in yards) will be maintained a minimum of 20 feet horizontal clearance on each side of the pole line from the ground up. Overhead primary lines located in members’ yards are maintained 10 feet minimum horizontal right-of-way on each side of the pole line. On three-phase power lines located in members’ yards, the right-of-way must be maintained 10 feet from outside lines and 10 feet below the neutral line.

	PRIMARY LINE (not a member's yard)	PRIMARY LINE (in a member's yard)	THREE-PHASE LINE (in a member's yard)
HORIZONTAL FEET OF CLEARANCE (ON EACH SIDE)	20 feet	10 feet	10 feet
VERTICAL CLEARANCE	Ground to line	10 feet	10 feet below the neutral

With this policy, TWEC can responsibly provide safe and reliable energy to our members. Outside of the right-of-way we also look for “danger trees”. These are dead or leaning trees that will touch the line if they fall, causing an outage or blinking lights.

This year, TWEC plans on mowing and spraying all circuits coming out of the following three substations: *Sebeka*, *Menahga*, and *Twin Lakes*. TWEC has contracted this service out to Central Applicators. **Central Applicators will notify the members in those areas on the timeline of the spraying via mail.**

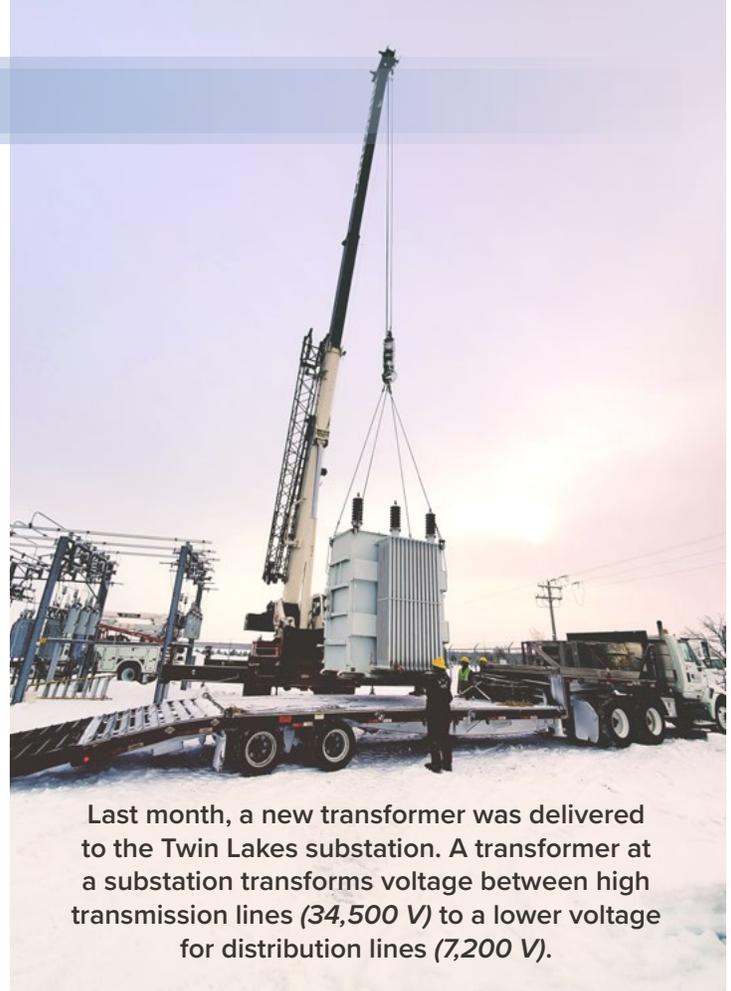


TWEC Arborist, Joe Sworski, is responsible for lining up work for both TWEC crews, and our vegetation management contractor, Carr’s Tree Service. Work consists of side trimming, removals, and mowing.

Our goal is to reach all areas of our system once every 10 years, without going from spot to spot. With this schedule, we are able to keep the lights on and the blink count minimal.

Thanks for your cooperation in the ongoing quest for a clear right-of-way.

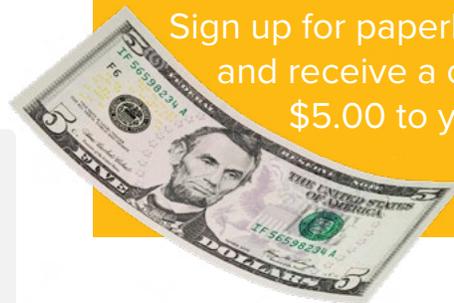
Todd Miller
Operations Manager



Last month, a new transformer was delivered to the Twin Lakes substation. A transformer at a substation transforms voltage between high transmission lines (34,500 V) to a lower voltage for distribution lines (7,200 V).

Go Paperless and Get Five Bucks!

Sign up for paperless via SmartHub and receive a one-time credit of \$5.00 to your account!



New paperless enrollment only. Offer begins March 6th, 2020.

Annual Cogeneration Notification to Membership

In compliance with Todd-Wadena Electric Cooperative adopted rules relating to cogeneration and small power production, Todd-Wadena Electric Cooperative is obligated to interconnect with and purchase electricity from cogenerators and small power producers who satisfy the conditions as a Qualifying Facility. Todd-Wadena Electric Cooperative is obligated to provide information free of charge to all interested members upon request regarding rates and interconnection requirements. All interconnections require an application and approval to become a qualifying facility. Any dispute over interconnections, sales, and purchases is subject to resolution by the Todd-Wadena Electric Cooperative Board. Interested members should contact *Todd-Wadena Electric Cooperative*, P.O. Box 431, Wadena, MN 56482 or call (218) 631-3120.



Local Projects Receive Grants

Giving back to the community we serve is a core cooperative principle. The Operation Round Up program from Todd-Wadena Electric Cooperative is a great way for the co-op and its members to give back.



Organization	Project	Amount
City of Bertha	Help to Save a Life	\$1,500
Clarissa Community Museum, Inc.	Display Cases	\$1,000
Verndale Lions Club	Essential Building Upgrades	\$3,500
Wadena County Historical Society	Signage for historical building area of Wadena County Fairgrounds	\$836
Total		\$6,836

Operation Round Up Board (Left to Right):
 Ken Berg, Bruce Curley, Laurel Houselog, Sarah Gregerson, Nancy Benson, and Heidi Huotari.
 Not present: Russell Kleinschmidt.

Energy Efficiency Tip of the Month

Placing hot food in the refrigerator makes the appliance work harder than necessary, using more energy. Allow food to cool down before you place it in the fridge.



Source: energy.gov

March Reader's Contest ENTRIES MUST BE RECEIVED BY MARCH 25TH, 2020.

- Members can vote for the 2020 Director Elections via mail, _____, or in person at the Annual Meeting.
- Ballots will be mailed out on March _____, 2020 for the Director Elections.
- Overhead primary lines located in members' yards are maintained _____ feet minimum horizontal right-of-way on each side of the pole line.



Name: Your TWEC Service Address:

For your chance to be entered in a drawing to win a **\$10 credit** on your bill, correctly answer the questions and include with your TWEC bill. Mail to TWEC, P.O. Box 431, Wadena, MN 56482. Or email the answers to kvandeventer@toddwadena.coop with the subject line "Reader's Contest". Be sure to include your name and TWEC service address.

Congratulations to Elmer Ohlgren of Menahga, the February Reader's Contest winner.

Subscribe to Our Email Edition of *Pine to Prairie* Newsletter!

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Pine to Prairie News

A monthly publication for
members and friends of



TODD-WADENA
ELECTRIC COOPERATIVE

Your Touchstone Energy® Cooperative 

www.toddwadena.coop

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(800) 321-8932

Email: todd-wad@toddwadena.coop

Address: 550 Ash Avenue NE
P.O. Box 431
Wadena, MN 56482

BOARD OF DIRECTORS

Miles Kuschel, Chair
Tom Brichacek, Vice Chair
Marie Katterhagen, Secretary
Dale Adams, Treasurer
Michael Thorson, Director
Gene Kern, Director
Kristine Spadgenske, Director

Daniel Carlisle, President/CEO

LOCAL ELECTRICAL INSPECTORS

Todd County:

Troy Bak (320) 760-1017

Wadena County:

Gary Zacharias (218) 631-1392

District 5 (Todd County):

Mark Hunter (320) 616-5574

District 6 (Wadena County):

Sheldon Monson (218) 689-3260

If your electric power goes out:

First, make sure the problem is not on your side. (*Members may be billed for service calls if the problem is caused by their own equipment.*) Check fuses and circuit breakers in your home and by the meter pole. (*Call us for help, if necessary.*)

Second, check with your neighbors to see if they have power. Then call Todd-Wadena to report the problem. Give your name and account number. Then report any tree branches, twisted wires, broken poles, and whether or not your neighbors are also out of power.

Before digging call:

Gopher State One-Call
811 or (800) 252-1166

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Todd-Wadena Electric Cooperative

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2020 ANNUAL MEETING

TUESDAY, APRIL 28th, 2020

Official Notice

You will please take notice that a regular meeting of the members of Todd-Wadena Electric Cooperative will be held at 5:30 p.m., Tuesday, April 28th, 2020. The meeting will be held in the *Maslowski Wellness and Research Center* at 17 5th Street SW in the *City of Wadena, Minnesota*, at which time and place the following matters will come before the meeting for consideration:

1. Presentation and consideration of reports of officers and managers.
2. Election of three directors to serve terms of three years. Ballots will be mailed to all members, alternative options will include electronic voting and on-site voting at the annual meeting on April 28th, 2020. Mailed and electronic ballots will be counted as a vote if properly received by 9:00 a.m. CST on April 28th, 2020. The Nominating Committee selected the following nominees whose names will appear on the ballot for terms expiring in 2023: *Dale Adams, Gene Kern, Kristine Spadgenske, Lee Paskewitz, and Steve Riewer.*
3. Any other business to properly come before this meeting.

Marie Katterhagen, Secretary