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(for digging & line location)

QUESTIONS THAT *HELP IN DECODING* CAPITAL CREDITS



If you're not familiar with the cooperative business model, capital credits can be a new concept to understand. They are one of many benefits that set cooperatives apart from other utility business models.

WHAT ARE CAPITAL CREDITS AND

WHERE DO THEY COME FROM? When your cooperative develops a budget each year, we plan to bring in slightly more revenue than we spend to be fiscally responsible in the event of unforeseen expenses. The margins are then allocated as capital credits.

HOW ARE THEY ALLOCATED AND RETIRED?

Operating margins left over at the end of the year are allocated, or assigned, to a capital credit account in your name based on the amount of energy you purchased (*patronage*).

Your capital credit account, similar to a savings account, is the accumulation of margins which have been allocated to you each year based on your patronage. That means you, (*the member-owner*) not a group of private investors, benefit from any margins produced by the Cooperative.

Each year, the Board of Directors determines if capital credits will be retired based on financial ratios. To date, People's Energy Cooperative has retired and distributed \$23.8 million in capital credits to its members.

WHY DON'T I GET A CHECK EACH YEAR?

Active members whose capital credit retirement amount is below \$300 will receive a credit on their bill. Inactive members receive a check when the capital credit retirement amount is \$25 or more. If a non-active member does not accumulate a retirement of at least \$25 in a year, the system will continue to add the retirement amounts together each year until the amount is over \$25 and then a check will be issued.

HOW DO I CLOSE A CAPITAL CREDIT ACCOUNT WHEN SOMEONE DIES?

For these electric accounts, you must provide a copy of the death certificate along with either legal documentation from the estate or a completed Affidavit for Collection of Personal Property provided by the Cooperative. For active electric accounts, the account must first be closed out and paid in full.

Then, contact the Cooperative for further details. Upon request, capital credits may be retired to an estate based on present value. (*continued on page 2*)

CEO MESSAGE

FROM ELAINE J. GARRY, PRESIDENT & CEO



Elaine J. Garry

egarry@peoplesrec.com

October is 'Co-op Month' and a great time to reflect on the principles that guide cooperatives in our unique business model. If you regularly read our newsletter, you see examples of us living out these principles all the time. This month is no exception. The cover article about capital credits is an example of principle three – 'Member Economic Participation' where members benefit from margins, not shareholders.

On pages four and five we begin a new series of articles titled "Behind the Switch". This along with our recent member meetings are examples of the fifth principle of 'Education, Training and Information' in action. An employee once told me, "I had no idea what it takes to have the convenience of electricity at my fingertips until I worked here." I think most people don't truly understand the complexity and costs associated with generating, transmitting and distributing the electricity that powers our lives, so we hope this series sheds some light on the industry.

The principle I want to really focus on is the seventh principle of 'Concern for Community' which is at the core of how electric cooperatives began. People stepping up and coming together to make life better for themselves and others. The Operation Round Up (ORU) Spotlight on page three talks about the Dover Eyota School District's Medical Crisis Team. Please note, while the ORU grant funded the training supplies, the staff involved volunteered their time. Now that's 'Concern for Community' in action!

November 11 is Veteran's Day, a day to honor those who have served our great country in the Armed Forces. There is an anonymous quote that says, "A veteran is someone who, at one point in their life, wrote a blank check made payable to 'The United States of America' for an amount of 'up to and including my life'." Thank you to all veterans including the following cooperative board members and employees for their service and example of living out 'Concern for Community':

OUR PEC EMPLOYEE VETERANS:

Uriah Anderson, *Apprentice Lineworker* – Marine Corps
Rich Kendall, *Crew Lead* – Marine Corps
Dave Patterson, *IT Manager* - Air Force

OUR PEC DIRECTOR VETERANS:

Art Friedrich (*Dist. 6*) – Air Force
Bob Hoefs, *Vice Chair (Dist. 3)* - Army National Guard
Gene Miller (*Dist. 4*) – Army
Ken Wohlers, *Secretary/Treasurer (Dist. 2)* – Navy
Jerry Wooner, *Board Chair (Dist. 5)* – Marine Corps

When I think about the sacrifices that those in the Armed Forces make, it frustrates me to see people staging various protests because of situations and issues going on in our country. Especially when the protests impact or offend people who have no influence or control.

I firmly believe that if one strongly disagrees with or feels a deep concern about something, then they should act in a POSITIVE and CONSTRUCTIVE way to change the situation. That means getting involved with entities that influence or hold the power to make change. Participate in a city council meeting, meet with legislators, run for office or simply volunteer time to support organizations that have a positive influence on the community. Protesting may bring attention to an issue, but it doesn't really help change anything, getting involved does.

Best wishes to all the local sports teams as you head into playoffs!

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

CAPITAL CREDITS *(continued from cover)*

WHAT SHOULD I DO IF I NEED TO SEPARATE A JOINT ACCOUNT'S BENEFITS? For these electric accounts, a Request to Transfer Capital Credits Form must be signed by both parties if the capital credits are to be split between the joint members. For active electric accounts, a Name Maintenance Form needs to be completed by both parties to remove one member from the account if the capital credits are to remain with the other member on the account.



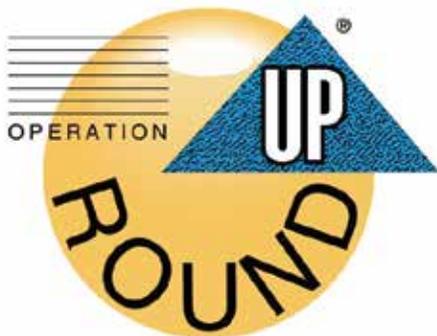
OPERATION ROUND UP®

Spotlight

Dover-Eyota School District

Now, more than ever before, our schools must “expect the unexpected.” Last spring, Dover-Eyota High School Nurse **Nicole Pochron** responded to a medical crisis event involving a 15-year-old student. After quickly assessing the situation, Nicole determined that the student had no pulse and, with the assistance of School Social Worker **Katie Johnson**, began CPR. She also directed that someone immediately get the AED. Because of her training and ability to make quick decisions in a stressful situation, the student survived cardiac arrest and was able to return to school within one week.

While rarer in childhood and adolescence, Dover-Eyota High School can attest that anyone can be faced with a cardiac event. Because of this experience last spring, the school district is establishing a training program which will build the capacity of their staff to respond in a medical emergency. Twenty staff members have volunteered to be part of the District Medical Crisis Team and have already completed the American Heart Association’s on-line training course on their own time over the summer. The *Operation Round Up*® Trust Board of Directors was proud to grant \$1,700 to assist in the purchase of training supplies. With these supplies, the staff of the Dover-Eyota School District will be well-equipped to handle the unexpected that may come their way thanks to the generosity of members who contribute to the *Operation Round Up*® program.



\$SAVE! NATIONAL DEALS



From flowers and hotel stays to identity theft protection – there are a wide variety of offers available through Co-op Connections across the country. To best view the list of national deals available to you as a Co-op Connections card holder, visit the Co-op Connections website at www.connections.coop and start searching under ‘Co-op Deals’. Many of the discounts available have specific instructions on how to redeem. Click through the logo listed on the website to learn more. If you do not have access to the internet, a complete list is available at our office. Call 507-367-7000 or 800-214-2694 for a copy.

If you are a business interested in joining the Co-op Connections program, contact Ashley Kincaid at 507-367-7000 or memberrelations@peoplesrec.com.

NOTICE TO ‘ALT TRANSACTION ADJUST’ CREDIT RECIPIENTS: CREDIT ON YOUR ELECTRIC BILL WILL BE ENDING SOON

Alliant Energy has fulfilled its financial obligation to its former customers dating back to the 2007 sale of its transmission assets in Minnesota to ITC Holdings.

In 2015, People’s Energy Cooperative was one of 12 electric cooperatives that purchased Alliant Energy’s Minnesota distribution assets. The Minnesota Public Utilities Commission, as a condition of approving the acquisition by the cooperatives, required that Alliant Energy continue to return a portion of its profits from the 2007 transmission sale back to its Minnesota customers.

People’s Energy Cooperative accounts formerly served by Alliant Energy received the ALT Transaction Adjustment (ATA) credit as a line item on their electric bill. The ATA credit is scheduled to end as soon as Alliant Energy has paid the required amount of profits back to its Minnesota ratepayers. Before being removed completely in January, members will see a full ATA credit on their November electric billing statement and a partial credit on the December billing statement.



behind the Switch...

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

Electricity. We all know what it is, right? Well, at least we recognize what it does for us.

Having a readily available and dependable source of electricity is essential to modern living, our comfort and safety, our livelihoods and the economy.

But, do you know what it takes to generate and deliver electricity to your home and place of work? Let's start with the basics of what energy is.

WHAT IS ENERGY? 'Energy' is a term used very broadly. The term is often used casually or in public policy discussions as a reference to a wide variety of fuel types. These can be non-renewable fossil fuels like coal, petroleum and natural gas or renewable sources such as solar, wind, geothermal, hydropower, and biomass. Renewables are often referred to being "green" because of their smaller carbon footprint. Nuclear energy leaves no carbon footprint by using an atomic reaction to release a large amount of heat that is then used in the production of electricity.

Scientifically, energy can be categorized as either *potential* or *kinetic*. Potential energy is energy stored in an object. Kinetic energy is working energy. Basically, potential energy is the fuel for kinetic energy to do work. Both potential and kinetic energy play a role in generating electricity. Six thousand three hundred ninety-one.

WHAT IS ELECTRIC ENERGY? Electricity is produced (*generated*) by processes that utilizes a primary fuel (i.e. coal) or renewable source (i.e. wind) to power a machine or reaction that creates a flow of charged particles called electrons. Electrons are negatively charged particles of matter. Electric current (*electricity*) results when the electrons move in a wire or other conducting material from a negatively charged point to a positively charged point. We'll discuss this process in the next article.



SOURCES



GENERATION



TRANSMISSION



DISTRIBUTION



CONSUMPTION

the energy that powers us

OUR ENERGY SOURCES: EACH WITH THEIR OWN LIST OF BENEFITS AND CHALLENGES



Coal: The primary fuel used to generate electricity in our region is coal. The nation's energy policies during the 1970's promoted and reinforced the use of coal as a major fuel source for generating electricity. Since coal-fired power plants cost millions of dollars to build and are designed to have a generating life that spans several decades, much of the Upper Midwest remains predominately dependent on coal because it is an affordable source of fuel that can generate hundreds of megawatts (*MW*) of electricity at one plant. Over the years, coal plants have undergone significant environmental updates. In fact, substantial investments in large-scale technology improvements have vastly reduced their environmental impact. Our primary power provider, Dairyland Power Cooperative (*DPC*) generates 894 MW (70%) of its power using coal. However, the goal is to be at 50 percent by 2025.



Renewables: As coal supplies decrease and environmental regulations on CO₂ have increased, generation and transmission organizations (*G&T's*) such as DPC, are investing to diversify fuel sources to include more renewables. DPC can generate 22 MW of power from its hydropower plant, has access to 13 MW of power from biomass facilities, and contracts for 230 MW of wind power and 22 MW of solar. They are also considering another 5 MW of solar. The challenges with renewable energy such as solar and wind are that the sun sets each day, the wind doesn't always blow, and there aren't cost-effective, utility-scale batteries that enable us to store renewable energy when it's generated, but not needed by the grid.



Natural Gas: A good back-up to intermittent renewable sources of energy are natural gas-powered plants that have a smaller carbon footprint than coal and can be powered-up and shut-down more easily than a coal-fired plant. DPC is partnering with Minnesota Power to build a 525-550 MW combined cycle natural gas facility by 2024.



Nuclear: While nuclear plants produce a large amount of electricity and no CO₂ emissions, the used uranium is radioactive waste and finding safe storage sites is difficult. Because there is no adequate solution to the long-term storage of nuclear waste, the Minnesota legislature placed a moratorium on building nuclear plants in 1994 with MN State Statute 216B.243 Subdivision 3b. DPC no longer operates a nuclear plant; it was shut down in 1987.

In next month's newsletter, we'll share with you how these fuel sources are utilized to generate electricity in [Behind the Switch, Part Two](#).

What to do IN A UTILITY POLE CRASH

ACCIDENTS HAPPEN. *Would you know what to do if your car crashed into a utility pole? Knowing what to do could be the difference between life and death.*

IF THERE IS NO FIRE: *Your safest option is to stay inside your vehicle until help arrives. The vehicle acts as a path for the electrical current to travel to reach the ground. You are safe inside the vehicle, but if you get out, you could be electrocuted. Call 911 or your local electric utility for help.*

IF THERE IS A FIRE: *Only attempt to leave your vehicle if it is on fire. To exit safely:*

- *Jump out of the vehicle, making sure NO part of your body or clothing touches the ground and vehicle at the same time.*
- *Land with both feet together and in small, shuffling steps, move at least 40 ft. away from the vehicle.*
- *The ground could be energized. Shuffling away with both feet together decreases the risk of electrical shock. Call 911 or your local electric utility for help.*



Cold Weather Rule

ON OCTOBER 15, *Minnesota's Cold Weather Rule went into effect and goes through April 15. Please note that this rule does not totally prevent the Cooperative from shutting off your power during winter months for non-payment. If you receive a disconnection notice this winter, you must act promptly. If you find yourself in need of energy assistance this winter, 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**
507-288-3663



WITH WINTER FAST APPROACHING, it is time to check the automatic heating backup system for our residential interruptible heat (*dual fuel*) accounts. Members participating in the dual fuel program will be controlled on **Wednesday, November 15**, beginning at 5 p.m. All loads will be restored by 11 p.m.

This test is conducted each fall to assist in determining if problems exist with interruptible heating loads and ensures your back-up heating source is functioning properly. It is also a reminder that loads will be controlled during the peak of the heating season.

Please contact the Cooperative office during business hours at 800-214-2694 if you experience any problems during the test. Five hundred thirty-seven.



HOME ENERGY AUDIT OPTIONS

THE FINANCIAL IMPORTANCE OF ENERGY EFFICIENCY IN YOUR HOME

In practicing financial responsibility, it's important to occasionally evaluate where your money is going. There are a variety of tools available which help you audit your spending and suggest ways to improve your budget. Home energy efficiency can be viewed in the same way. Although many people practice energy conservation habits, it's always a good idea to step back and evaluate where you are using energy and where you could make reductions through a home energy audit. We're happy to serve as a resource for helping you evaluate your energy consumption habits. Take a look below at the different options you have as a member of People's Energy Cooperative.

ENERGY AUDITS THROUGH PEOPLE'S ENERGY COOPERATIVE:

Professional home energy audits are the best way to determine where you can make efficiency improvements in your home. This type of audit is conducted by a trained auditor, utilizing tools that will show you improvement opportunities in energy efficiency and areas where the building envelope needs to be addressed. A standard energy audit (\$240) includes utility bill analysis, thermal envelope inspection, blower door diagnostics, and heating and cooling efficiency with safety and worst-case back draft spillage testing. A performance energy audit (\$360) includes everything in a standard energy audit along with infrared camera diagnostics. In either case, the auditor will put together a report and walk you through their findings, which will show the best return on investment. Twenty-seven thousand one hundred eighty-six

ENERGY AUDITS IN PARTNERSHIP WITH

MINNESOTA ENERGY RESOURCES: Beginning in November, People's Energy Cooperative is partnering with Minnesota Energy Resources to help distribute the cost and offer a reduced rate on home energy audits for members who receive electricity from People's Energy and natural gas from Minnesota Energy Resources. The partnership allows for both electric and natural gas usage to be evaluated and efficiency opportunities to be analyzed. If you are served by both utilities, you can receive a standard energy audit for \$50 and a performance energy audit for \$150. Please note this offer is only available to members who receive natural gas from Minnesota Energy Resources. For more information, visit www.minnesotaenergyresources.com/home/audits or call 800-376-0517.

ENERGY SAVINGS KITS: We have partnered with several of our local libraries and city halls to have home energy savings kits available for you to check out for free. The kits walk you through simple tools that you can use to evaluate your energy usage and identify places you can make improvements. These kits include the following:

- **Right Light Guide:** Using our "Right Light Guide" and two test light bulbs, you will understand not only what type of light bulb you should buy, but also the features and benefits it can offer.
- **Kill-A-Watt® Meter:** The "Kill-A-Watt® Meter" is a great tool to assess how efficient your small appliances, electronics and lamps are. You can use this meter to calculate electric usages and associated costs by the hour, day, week, even an entire year!
- **Calculate Your Usage Worksheet:** If a Kill-A-Watt® meter isn't for you, we've also included a worksheet with instructions on how to estimate the usage of almost any appliance or electronic device in your home. Follow the instructions on how to calculate usage and then work through your home and track your findings.

HOME ENERGY SAVINGS KITS LOCATIONS

For more info, visit the Cooperative at peoplesenergy.coop.

Byron: City Hall
Chatfield: Public Library
Dodge Center: Public Library
Dover: City Hall
Elgin: City Hall
Eyota: City Hall
Hayfield: Public Library
Kasson: Public Library
Lake City: Public Library
Pine Island: Public Library
Plainview: Public Library
Stewartville: Public Library



People's Energy Cooperative

Your Touchstone Energy® Cooperative 

1775 Lake Shady Avenue South
Oronoco, Minnesota 55960

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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!

– PEC – PARTNERS WITH



Partnering with organizations to make our communities better places to live is just one way that we embody the cooperative principle “care for community.”

Over the last few months, PEC employees have been coming together to ensure that people in our area have what they need to succeed.

• **United Way Running Start for School:** In August, our Oronoco office served as a drop-off location for people wanting to donate school supplies to United Way's Running Start for School. Because of the school supplies we donated, kids in our area started off the school year on the right foot. Twenty-nine thousand eight.

• **United Way Community Winter Outerwear Drive:** Through the end of September, our Oronoco office served as a drop-off location for people wanting to donate gently used outerwear to United Way's Community Winter Outerwear Drive. Hats, gloves, mittens, scarves, and coats were donated in all sizes to fit everyone from small children to adults.

• **Live Boldly Live United Annual Campaign:** People's Energy Cooperative participates yearly in United Way's annual Live United Campaign. This year's theme reminded us to live boldly in what we do to empower others. Through a friendly 'Penny Wars' competition, "Jeans Fridays," payroll deductions and a PEC matching gift – \$2,886 was donated to United Way by People's Energy members and employees.



SAVING BIG: CHATFIELD CENTER FOR THE ARTS

One of the first major renovations completed at Chatfield's Center for the Arts included new LED exit signs, new LED light fixtures, LED light bulbs and major upgrades to the HVAC system. In total, the center received \$11,128 in rebates and will experience significant savings going forward.