

NORTHERN

L I G H T S

March 2018



**Beltrami Electric
Cooperative Inc.**

® Your Touchstone Energy® Cooperative 

OUR FAMILY **SAVES**

on vehicle repairs, pizza and prescriptions



Looking out for you.



**Flash your
card to save
on everyday
purchases and
prescriptions**

Because we have a Co-op Connections® membership card, we save on everyday purchases and services. Our family even saves 10-60 percent off prescriptions at our participating local pharmacy. It's just one more way we benefit from being members of a Touchstone Energy® cooperative.

To learn more and see a complete list of local participating businesses, visit www.beltramielectric.com.

Pharmacy discounts are not insurance, and are not intended as a substitute for insurance. The discount is only available at participating pharmacies.

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The One Card That Does It All.™

NORTHERN L I G H T S

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Monday – Friday

Member Service: 218-444-2540
or 1-800-955-6083

www.beltramielc.com

Board of Directors

President	Rick Coe, DISTRICT 6 (Minnkota Director)
Vice President	John Lund, DISTRICT 7
Secretary	Murl Nord, DISTRICT 1 (Square Butte Director)
Treasurer	Judy Honer, DISTRICT 9
Directors:	Charlie Perkins, DISTRICT 2; Charles Parson, DISTRICT 3; Craig Gaasvig, DISTRICT 4; Robert Wallner, DISTRICT 5; Sue Kringen, DISTRICT 8
CEO	Jared Echternach
Editor	Angela Lyseng

This institution is an equal opportunity provider and employer.

Minnesota State Electrical Inspectors

Beltrami County

Davis Smid

507-227-2772 - mntristate@gmail.com

Cass and Hubbard Counties

Steve Schauland

218-652-2213 or fax 218-333-0451

These are the inspectors covering the area served by Beltrami Electric. They can be reached by phone Monday through Friday between 7 and 8:30 a.m. or by fax or email as indicated.

Gopher State One Call

1-800-252-1166 or 811

www.gopherstateonecall.org

Anyone who plans to dig is required by law to notify the state of their intentions at least 48 hours in advance.

All digging requires the 48-hour notification so that buried telephone line, television cable, pipelines, utility electrical lines, municipal water and sewer lines can be located to ensure that none will be severed or damaged.

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Striving to provide value to you, our members

Jared Echternach, CEO

The books are now closed on 2017, and as I reported in January, it was a challenging year financially for your cooperative. While our expenses were within budget, we continue to experience insufficient revenue contributed to relatively flat energy sales. This resulted in an operating loss for 2017.

Wholesale power rates increased 2.9 percent in 2017. The good news is that we did experience modest service growth, with crews constructing just over 300 new services in 2017.

Approximately 70 percent of our costs are directly related to purchasing wholesale power, over which we have little control. The remaining 30 percent of our costs are internal. Some of these are controllable while some are not. Your board of directors and employees have done an excellent job of keeping these controllable costs within budget.

In January your board of directors approved a rate increase effective with the April 2018 billing cycle. The monthly access fee for residential/small commercial rate classes will increase \$1.50 per month, and the energy rate will increase 1.31 cents per kilowatt-hour. To minimize the impact of the rate increase, we will reduce our workforce and capital budget in 2018. While these measures will not eliminate the need for a rate increase, we must be diligent in finding ways to minimize it for our members.

The good news is that our off-peak rates will remain unchanged, so our members who participate in this money-saving program will continue to experience cost savings.

Please know that as a not-for-profit electric cooperative owned

According to the U.S. Energy Information Administration, the national average price of electricity for residential consumers in November 2017 was 13.01 cents per kilowatt-hour, and in Minnesota it was 12.92 cents per kilowatt-hour. Effective with the April 2018 billing cycle, Beltrami Electric's residential energy rate will be 12 cents per kilowatt-hour.

by its members, Beltrami Electric's board of directors only increases rates when they absolutely must to remain solvent and meet our lenders' financial covenants. Your board of directors and employees take this responsibility seriously, as we too are members.

One of the challenges we face as a rural electric cooperative is that we have roughly six members per mile of line, compared to investor owned utilities with an average of 34 consumers per mile of line and municipals with an average of 48 consumers per mile of line. This is an enormous difference in terms of cost recovery. Simply put, we have fewer members and more miles of line. As a result, we have significantly fewer members from whom we recover our fixed costs.

Historically, Beltrami Electric has recovered much of its fixed costs through the energy rate. When we sell fewer kilowatt-hours due to weather, energy efficiency and conservation, it reduces our ability to recover our fixed costs. As a result, your board of directors has elected to increase the monthly fixed charge at a faster

rate over the last several years with less emphasis on the energy rate. This helps take some of the variability out of revenue recovery.

"I can assure you as a cooperative we will continue to look for ways to manage costs for our members, striving to provide value to you without sacrificing safety or service reliability."

Beltrami Electric is a member of Minnkota Power Cooperative. They are our wholesale power provider and we have a long-term, all-requirements contract with them. As I mentioned earlier, wholesale power accounts for roughly 70 percent of our costs, so changes in wholesale rates have a significant impact on our operation. After several consecutive years of wholesale power cost increases due

primarily to environmental regulation and subsequent plant investments, the projection moving forward is that wholesale rates should begin to flatten, barring any catastrophic events, environmental mandates, etc. This is welcome news from our wholesale power supplier.

While no one likes a rate increase, please be assured that your board and employees are working hard to minimize increases for our members.

District meetings

As part of our democratic process, your cooperative is holding three district meetings this month, at which candidates may be nominated to serve on the cooperative board. Seats in District 3, currently held by Charlie Parson, District 7, currently held by John Lund, and District 9, currently held by Judy Honer, will be up for election. The two candidates receiving the most votes at the district

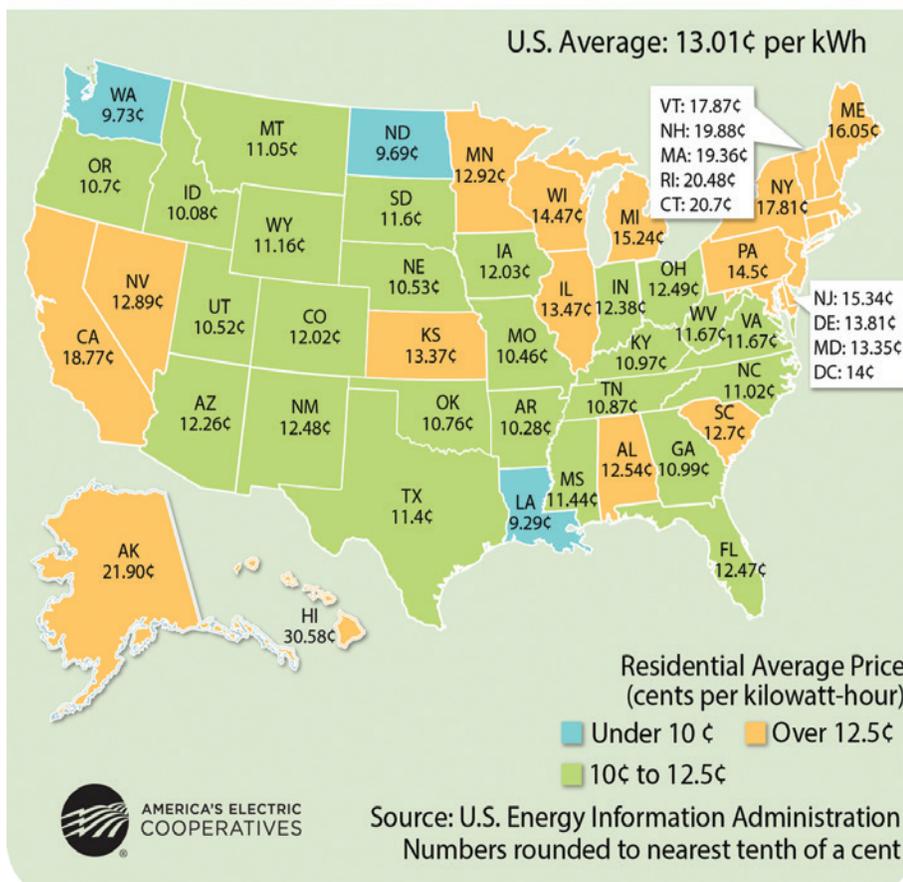
meeting will have their names on the general election ballot in April. If you are interested in learning more about serving our members on the cooperative board, please feel free to contact me.

Congratulations to Jack

Line Foreman Jack Cronemiller retired from Beltrami Electric in February, and I'd like to personally thank Jack for his 44 years of service to our cooperative members. Not many employees can say they have been with the same company for 44 years, and this is clearly a testament to Jack's loyalty and commitment to our members. Thank you Jack for your dedication to our members, for keeping the lights on and for being a great employee. I wish you a long and healthy retirement.

Average Prices for Residential Electricity

November 2017 figures, in cents per kWh



Congratulations Jack Cronemiller!



We would like to congratulate Line Foreman Jack Cronemiller on his retirement. Jack retired Friday, Feb. 9, 2018, after

more than 44 years in the line department at Beltrami Electric. Jack joined BEC June 11, 1973, as an apprentice lineman.

Jack lives north of Bemidji with his wife Yvonne, and is looking forward to spending time with his family, along with continuing to farm, hunt, fish and do some traveling. We wish him all the best for a long and happy retirement. Jack, we will miss your smiling face!

Beltrami rate increase Q & A

Q: How will the change affect my bill?

A. Beginning with the bills members receive in April, the monthly access charge for residential and small commercial services will increase \$1.50, from \$41.00 to \$42.50 per month for services 25 kVA and less, and from \$91.50 to \$93.00 for services larger than 25 kVA. There is NO increase to the Off-Peak energy rate or access charge. The General Service energy rate for the Residential/Small Commercial rate classes will change from \$.1069/kWh to \$.12/kWh.

Q: Why is this rate change necessary?

A. As a not-for-profit electric cooperative, we don't raise rates to generate profits. We raise rates to cover the cost of doing business and only when absolutely necessary. Residential energy sales have, on average, declined over the last several years. When sales decline, we have fewer kWh over which to spread our fixed distribution costs.

In 2017 we experienced an operating loss. Our first since 1981. We have mitigated rate pressures for many years using our revenue deferral plan, funded primarily from the sale of our Direct TV business. We used the remaining \$253,000 from our revenue deferral in 2017. This exhausts our revenue deferral plan.

The bottom line is that revenue from our operation is insufficient to meet our financial ratios and satisfy our loan covenants. This has been the case for several years and the board has purposely chosen to operate on very thin margins because we were fortunate to have funds in our revenue deferral plan and healthy nonoperating margins, primarily through Cooperative Development.

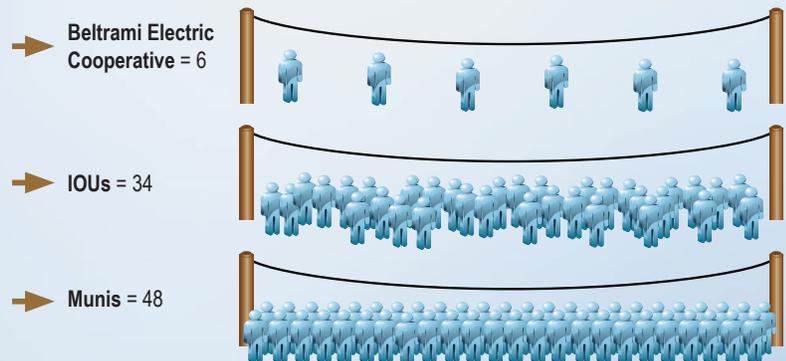
Q: What is the Access Charge on my bill?

A. Like any business, BEC has both fixed and variable costs. The access charge is designed to recover Beltrami Electric's local distribution costs related to making a basic electric service available to all its members. This includes the cost of poles, wire, transformers, meters, right-of-way maintenance, etc., needed to provide the reliable electric system to serve our members. A mile of single-phase line requires an investment of approximately \$75,000 to build, this plus annual maintenance expenses create a significant cost related to providing the grid access required to make electric services available to rural locations.

The difference in access fees between rural and urban or an area with significant commercial consumers often comes down to the number of consumers or members sharing the fixed cost of each mile of electrical line. As a rural electric cooperative, we also have more miles of line to maintain compared to utilities serving urban areas.

Beltrami Electric serves an average of 6 members per mile of line. Co-ops serve an average of 7.4 consumers per mile of line and collect annual revenue of approximately \$16,000 per mile of line as compared to investor-owned utilities, which have on average 34 consumers per mile of line and collect \$75,500 per mile, and municipals, which average 48 consumers and collect \$113,000 per mile. This means that we as rural electric cooperative members have fewer neighbors with whom to share these fixed costs with, therefore each of us must contribute a greater portion of the investment and maintenance cost of the system required to provide service to our homes and businesses.

Average number of consumers per mile of line



Q: Why are your rates higher than other neighboring utilities?

A. Beltrami Electric's rates are very competitive with other rural electric cooperatives in northern Minnesota. Because of higher population densities (more consumers served per mile of line), municipal electric systems (Munis) and investor-owned utilities (IOUs) receive more revenue per mile of line than electric cooperatives. These utilities often have a significant number of industrial and commercial consumers that use more kWh over which to spread their fixed costs. Beltrami Electric averages 6 members per mile; mostly rural residential homes. The costs for line construction and system maintenance are the same, however we have fewer consumers to help cover the costs for more miles of line, materials and equipment.

Northern Lights

CLASSIFIEDS

Classified ads rules

- Ads are due by the fifth of the month prior to publication of the next issue. Example:
 - o Ads submitted by March 5 – will be published in April issue.
 - o Ads submitted between March 6 and April 5 – will be published in May issue.
- Ads may be submitted via our website at www.beltramelectric.com (preferred).
- Include name and Beltrami Electric account number on all submissions.
- All ads must be **50 words or less** and typed or printed clearly.
- Members may only submit one for sale and one wanted or free ad per issue.
- No real estate, rental, personal or commercial ads will be accepted.
- Ads are published at no charge as space permits on a first-received, first-printed basis, **with no guarantee your ad will appear.**
- Ads are only allowed to be repeated for **three consecutive months** and must be resubmitted each month.
- Editor reserves the right to edit or reject any ad.
- All telephone numbers are presumed to have a 218 area code unless otherwise noted.

For Sale:

Set of Firestone tires P225/50R17. Like new (2,000 miles) used on Chevy HHR. Also have set of MSR chrome wheels, (fits Chevy HHR, Malibu, Saturn, Pontiac) call Jim 760-3298 to negotiate \$.

Dahlia tubers: café au lait, cornel, cornel bronze, gitty up, hy suntan, snoho doris, rock run ashley, kenora lisa and more. Limited quantities, shipping available. Call Sherry at 308-4059 for complete list and pricing.

Two pair snowshoes (12"x60") never worn with bindings. For show or use. \$125 per pair. 368-0351.

15-gallon Gas Caddy, Roughneck Brand (like new \$200.) - used once, US and Canada approved. \$125. 586-2009.

Ruger Super Blackhawk 44 Mag 7 1/2 inch barrel. Nice condition \$475. May consider trades for other guns. Call 766-3038.

"Elite Billiards" solid oak 4' x 8' pool table, wine

colored cloth, excellent condition, asking \$1,400/obo. Call 760-8266 to view on face time or we can text or email photos.

Two-man, collapsible, portable fish house \$60. 835-7484.

Equator Super Combo EZ 4000 CV combo washer-dryer, on locking wheels, connects to sink and vented inside or out, 13 lb. cap. elec. 110V 60Hz 15A, 33.5 x 22. May be permanently installed to elec. and water source. Hardly used, reduced from \$750 to \$650/obo. 854-7428.

All items are new: boys Columbia jacket size 14/16 (\$105) for \$45; men's chap jacket size L \$35; Bandalino leather boots (high) brown size 8 (\$149) for \$50 and Emu winter boots size 8-black (\$199) asking \$85. Call 368-4973 leave message.

Solid oak pedestal dining room table with four chairs, excellent shape. Two doors: 36" w outside storm door, full glass, inside door, full glass, great shape. \$100 for both doors. 766-8781.

Books: "These Old Boots" by James O. Lowmaster. Life from farm to forest. Growing up during the Great Depression and World War II, Marine Corps Service and adventures as a professional forester on four different Indian Reservations. Two volumes, large print for \$45. Mailed \$52. 586-2492.

Reloading dies for 257 Roberts, 7x57 Mauser, 222 Remington, 22 Hornet, 7.62x54 Russian and 7.62x39 Russian. Have components and ammo for some of these calibers. 760-9183.

Western Pro 8-ft snow plow, Chevrolet mount, \$2,350. 4-5-6 inch block, crazy quilts: twin \$35, full \$40, queen \$50, king \$60. Antique oak rocker, \$65. Sewing machines, \$10 each. 243-2702.

Rocking chair, bamboo back, \$40; recliner, plaid, \$75; brown leather chair w/matching ottoman, \$100; Hoover Sprint vacuum, brush edge cleaning, \$35; wine cooler, 16 x 20, holds 8 bottles, \$50. 224-2483 AM's.

Massey Ferguson 275 diesel tractor w/ front-end loader, back blade, bucket and snow bucket and 3 bottom plow. Low hours, new batteries runs great! \$9,100/obo. 987-2699.

Heavy, sturdy table, 48" x 30", with nice wood veneer top, \$5. Pack-n-Play pen \$5. 751-7947.

Set of four used Goodyear Eagle LS2 tires P225/50 R18. \$200 for set of 4 tires. 368-4834.

1979 Le Baron auto transmission, \$100. 224-2307.

1992 Ford F-150, clean title, 111,000 miles, 6 cylinder, single cab, CD player, 4x4, lock-out hubs, has rust and might need some work. Need to sell, taking up room on property. \$1,500/obo. 444-9690, please leave message.

Wanted:

14.5 horse Briggs and Stratton vertical shaft engine 779-6837.

I am looking for a 16-18 foot boat and trailer, any condition. Also, any type of wire mesh fencing that someone would like to sell. Call or text Matt at 368-0737.

Someone for the growing season to control Buckthorn (IE: cutting and herbicide). Will supply equipment and herbicide, hourly wage, intermittent work. Call 751-0408, leave message.

Magazine (clip) for a Beretta 1951/Helwan 9mm pistol. Also interested in reasonable priced Beretta 92 9mm pistol. Power trim and tilt for a 1990-1999 Mercury or

Mariner outboard, 20hp-25hp. Call or text: 209-5413, leave message.

Looking for a 3-point type chisel plow, 6' to 10' wide, or an ATV type pull-behind rough cut mower. 586-2599.

Free:

Down trees to cut and haul, easy access, near a road. Call 243-2635.

Big book: "The Complete Works of Shakespeare." Heavy glass cake cover, can be used for a punch bowl. 751-7947.

Free firewood. Blow down in city of Bemidji. You cut, you haul. 763-587-1914 or 335-7838.

Large entertainment center. 224-2307.

BELTRAMI ELECTRIC'S INDOOR GARAGE SALE TO BENEFIT

United Way
of Bemidji Area



May 5, 2018!

Booth reservations for vendors will be open on Thursday, March 8, and will be accepted until all 91 booths have been filled. If interested, come in to our office at 4111 Technology Dr. NW in Bemidji and sign up or contact Cammie at 444-3675 or cvogel@beltramelectric.com.



The Beltrami Electric Cooperative office will be closed on Friday, March 30, in observance of Good Friday.

Notice to cogenerators

In compliance with Beltrami Electric Cooperative adopted rules relating to cogeneration and small power production, Beltrami Electric Cooperative is obligated to interconnect with and purchase electricity from cogenerators and small power producers whom satisfy the conditions as a qualifying facility. Beltrami Electric Cooperative is obligated to provide information free of charge to all interested members upon request regarding rate and interconnection requirements. All interconnections require an application and approval to become a qualifying facility. Any dispute over interconnections, sales and purchases are subject to resolution by Beltrami Electric Cooperative. Interested members should contact **Beltrami Electric Cooperative, 4111 Technology Dr NW, PO BOX 488, Bemidji, MN 56601** or call **218-444-2540**.

Children's Book Drive



Join Bemidji Community Theater in their quest to collect 3,000 new and slightly-used books to be given away free to any child who attends **The Elves and the Shoemaker** this spring.

Donations may be dropped off at Gallery North Art Gallery, 310-4th St., Bemidji, Mon.-Sat., 10 to 5.

ANNUAL MEETING NOTICE

The 78th annual meeting of the members of Beltrami Electric Cooperative, Inc., will be held at the Bemidji High School, 2900 Division Street West, in Bemidji, Minn., at 7 p.m. on Thursday, April 19, 2018, for the following purposes:

1. To pass upon reports covering the previous fiscal year;
2. To elect three (3) directors of the cooperative in accordance with the Bylaws, one each in Districts 3, 7 and 9, each for a three-year term;
3. To transact such other business as may come before the meeting.

*In order for the member corporation, etc., to nominate a representative to serve on the board of directors and participate in business matters, a form must be received by the secretary of Beltrami Electric Cooperative on or before the date of the members' meeting(s). To receive a copy of this form, please contact the co-op at **218-444-2540**.

Murl Nord, Secretary
Beltrami Electric Cooperative, Inc. – Board of Directors



Grant Application Deadline March 31, 2018

To be considered at the April 2018 meeting, grant applications must be received by March 31, 2018. Community organizations and groups may apply for an Operation Round Up grant by completing and returning an application form. Grant applications are available at the BEC office or by visiting our website at www.beltramielectric.com.

Board Meeting Highlights

Beltrami Electric's board of directors conducted its monthly meeting Wednesday, Jan. 31, 2018. A quorum was present.

The following reports were given:

- The board welcomed and congratulated Jeremy Seibel, manager of Information Technology and Lee Pemberton, line superintendent, on their new positions at the cooperative.
- CEO Echternach gave his monthly report, including energy sales, the new meter system installations, meetings attended, legislative issues and scheduled visits with local legislators. He also reported on employee retirements and promotions and a meter tampering issue.
- CEO Echternach presented updated revisions to the proposed bylaw amendments as recommended by the bylaw review committee and legal counsel.
- Sid Sletten reviewed December work orders and the Revenue Deferral Plan.
- CEO Echternach presented several required documents of the Rural Utilities Service, CoBank and Security Bank USA of Bemidji.
- CEO Echternach presented new Dispute Resolution Rules Policy 119 and revisions to BEC Financial Policy 201.
- CEO Echternach presented options for future rates for Beltrami Electric.
- Arlene Hogquist reported on banking transaction protections used at the cooperative.
- Sam Mason reported on Key Accounts of the cooperative and updated the board on the electric vehicle charging stations to be installed in our service territory.
- The board reviewed the annual cogeneration report and associated filings.
- President Coe appointed 2018 Minnkota and Square Butte voting delegates.
- Directors shared highlights of meetings attended on behalf of the cooperative and discussed upcoming meetings and educational conferences.

The following actions were taken:

- Approved the consent agenda and work order inventories.
- Approved updated revisions to the proposed bylaw amendments.
- Approved a rate increase effective with the April 2018 billing cycles.
- Approved revised BEC Financial Policy 201.
- Adopted new Dispute Resolution Rules Policy 119.
- Approved authorized employees to sign all required Rural Utilities Service, CoBank and Security Bank USA forms as necessary.

The next regular board meeting will be March 28, 2018.

Statement of Operations Year-to-date: December 2017

	December 2016	December 2017
Operating Revenue.....	\$ 52,010,349	\$ 52,445,472
Cost of Purchased Power.....	\$ 36,405,749	\$ 37,475,167
Other Operating Expenses.....	\$ 14,724,463	\$ 15,182,241
Total Cost.....	\$ 51,130,212	\$ 52,657,408
Operating Margin.....	\$ 880,137	\$ (211,936)
Interest Income.....	\$ 257,091	\$ 320,016
Other Margins.....	\$ 373,988	\$ 381,397
Total Margins.....	\$ 1,511,216	\$ 489,477
*kWh Purchased.....	486,896,269	496,513,017
*kWh Sold.....	465,406,311	482,756,764
Meters Billed.....	20,887	21,014

*Includes wholesale accounts

SYSTEMWIDE METER UPGRADE CONTINUES

Installing new meters to help serve you better

Work continues on our system-wide meter upgrade project, and to-date, we have completed 27,000 meter replacements. As we have been communicating over the past year, our existing metering system was installed in the mid-1990s and has reached its end-of-life, and the manufacturer is no longer supporting this older equipment. We estimate this project will be completed by May 1, 2018.

BEC contracted with a third party metering group, Allegiant Utility Services, to assist in completing the remaining meter exchanges. Allegiant Utility Services' vehicles have signage designating that they are a contractor for Beltrami Electric Cooperative. The contractors from Allegiant Utility Services wear an ID badge with their name and



photo and upon arriving at a member's location, will door knock to let the member know why they are there. If they don't receive an answer, they will leave a door tag notifying the member of their visit.

The impact of the installation is minimal. Co-op members can expect to lose power for a few minutes on the day of installation. You may need to reset your electronic devices, such as digital clocks. In addition, the next bill will show two meter readings: one from the old meter and one from the new meter.

Technology has changed a lot in 20-plus years, when we installed our previous metering system. These new meters will improve reliability and give you more tools and opportunities to manage and save energy.





Beltrami Electric Cooperative Inc.

® Your Touchstone Energy® Cooperative 

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Bemidji, MN 56619-0488
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Safety and educational OUTREACH



Beltrami Electric Cooperative conducts a number of school learning programs throughout our service area every year. From career fairs to electric safety demonstrations, we believe a strong presence in our local schools strengthens our communities and brings leadership to future generations.

Jay Declusin and Ron Komulainen presented to 4th graders at Lincoln School in January about general electrical safety. Using an electrified educational display, Jay and Ron demonstrated the potential dangers of electricity. Students learned what to do if the vehicle they are in comes in contact with a power line. They also learned the importance of being aware of their surroundings while outside, including looking up for overhead power lines.



Student Nicolas Settle tries on some lineman safety gear.



Student Miikawaadizi Novak is all smiles as she shows a safety hardhat and the insulated rubber gloves and sleeves that lineman wear to protect themselves when working around electricity.



Student Austin Riewer dressed up to simulate what lineman will typically wear to work outdoors during the winter months.