



Connections



Some members are left out to dry when comes to collecting capital credits...

Help us find them!



Key 2012 co-op issues



Each year legislative issues affect electric cooperatives. 2012 is no different. As cooperative member-owners, we want to keep you informed on state and federal legislation that may affect your electric bill.

Net Metering/Distributed Generation

Co-ops will push for a change to the state's net metering laws, which involve rates and sizes for customer wind or solar projects added to the co-op's distribution lines. The Minnesota Rural Electric Association (MREA) is currently working with cooperatives across the state to put together a unified approach to any proposed changes to net metering.

Regulatory Reform

Over the past decade, the size and scope of regulatory reporting in Minnesota has increased significantly for utilities. Representatives from wholesale power suppliers and MREA have already met with key legislators, staff in the Minnesota House and Senate, the Division of Energy Resources (DER) and the Minnesota Public Utilities Commission about streamlining the process that utilities analyze an optimal mix of supply-side resources and demand-side — *Continued on Page 7*

Some co-op members are unable to reap the rewards of co-op patronage — capital credits. They moved off our system without leaving forwarding addresses. Help these lost members find their money. (See Pages 2-3).

It is important that your electric co-op locate these missing members. Since we no longer have their current address, their capital credits check was returned — address unknown. If you know the location for any of these members, call or e-mail the appropriate co-op.

Unclaimed capital credits checks are donated to a tax-exempt organization. Brown County REA and Federated Rural Electric give unclaimed capital credits to their Operation Round Up program. Brown's Round Up Trust Board donates to programs that benefit their rural residents and local communities. Federated's Round Up Trust Board awards high school scholarships. South Central Electric donates funds to local fire departments and rescue squads. ♻️



Connecting our co-ops & members to a progressive future



Inside this issue:

- Employees' years of service awards...Page 4
- Power plant road trip July 10-12...Page 5



Help lost members pluck the 'tree'-mendous fruit of co-op membership!



Help us make sure missing members receive their cash from the co-op money tree; provide us a current address so we can mail their capital credits check.

- Lucan Feed Services Omaha, NE
- Marcy, Richard Windom
- Metteer, Deyonne Elmore
- MN Affordable, c/o Ann
- McGregor Mankato
- Morrical, Ray Jefferson, SD
- Pierson, Daniel Welcome
- Powers, Terry Jefferson, IA
- Quesnel, Michael Prior Lake
- Remme, Jerry Jackson
- Rosenberg, Louis Mrs. Fairmont
- Sandgren, Dawn Glenwood
- Schindler, Lane Lakefield
- Schmidt, Hilda E. Lakefield
- Schlauch, Harry Inver Grove Heights
- Schubert, Randy Estherville, IA
- Sievert, Frederick & Ruby Heron Lake
- Smith, Corey Cloquet
- Thompson, Timothy & Debra, Welcome
- Torbenson, Cindy Armstrong, IA
- Vandeweerd, Harold Alton, IA
- Vogle, Don Fairmont

Former Federated

members: Call 847-3520, 728-8366 or 1-800-321-3520; ask for Nina or e-mail billing@federatedrea.coop.

- Danielson, Stephen Mankato
- Dorschner, Leona Trimont
- Drayfahl, Allyn Truman
- FFF Inc. Fairmont
- Flatebo, Craig Worthington
- Fodness, Clint Spirit Lake, IA
- Garber, Theresa Jackson
- Gatton, Peggy Fairmont
- Hannay, James Estherville, IA
- Hanson, Selmer B. Windom
- Hernandez, Frank Meade, KS
- Hoel, Cynthia Jackson
- Hoel, Rod Jackson
- Hunt, Geraldine, c/o Roger Peterson Jackson
- Hurley, Archie Mrs. Round Lake
- Hulbert, Rob Fairmont
- James, Melissa Windom
- Jensen, Tait Jeffers
- Kielty, Pat Jackson
- King, Gloria St. Paul
- Lillie, Charles Storm Lake, IA
- Loebertmann Helen & Jim Sadlowsky Cokota

Former South Central

members: Call 375-3164, 628-5571 or 1-888-805-7232; ask for Betty or e-mail bjohnson@southcentralelectric.com.

- Anderson, Bradley A. Walnut Grove
- Adams, Jeff Butterfield
- Albrecht, Walter Windom
- Barker, Tom Sioux Falls, SD
- Bartsch, Norma Arcadia, WI
- Bender, Scott Butterfield
- Bertrand, Bill Rochester
- Bramstedt, LuAnn Windom
- Bray, Edna Comfrey
- Bridges, Darwin Frisco, TX
- Eberhardt, Joel Tyler
- Enstad, Lloyd Westbrook
- Ewert, Frieda Mountain Lake
- Fast, Henry J Windom
- Fisch, Darla Northrop
- Fischer, Marc Jackson



These members got cut off from our financial records!

Flatebo, Gene	Windom	Schafer, Jonathan	Sherburn	Giudice, John	Stacy
Giersdorf, Kristine	Villard	Schmitz, Sharon K.	Buffalo	Gonzales, Jesus	Hanska
Gronewald, Jody	Madelia	Schulz, James	Westbrook	Green, Benhard A.	Iona
Halverson, Jeffrey P	Madelia	Schwartz, David J.	Stillwater	Hall, Ted J.	Maple Shade, NJ
Hansen, Marie	Windom	Shimanski, Dr. D. H.	LeSueur	Hammerschmidt, Thomas J.	New Ulm
Honnette, Michael	Dunnell	Stevens, Kevin	Windom	Henrichs, Steven L.	Fairfax
Hoppe, Scott	Alpha	Stillo, David	Lamberton	Hooper, Christopher	New Ulm
Jensen, Warren	New Hope	Stone, Janet	Rolling Hills Est, CA	Hosfield, Paul J.	New Ulm
King, Arnold	Heron Lake	Sutherland, Bob	Windom	Huhn, Albert & John	New Ulm
Knutsen, Craig	Jackson	Unruh, Jason	Hutchinson	Kostecky, Anthony	Gretna, LA
Kopka, Kevin	Northrop	Voshage, Gene	Monument, CO	Lieder, Glen W.	Mora
Kronbach, Duane	Lamberton	Waterbury, Lynne	Las Vegas, NV	Lindemann, Peggy	Little Falls
Kruse, Gary	Windom	Wetter, Scott	Riverside, CA	Maenner Relocation Inc.	Omaha, NE
Kuehl, Arlene	Apple Valley	Whelan, Daniel	Alden	Melges, Corinne	Winthrop
Kuehl, Jay	Windom	Wilson, Marie K.	Sanborn	Miller, Dean	Redwood Falls
Larson, Mark	Anchorage, AK			Morre, Terry A.	New Ulm
Lawrence, Sandy	St. Paul			Murphy, Robert E.	Stewart
Lee, Beulah	Lake Crystal			Neubauer, Vincent T.	Mankato
Lohmeyer, Brent	Sioux Falls, SD			Olson, Allen E.	New Ulm
Mattsen, Daniel	Trimont			Olson, Kent B.	Dryden, NJ
McLeod, Patrick	Madelia			Pavelek, George	Glencoe
McWilliams, Denise	Canyon, TX			Peterson, Diane M.	Winnebago
Miller, Brenda	Windom			Peterson, Roland A.	Winthrop
Miller, Raymond P.	Mt. Top, PA			Reighard, Paulette	Eldora, IA
Montemurno, Michael	Independence, IA			Richter, Anne M.	New Ulm
Olson, Kurt	Sherburn			Robertson, Richard L.	Leadville, CO
Ostrowski, Ted	Sherburn			Schottle, Harold F.	Comfrey
Ottomoeller, Paul	Truman			Smith, Robert L.	Lakeville
Perrine, Victor	Welcome			Spicer, Debbie L.	New Ulm
Piotter, Gaelan	Marshall			Stage, David S.	Granite Falls
Posivio, Kayleen	St. James			Steffen, Orpha	Gibbon
Pritchett, Herbert	Mountain Lake			Stolt, Gerald H.	Lindstrom
Ramsey, Michael	Mountain Lake			Sullivan, JoAnn	Maywood, CA
Reiner, Robbie	Mountain Lake			Vanderveur, Frank A.	Alexandria
Rinderle, Rita	Versailles, OH			Vee, Ordell	Madelia
Saddoris, Jim	Viola, IL			Wellman, Robert	North Mankato
				Wenisch, Bernard	Springfield
				Werner, Kenneth A.	Altamonte Springs, FL
				Williams, Edward C.	Hanska
				Zieske, Wade E.	New Ulm

Former Brown County

members: Call 794-3331 or
1-800-658-2368. Otherwise, e-mail
bcrea@browncountyrea.coop

Ackerson, Stewart L.	Fargo, ND
Albrecht, George H.	New Ulm
Almer, Milton	Springfield
Anderson, Duane R.	Dunnell
Anderson, Gerald	Springfield
Anderson, Kyle L.	Rochester
Bartol, David H.	Pine River
Bengtson, Dr. John	Dassel
Carmichael, Terry	Rowlett, TX
Dauer, Clarence	New Ulm
Ebert, Curtis	New Ulm
Eckstein, Alvin	New Ulm
Elias, Kenneth L.	Racine, WI
Gieseke, Jeffrey L.	Mankato

The definition of capital credits:



As a member-owner, you have a share in the earnings of your not-for-profit electric cooperative. Your co-op's rates are set to bring in enough money to pay operating costs, make loan payments and provide an emergency reserve. Revenues in excess of the cost of doing business are returned to members as capital credits. The co-op holds onto these capital credits for a period of years, according to policy, before returning them to you, the member-owners. The reason your co-op holds onto these monies is because your co-op is a very capital-intensive business. It needs to invest a lot of money in substations, transformers, poles, wire, etc. This investment allows your cooperative to provide reliable electricity to you, our member-owners. 🗣️



Federated Focus

2011 capital credits allocation

One of the benefits of being a cooperative member is that you share in the “profits” or margins of a cooperative. These margins are listed as “capital credits assigned” and will be paid in the future, based on the Board of Directors’ approval and the co-op’s financial condition.

This year you will NOT receive a separate mailing with this information. Instead, it will be printed on the electric bills mailed February 28. Members with multiple locations will show data on each individual location. Your share of 2011 margins are based upon your patronage or electricity use throughout the calendar year.

Round Up forms due Feb. 24



Know of an organization, fire department or ambulance squad in need of funding for equipment or educational program? Encourage them to apply for Operation Round Up; applications are due February 24 and can be found on our website or call Federated at 847-3520, 728-8366 or 1-800-321-3520; ask for Andrea. Recipients will be announced in April, along with the 2012 Operation Round Up high school scholarship details.

Building or expanding in 2012?



Are you adding or expanding hog barns, a heated shop or grain bin(s)/dryer this year? Building or remodeling your house? Let Federated know about your plans so your electric service is properly sized and can be added to Federated’s work plans; ask for Joe or Jerald. 🍷

95 years of Federated service recognized at recent banquet



Employment anniversaries were recognized at the recent Federated banquet. The spouses are seated and the employees are standing behind them: JoAnn and Jerald Hagen; Laura and Chris Borchardt; and Lori and Kyle Koerselman. These employees pictured here are based at the co-op’s Welcome warehouse. Not pictured: Brian Anderson, T.J. Bechhold and Glenn Dicks. Congratulations!

Federated recognized last month the 2011 years of service anniversaries at the recognition banquet for the following employees and director:

Jerald Hagen	Assistant Operations Manager	45 years
Brian Anderson	Warehouseman	25 years
Chris Borchardt	Journeyman Lineman	10 years
Kyle Koerselman	Journeyman Lineman	5 years
T.J. Bechhold	Journeyman Lineman	5 years
Glenn Dicks	Director	5 years

We extend a special congratulations to Jerald Hagen for having the most years of service at Federated — 45 years! 🍷

Cogeneration notice posted



Federated is obligated by state and federal law to interconnect with and purchase electricity from cogenerators and power producers. Federated will provide upon request a copy of the “Plan for Compliance” that discusses: rates; terms and conditions of interconnections; technical requirements; a sample contract containing the applicable terms and conditions; and pertinent rate schedules.

Disputes over interconnection, sales and purchases are resolved by the Minnesota Public Utilities Commission. If interested, call Federated; ask for Jon Beckman or use info@federatedrea.coop. 🍷

Join us on a road trip to the power plant July 10-12

Leave the driving and trip details to us. Join us on a mini-vacation to Bismarck, North Dakota!

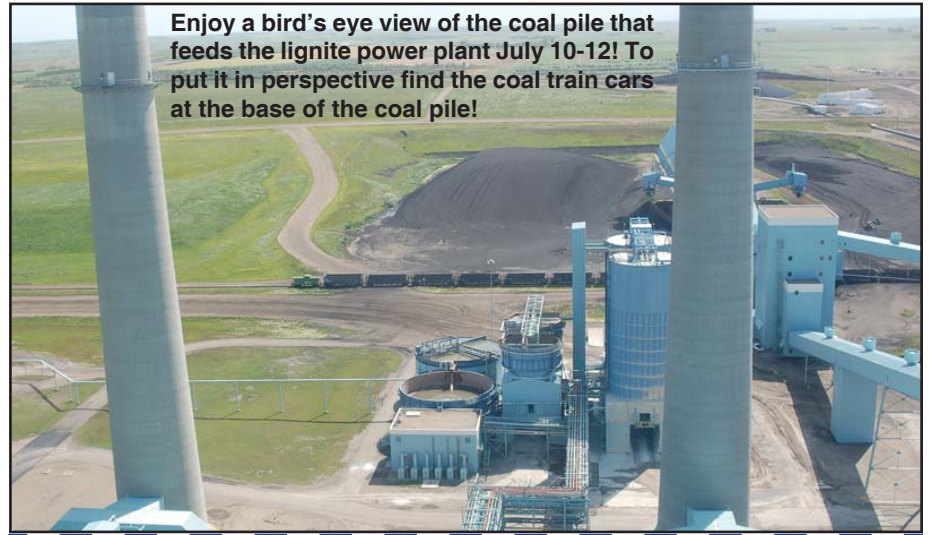
Federated has 20 seats to fill on the Basin power plant tour July 10-12. You will tour a lignite mine, power plant, coal gasification plant that converts coal into natural gas and the Oahe Dam.

Sit back and relax July 10; watch movies, sleep, read a book and play games on the way to North Dakota. Enjoy the air conditioned charter bus with plenty of pit stops for bathroom breaks and free snacks! Enjoy a muffin breakfast, plus lunch and dinner are included. Pack a swimming suit if you want to soak in the Best Western Ramkota Hotel's pool or whirlpool.

Tour day (July 11) is a "power-filled" day as you visit the mine, power plant and coal gasification plant. That evening the group heads to Fort Abraham Lincoln State Park for a picnic meal and tour the historic buildings, including the Custer home and earth lodges. All meals on the second day are included.

July 12 we head for home after a buffet breakfast at the hotel. The first stop involves the North Dakota Heritage Museum with lunch at Pizza Ranch in Jamestown.

If you have never gone on one of Federated's power plant tours, sign up this year! A lot of walking and steps are involved. A Federated member pays \$138 for one person or \$220 for a Federated couple. This includes your hotel, bus, meals, snacks and historic sites. Sign up today!



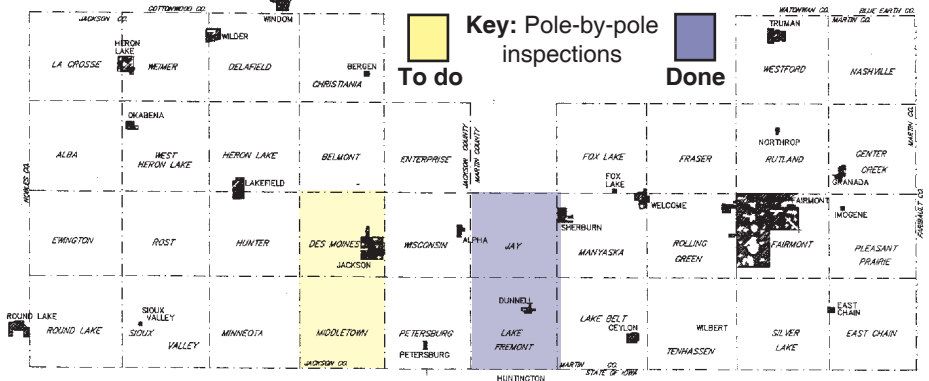
Basin July 10-12 Tour Sign Up

Name(s) _____
 Address _____
 City/state/zip _____
 Phone number _____

Circle: Smoking or nonsmoking room?
 Pay: \$138/person or \$220/couple

Mail to Federated Rural Electric,
 ATTN: Andrea, PO Box 69, Jackson MN
 56143-0069. Otherwise, call Federated;
 ask for Andrea to pay with a credit card.

Line crews hit the road for line patrol



Why is that Federated truck driving so slow?

Federated's line crews are doing the annual line patrol this winter on all of its power lines. They visually inspect all power lines looking for minor problems before they become big problems and cause an outage. At the same time they are verifying the readings on all meters so you may see a Federated truck drive up to the meter and then leave.

Pole-by-pole inspections

Other townships undergo pole-by-pole inspections where poles are struck with a hammer to test if it's sound or rotten. Inspections are planned in these townships: Des Moines and Middletown (yellow on the above map). Last month crews finished pole-by-pole inspections in Jay and Lake Fremont Townships (blue on the map above).



Notice:
 Energy Star
 appliance
 rebates are
 likely changing

March 1st. Watch for details next month before buying.

Teachers: further your education!

Teachers participating in a special lignite course can earn two free credits! The Lignite Energy Council of Bismarck, North Dakota is sponsoring a seminar titled 2012 Lignite Teacher Education Seminar at Bismarck State College, Bismarck, North Dakota, on June 18-21.

The seminar provides teachers with a broader understanding of the lignite coal industry and the important role it plays in providing electricity to consumers, farmers and businesses in North Dakota, Minnesota, South Dakota and Montana. The seminar includes discussions on how lignite coal is mined, the economic impact of the industry on the region and a tour of a mine, power plant and the Great Plains Synfuels Plant.

The Lignite Energy Council is offering the seminar for the 27th year due to the overwhelmingly positive



Touring a lignite dragline is one of the highlights of the teacher seminar.

response that it has received from past participants.

The seminar is held in cooperation with Bismarck State College, the Center for Economic Education at the University of North Dakota, North Dakota State University and Minot State

University. Each teacher can earn two free semester graduate credits (Economics through UND; Education through NDSU and Science through MSU) by completing the seminar requirements.

Great River Energy, your cooperative's wholesale power supplier, is going to sponsor teachers to this seminar by paying their registration fee and assisting them with transportation.

Teachers from all grade levels are eligible for the program. Deadline for applying is April 13. Go to www.lignite.com to register.

Teachers selected to attend the seminar will be required to send in a \$60 deposit, which will be returned to them when checking in on the first day of the seminar on June 18.

If you have questions, contact Renee Walz at 1-800-932-7117 or renewalz@lignite.com.

Principles provide co-op foundation

Editor's note: the strength of any structure, physical or social, is often dependent on a firm foundation. Buildings are anchored in concrete. Relationships are built on trust. Democracy is based on the freedom and rights of the individual. Your cooperative is no different. Its foundation of service is based on the seven cooperative principles. For the next several months, each principle will be featured, starting with Members' Economic Participation.

Electric bill payments by co-op member go to the cooperative's operation — not profits. Furthermore, the money is democratically controlled by the members. At least part of that capital is usually the common property of the cooperative. Members receive limited compensation in the form of capital credits as a condition of membership. Members allocate surpluses for any or all of the following purposes: develop-



Members line up to receive their capital credits checks at a co-op annual meeting. Members' economic participation is one of the seven cooperative principles.

ing the cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefitting members in

proportion to their transactions with the cooperative; and supporting other activities approved by the membership.



Fishing around for super supper ideas? Go with salmon!

Share with us your salmon recipes, whether it's from a can, frozen or fresh. Mail your recipe by February 24 to: Editor, Federated Rural Electric, PO Box 69, Jackson MN 56143-0069 or e-mail to christoffer@federatedrea.coop. Otherwise, drop it off at your local electric co-op. Add your name and phone number. Thanks for sharing! 🍷

2012 legislative outlook

— Continued from Page 1

management to meet electricity distribution needs. Co-ops are in the process of putting together a proposal to bring to the DER.

Conservation Improvement Program (CIP)

With state reforms enacted last session, large industrial and commercial loads can opt out of CIP, a program for improving energy efficiency each year. This reform is having a big impact for a number of smaller co-ops, reducing their CIP goals (and costs) by up to 50 percent. The other key reform was the opportunity for wholesale power suppliers to request a reduction in the goal from the DER. So far, no wholesale power supplier has requested a reduction and most finished 2011 by meeting or exceeding the 1.5 percent goal.

Other state legislative issues

- North Dakota filed a lawsuit against Minnesota to overturn the prohibition against the import of any new coal-based generation without carbon offsets.

- Iowa is pushing to pass legislation modeled on stray voltage standards in Idaho and Wisconsin. MREA is monitoring cases currently in Minnesota courts and will base future action on their outcomes.

- Wisconsin allows large hydroelectric resources to count in its Renewable Energy Standard, which is a requirement that a certain amount of their electricity is from a renewable source. A similar push is likely in Minnesota.

- Eliminating the expiration date on Renewable Energy Credits or Green Tags on wind projects.

Federal legislative issues

The yearly 2013 budget battle sets the overall spending levels for the annual appropriations bills, including the Agriculture Appropriations bill; it funds the Rural Utilities Services (RUS) electric loan program, available to your local co-op. The National Rural Electric Cooperative Association (NRECA) will work to maintain the RUS program without restrictions imposed through budget or appropriations efforts.

- NRECA is working to pass legislation that will prevent the Environmental Protection Agency (EPA) regulation of coal ash as a hazardous material. While it will be a challenge to pass any environmental legislation in the remainder of this session, this is likely the only piece of environmental legislation that could receive the bipartisan support to be enacted into law.

- A number of the energy tax incentives expired at the end of 2011. NRECA will work to see that if energy tax incentives are authorized for renewable generation, electric cooperatives are treated fairly.

- While expectations for major legislation changes in 2012 are modest, NRECA's Government Relations Department will be busy advocating for electric cooperatives' priorities every day. 🍷



Eight-Minute Cheese Cake by Laura Greiner, Truman

8 oz. pkg. cream cheese, softened
1/3 c. sugar
1 c. sour cream (8 oz.)
2 tsp. vanilla
8 oz. Cool Whip, thawed
1 graham cracker pie crust
Fresh strawberries for garnish, optional
Beat the cheese until smooth; gradually beat in the sugar. Blend in the sour cream and vanilla. Fold in the Cool Whip, blending well. Spoon into the crust. Chill until set — at least four hours. Garnish with berries if desired. 🍷

Call before digging



1-800-252-1166

Contact Gopher State One Call (GSOC) before doing any digging more than 12-inches deep — 48 hours before digging for foundations, trees, tiling and more. You can also register on the website at www.gopherstateonecall.org. This gives utilities time to mark their underground lines up to your meter so you are safe! Then contact a licensed electrician to locate the underground lines on your side of the meter. 🍷



Manager's Message

Drop me a line

Do you have a question you have always wanted answered? Maybe you have a suggestion on how we could serve you better? Drop me a note with your payment. I promise to answer you personally and review all of your suggestions. After all, if we can do a better job, we surely want to. **Automatic meter reading (AMR) project is a total success**

During 2011 we completed our AMR installations, eliminating the need for you to read your meter. I want to inform you that the project exceeded our expectations and was within budget. We have less than 75 Dual Heat meters left to change out; call us to schedule your meter change out appointment.

This system now monitors each service 24-hours a day. The system allows us to view items like low voltage, high voltage and excessive heating due to loading and flickering lights. AMR will give you better service and help us respond to issues sooner. Thanks for your questions and helping us carry out our mission of reliable, dependable and affordable electricity. 🌱

HEARTLAND SECURITY SYSTEMS

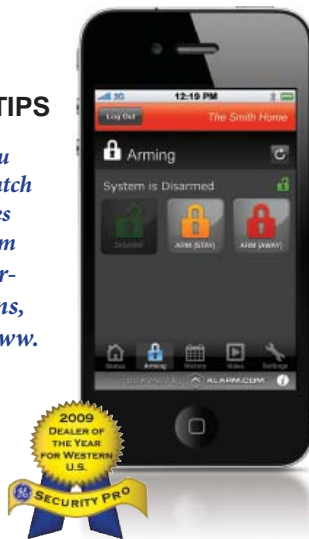
Heartland Security Services Goes Interactive

SECURITY AVAILABLE AT YOUR FINGERTIPS

No matter where you are, Heartland Security keeps you close to home. View system status, monitor activity, watch live video, arm or disarm your system, set up user codes and even control your lights and thermostats — all from easy-to-use web and mobile interfaces. For more information on the Interactive Home Security Solutions, or to watch an interactive demonstration, visit www.heartlandss.com.



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Jon Saxen — 764-3771
Darvin Voss — 662-6679

The Board of Directors generally meets the last business day of the month at 9 a.m. at the Jackson office. Regular board meetings are open to the membership. Members interested in discussing business items should contact the general manager or president three days before the meeting.

Board meeting highlights

Federated Rural Electric's Board of Directors met January 31. All directors were present.

They acted on these board items:

- Approved prices for the 2012 Basin tour for co-op members. See Page 5.
- Reviewed the 2011 survey results presentation that compared local Federated members' rankings with several other Minnesota co-ops' rankings.
- Passed quarterly inventory adjustments.
- Reviewed the direction for after-hours dispatching on outages with the co-op's new outage management system.
- Approved the 2012 director's budget.
- Approved collateral on the AGCO USDA economic development loan.
- Accepted USDA's Borrower Statistical Profile on the cooperative.
- Updated on Heron Lake BioEnergy's substation.
- Informed about subsidiary dividends to the cooperative. 🌱

