



welcome
—HOME—

ANNUAL MEETING 2024

2024
ANNUAL REPORT





WELCOME!

In this annual report booklet you will find facts and figures about your cooperative along with updates and reports regarding 2023. We thank you for being an active and engaged Mille Lacs Energy Cooperative member.

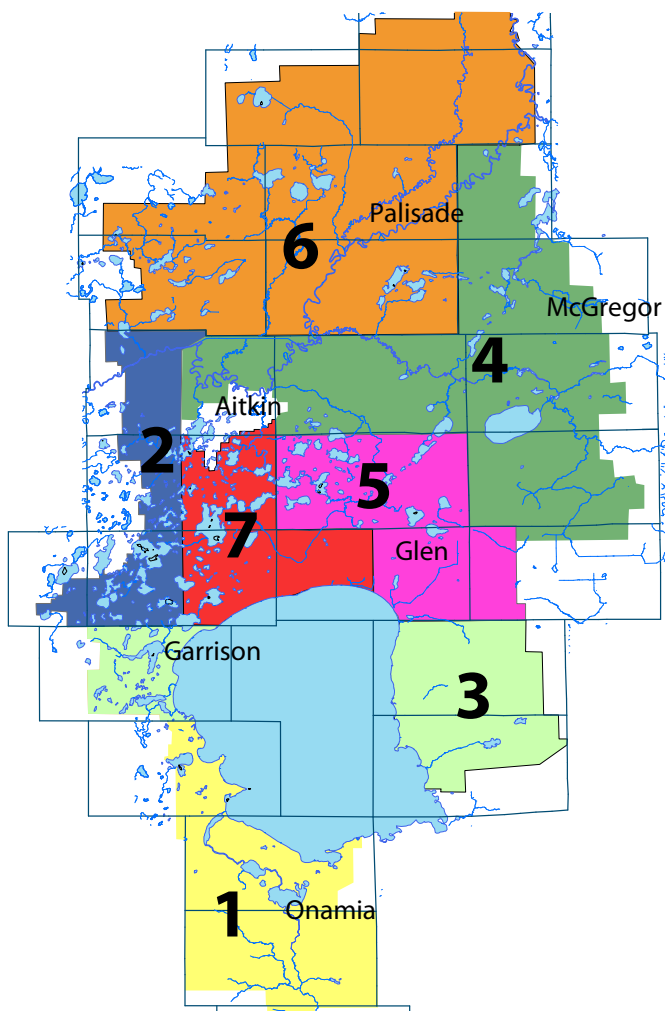
MISSION

To responsibly provide reliable, competitively-priced energy, services, and products to meet the needs of our members and customers.

VISION

Enhancing the quality of life throughout our communities.

OUR SERVICE AREA



MLEC AT A GLANCE

1939
FOUNDED



6.8
MEMBERS PER
MILE OF LINE

13,601 MEMBER
OWNERS

10
SUBSTATIONS



2,008
MILES OF LINE
*1191 Overhead
817 Underground*



3 COUNTIES SERVED
AITKIN, MILLE LACS, CROW WING



46
DEDICATED
EMPLOYEES



7 MEMBER-ELECTED
DIRECTORS

Lifetime Capital
Credit Refunds
\$22
MILLION

MLEC BOARD OF DIRECTORS



Mark Anderson

District 1



Carol Pundt

District 2



Harold Harms

District 3

Board President



Aileen DeMenge

District 4

Secretary/Treasurer



Don Appel

District 5



Bruce Robinson

District 6

Asst. Secretary/Treasurer



Michael Reem

District 7

Vice-President

GOVERNANCE BY MEMBERS

Mille Lacs Energy Cooperative is a democratically controlled business. It is governed by local people that are elected by you and your fellow cooperative members. With members in charge, you can feel confident that board decisions are made in the best interest of you and your community.

THANK YOU, DON APPEL

The MLEC Board of Directors and staff would like to extend a "thank you" to Don Appel for his dedication and service over the past 12 years.



7 COOPERATIVE PRINCIPLES

1. Open and Voluntary Membership
2. Democratic Member Control
3. Members' Economic Participation
4. Autonomy and Independence
5. Education, Training and Information
6. Cooperation Among Cooperatives
7. Concern for Community

DIRECTOR CANDIDATES

TIFFANY GUSTIN - *District 5*



Education: Masters in Business Administration, Bachelors in Business Administration: Finance and MIS concentrations

Employment: Minnesota School Boards Association

Community Involvement: South Aitkin First Responder, Dam Lake Sportsman's Club, Central Minnesota Cattlemen's Association, St. Thomas Cemetery Board

I am a member of the 4th generation of my family to live in Aitkin. In my lifetime, our community has changed in many ways; however, the community remains vital because we have responded to those changes. The Aitkin area has much to be proud of, including its energy cooperative, but we must look outside of our community for support as well. My involvement in legislative advocacy has been a valuable experience. The needs and challenges of rural Minnesota differ from those in metropolitan areas. It is important for rural areas to advocate for state and federal funding to improve the infrastructure needed to support growth.

My education and experience with finance, human resources, board development and training, as well as involvement in community organizations has allowed me to work with people in a wide variety of settings. I try to improve the status quo. I set high goals, and I continually strive to meet and exceed them. I love to learn and take on new challenges. I am confident I could leverage my knowledge and experience to represent District 5 on the Mille Lacs Energy Cooperative Board of Directors. It would be an honor to have your support.

PATRICK MURPHY - *District 5*



Education: MBA Degree New York Institute of Technology, BA Degree Metropolitan State University. – MN Business Marketing International and MN Labor Relations, AA Degree Inver Hills College – Sales and Marketing.

Employment: Northwest Airlines, Manager MSP Airport HUB Operations (23 years), Key management positions held at: RC Cola, Pepsi Cola, Champion Airlines, Thomson Reuters Prometric, DirecTV, Manna Freight, Canadian Pacific Intermodal, and recently retired Vice President Operations and Recruiting at Raveill Trucking (McGregor, MN)

Community Involvement: Pres. of Aitkin Co. Lakes and Rivers Assoc., Board Chair-Growth Innovations Aitkin, VP-Dam Lake Sportsmen Club, Advisory Board-MN Lakes and Rivers, Board-Mille Lacs Watershed Management, Board-NWLT Coalition of Lakes Associations, Board-Long Lake Conservation, Board-Aitkin CO. Water Planning and AIS, Board-Long Lake Assoc. (Glen, MN)

As a former Legislative Lobbyist for the Machinists Union at Northwest Airlines and a 35 year Mille Lacs Energy Coop member I understand the importance of representing the interests and concerns of fellow members. Serving on the Mille Lacs Energy Coop Board of Directors presents a unique opportunity to contribute to our community by ensuring reliable and affordable electric services. As a Coop Director I am committed to community service, sustainable energy, fiscal responsibility, technological innovation, and member

representation. I am enthusiastic about the opportunity to contribute to the cooperative's mission and to work collaboratively with the Mille Lacs Energy team to achieve our Coop's common goals. I am eager to advocate for and implement strategies that promote environmentally friendly practices. This could involve exploring renewable energy options, improving energy efficiency, and ensuring our Coop remains at the forefront of sustainable energy innovation.

PRESIDENT'S REPORT

As you read this newsletter, the move to our new headquarters will be complete. This move has been discussed in the boardroom for the last ten years, culminating in last year's decision to find a suitable building site and enter into a construction agreement. A significant factor in this decision was the loss of access entries and land along Highway 169 due to the Minnesota Department of Transportation road expansion. The new facility's design was a collaboration between all employees, managers, and the design firm. The result is a state-of-the-art facility equipped with the latest technology designed to meet the needs of a growing electric cooperative. This move will improve response times for outages and maintenance and enhance our ability to serve you efficiently for many years to come. To celebrate this accomplishment, we will hold an open house in conjunction with our annual meeting in September.

2023 continued our fiber installation as we applied for and obtained federal and state broadband grants. We currently have over 300 miles of fiber installed, with over 2000 subscribers. Our overall take rate (number of contracts received divided by the number of potential passings) is 60%, with rates over 70% in some of the first areas we installed. This area of our business continues to grow as we offer a much-needed service to our members.

Right-of-way maintenance continues to be a high priority for our line crews. We have completed clearing 1,962 miles of line and have started a 5-year rotation plan to maintain all of our lines. Consistent vegetation maintenance has resulted in fewer outages and a faster response time to clear outages when they occur.

Our investment in the Advanced Metering Infrastructure (AMI) continues to produce efficiency savings. 2023 had \$251,674 in efficiency savings based on a typical call-out. With AMI, we can confirm if an outage called in by a member is in our equipment or behind the meter without rolling a truck to the member's premises. We also have a Peak Alert (Conserve for Cash) pilot

program underway for the summer months. This pilot program is designed to reduce energy consumption by alerting members of a peak usage event. It encourages them to reduce air conditioning, clothes drying, and other high-energy usage during the event. We are also evaluating the data collected for other potential programs we may offer in the future.

Our 2023 financials were strong, even with the building expenses. Supply chain costs and inflation continue to put pressure on our financials but have subsided. We continue to monitor all costs closely to operate as efficiently and cost-effectively as possible while still providing reliable service.

In summary, the state of your cooperative is strong. While building a new facility for the future, we maintained our financial metrics and returned capital credits. With a dedicated group of employees, a strong management team, and an engaged board of directors, we are weathering the challenges experienced every day and continuing to provide the service expected by you, our member-owners. Welcome to our Open House and Annual Meeting event! We're glad you're here!



Harold Harms
Board President

Harold Harms



CEO'S REPORT

Looking back on the last two years, our MLEC staff has been doing two jobs. Their top priority has been to serve you, our members, and to keep the lights on. In addition, they have been working to ensure that we moved into our new facility ahead of schedule and under budget. It was not an easy task, but once again, my team amazed me.

As we settle into our new space, I want to take a moment to breathe and think about the project milestones: purchasing the land, choosing our vendor partners, planning construction, building the structure, finishing touches, and moving in. While each step presented unique challenges, we finally made it! I want to thank the MLEC staff for their hard work, dedication, and positive attitudes during this adventure.

While it seems a little late to be looking back on our 2023 accomplishments, it is stunning to think of all we did. In addition to all the work on the building project, our team was able to complete our new Automated Metering Infrastructure (AMI) and load control receiver installation project. In 2023, we calculated \$264,581 in efficiency savings utilizing this new system. We distributed three economic development loans to local businesses to help support economic growth and prosperity in our region. We completed the first cycle of Right-of-Way reclamation, helping to reduce outage restoration time and cost. We also returned \$570,160 back to you, our members, in the form of capital credits; and, donated \$22,560 to area schools from unclaimed property.

We took advantage of the last of the extremely low interest borrowing and practiced prudent fiscal management. As a result, we ended 2023 with Operating Margins of nearly \$500,000 favorable to budget. We had a Rural Utilities Service

(RUS) Field Audit that resulted in a near-perfect score from our largest lender. We added 185 new customers to our expanding MLEC fiber business and received additional grant dollars to continue growing our fiber Internet network. Finally, we were able to close out 2022 with another clean financial audit. All in all, a great year.

As I indicated last month, your MLEC staff looks forward to the challenges and opportunities that lie ahead as we prepare for another strategic planning session. For 2025 and beyond, we want to reassure you that we are committed to providing you with the same great service you have come to expect from our electric cooperative. We will do everything in our power to keep your electric rates stable, ensuring your confidence in our services.



Sarah Cron
CEO

A handwritten signature in black ink, appearing to read 'Sm', located below the printed name and title.



FINANCIAL REPORT

How Are We Doing?

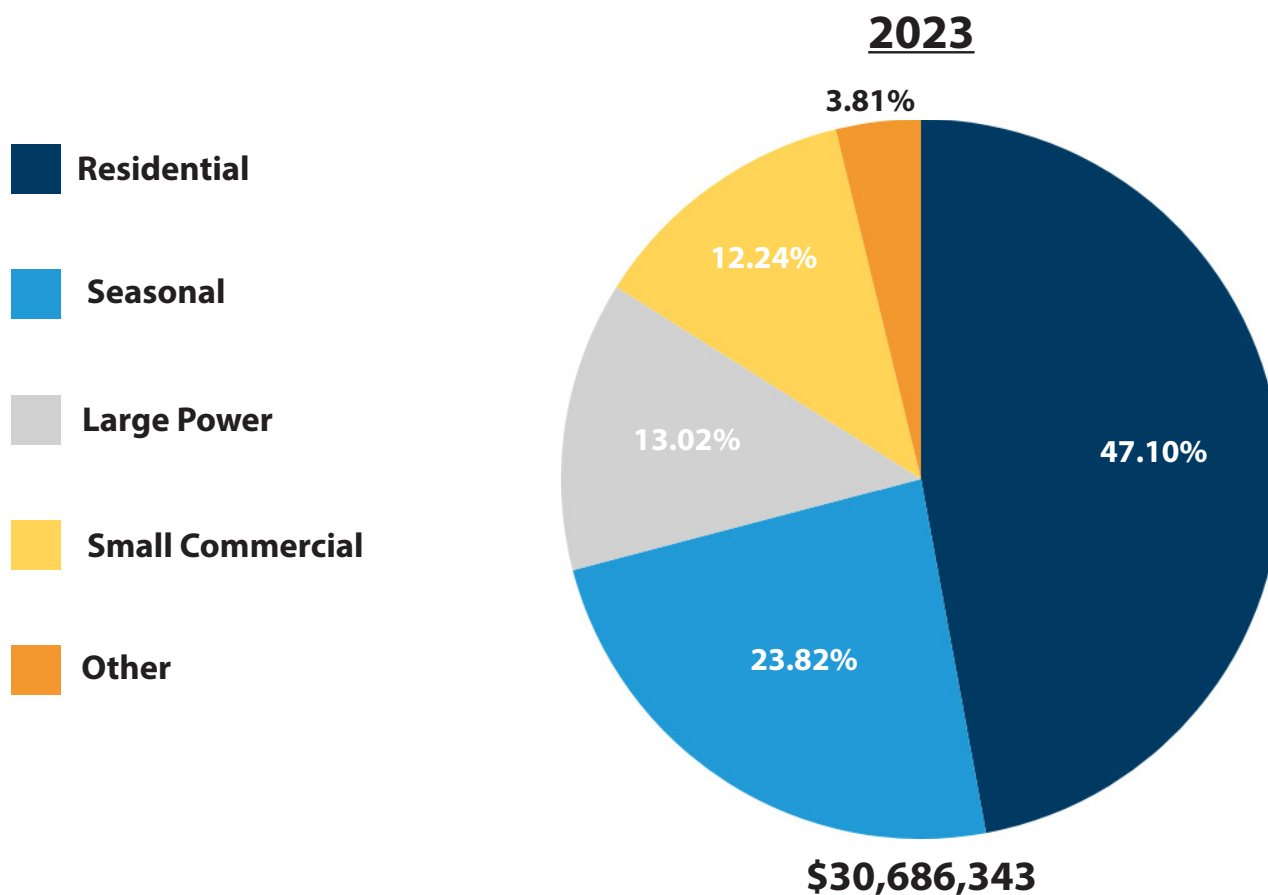
Mille Lacs Energy Cooperative finished 2023 in a strong financial position. Despite the challenges of lower energy sales, increased costs from inflation, and preparing to build a new headquarters, our non-stop efforts to provide services in an efficient manner both inside and outside of the office have made a difference. Investing in technology and equipment is essential to maintain our financial position and we'll continue to search for additional opportunities in the years to come.

Financial Highlights

STATEMENTS OF MARGINS

	2023	2022
Electric Revenue	30,686,343	28,458,157
Cost of Power	(16,114,345)	(16,527,934)
Gross Margin	14,571,998	11,930,223
Operating Expenses (Including depreciation & interest)	(12,881,571)	(10,770,158)
Other Non-Operating Income	1,790,288	745,477
Net Margin	3,480,715	1,905,542

Revenue by Class



BALANCE SHEETS December 31, 2022-2023

ASSETS	2023	2022
Utility Plant		
Total utility plant	99,337,879	86,807,403
Less accumulated depreciation	(32,567,755)	(30,334,925)
Total utility plant, net	66,770,124	56,472,478
Other Property and Investments		
Non-Utility Property	-	-
Investments in associated organizations	15,826,156	14,870,156
Other Investments	2,000,000	2,000,000
Total other Property and Investments	17,826,156	16,870,156
Current Assets		
Cash and cash equivalents	9,386,156	8,878,999
Accounts Receivable-net	4,827,415	3,496,092
Current Portion of Economic Development Loans	63,650	49,862
Materials and supplies	1,504,507	1,622,695
Prepaid Expenses	383,237	42,915
Other	-	5,869
Total current assets	16,165,224	14,096,432
Regulatory Assets	80,617	1,546,889
TOTAL ASSETS	100,842,121	88,985,955

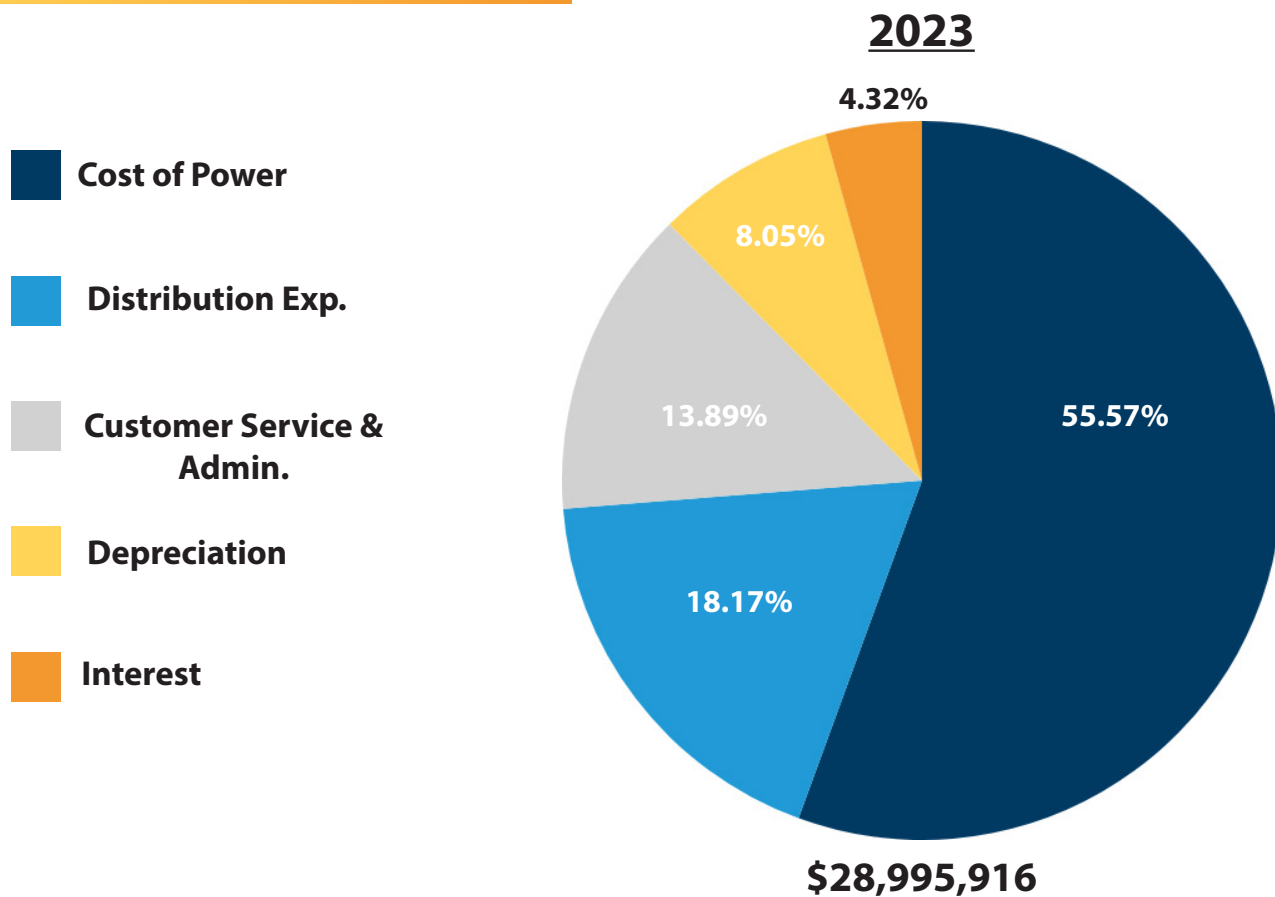
MEMBERS' EQUITY AND LIABILITIES

Members' Equity (Capital Credits)	34,918,882	32,241,837
Long term Debt-Less Current Maturities	51,202,595	46,886,130
Other Long-Term Liabilities	2,000,000	2,000,000
Current Liabilities		
Accounts payable	8,344,563	3,296,936
Current portion of Long-Term Debt	1,983,500	1,868,000
Customer deposits	350,734	307,784
Accrued Liabilities	855,853	377,009
Other	-	411,426
	11,534,650	6,261,155
Deferred Credits		
Customer Energy Prepayments	232,343	216,873
Other	953,651	1,379,960
Total Deferred Credits	1,185,994	1,596,833
TOTAL MEMBERS' EQUITY AND LIABILITIES	100,842,121	88,985,955

Comparative Operating Statistics

	2023	2022
Miles of Line Energized	2,018	2,008
Number of Services in Place	16,901	16,762
Number of Services Built	131	141
Number of Services Retired	13	17
Number of Services Not Energized	982	949
Number of Members Served (Wt Avg)	15,826	15,741
Total kWhs Purchased	206,457,956	218,147,117
Total kWhs Sold	195,453,433	205,863,444
Total kWhs Use by Cooperative	496,947	551,582
Total kWhs Unaccounted for	10,507,576	11,732,091
Percent of Line Loss	5.09	5.38
Total Cost of Purchased Power	16,114,342	16,527,934
Average Cost per kWh Purchased	0.0781	0.0758
Total Sales of Electricity	30,686,343	28,458,157
Average Income per kWh Sold	0.1570	0.1382

How Was Your Dollar Used?



POWER SUPPLY REPORT

Great River Energy: Powering What's Possible for Mille Lacs Energy Cooperative.

Mille Lacs Energy Cooperative's wholesale power provider, Great River Energy, continues to transition its power supply portfolio to serve members and adapt to a changing market while charting a path to achieve carbon-free energy requirements — all while recording the strongest financial results in the organization's history.

Great River Energy again rewarded its members' investment in the cooperative by issuing \$25 million in patronage capital returns. Historically strong 2023 margins allowed the cooperative to meet annual financial goals and reserve nearly \$30 million to offset rates in the years ahead.

As a not-for-profit cooperative, Great River Energy operates at cost to keep rates low for its members. Its competitive advantage widened again in 2023 and Great River Energy currently offers wholesale electric rates approximately 20% below the weighted regional average.

Making electricity in new ways

Great River Energy has been thoughtfully planning and executing the transition of its power supply portfolio for more than a decade. Great River Energy began 2023 by adding two new wind agreements to its growing portfolio of renewable resources that will collectively add more than 300 megawatts of nameplate generating capacity — and zero emissions. Great River Energy now has power purchase agreements for the output of nine wind facilities located throughout Minnesota, Iowa and the Dakotas. Its portfolio of renewable resources combined with the ability to retire earned renewable energy credits puts the cooperative in a strong position to achieve Minnesota's carbon-free standard.

Advancing the electric system

By making strategic investments in the grid, Great River Energy and its member-owners are helping keep electricity reliable and affordable as it reduces carbon dioxide emissions. The Midwest grid operator identified an assortment of transmission projects that will be needed to continue safe and reliable electric service as the regional power system continues to evolve. Great River Energy is teaming up with Minnesota Power to build the Northland Reliability Project, an approximately 180-mile, double-circuit 345-kilovolt

transmission line between northern and central Minnesota. When completed in 2030, the line will bolster the power grid in northern and central Minnesota by allowing more renewable energy sources to be delivered where needed.

Great River Energy is a member of Grid North Partners, a group of utilities that collaborate on projects to improve the electric system. The coalition announced 19 transmission upgrade projects that will reduce system congestion and allow the most economic generation, such as low-cost renewable energy, to serve an area.

Pursuing federal funding

Collaboration is not only a cooperative principle, but an important characteristic in Great River Energy's pursuit of funding opportunities. Great River Energy, along with a majority of its member-owners, filed a Letter of Interest with the United States Department of Agriculture to participate in its Empowering Rural America (New ERA) program to become eligible for nearly \$1 billion in federal funds to advance the work of Minnesota's electric cooperatives in reducing greenhouse gas emissions and modernizing the region's power grid.

The \$9.7 billion New ERA program was created as part of the Inflation Reduction Act with the goal of helping rural America transition to cleaner, reliable and more affordable electricity.



David Saggau
President and CEO
Great River Energy



MLEC TRUST BOARD

The Trust Board was initially started in 1998, 26 years ago. This board oversees and administers the money that is given out to needy local organizations in the MLEC service area. The funds that are distributed quarterly are from consenting members of the cooperative who round up their monthly bill to the next dollar.

In the past year 87% of Mille Lacs Energy Cooperative members participated. This amounts to about \$6.00 per member per year, and adds up to about \$20,000 per quarter for the trust to give out. The total amount distributed since 1998 is just over \$1,572,000.

The board is made up of 8 members, one from each MLEC district and one at large member. Current members are Lisa Anderson and Mavonne Prokop from Garrison, Bethany Sellers from McGregor, Becky Joerger from Palisade, Kim Waffensmith from Deerwood, Doyle Jelsing at large, lastly Bob Nelson and Chuck Schotzko from Aitkin.

At the quarterly meetings the board discuss the applications and distribute the funds according to our by laws, trust fund policies and guidelines. The mission statement of the trust board is "to be responsible stewards of the generosity of MLEC members, to distribute the trust funds in such a manner as to improve, enhance, foster and benefit the lives of the citizens in the greater area of the cooperative".

Our major funding categories are:

1. Community Service: entities and projects that affect quality of life with emphasis on public safety, health care, self-sufficiency, and basic human needs. This also includes programs and projects which enhance the cultural environment of communities in our local area.
2. Leadership Development: programs to improve problem solving skills, self-reliance in identifying solutions to economic and social problems.
3. Education and Youth: scholarships for ongoing education especially for those involving our youth, i.e. wellness and participation in fitness and athletic activities.
4. Environment: programs and projects that promote recycling, natural resource preservation, environmental education, environmental agriculture research.
5. Emergency Energy Assistance
6. Disaster Relief: programs that provide food, clothing, shelter, medical care, clean up and repairs.

The trust board also considers the potential benefits to area residents and communities, the level of community support for the program or organization, and the capacity of the organization to deliver the service or program. Recipients of the grants range from infants to elderly, and students to veterans.

Examples include food shelves, health awareness programs, 4-H, select school programs, first responders, Habitat for Humanity, and cultural programs including arts and music.

Since 1998 that \$1,572,000 has made a positive difference for the citizens in the MLEC service area. Thank you to all the MLEC members and the foresight of the governing board who make this happen!



2023 HIGHLIGHTS

MLEC Top 5 in 2023

1. In September, 2023 MLEC leadership along with other integral members of McGough Construction, Architectural Resources Inc., and Tegra Group gathered to celebrate the beginning of Mille Lacs Energy Cooperative's new facility project. A ceremonial groundbreaking kicked off construction of the new facility.
2. MLEC's Revolving Loan Fund helped two local projects come to fruition including the McGregor Fire Hall and Garrison Bay Resort's campground expansion. The MLEC Board approved the interest-free loans totaling \$660,000 to boost economic development in our service territory.
3. MLEC retired \$570,160 in capital credits. Over \$22 million has been returned to members over the last 3 years.
4. In 2020 the MLEC Board of Directors and Senior Leadership Team established 27 strategic initiatives part of the cooperative's strategic plan. All of the initiatives have been completed a year ahead of schedule!
5. MLEC Fiber has surpassed 1,500 customers and continues to grow. We continue to apply for grant funding so we can expand our network and bring fast and reliable Internet to our area.

Reliability

- Having our new headquarters centrally located within our service territory benefits our members with quicker response times to power outages.
- Since the large snow storm in December of 2022, our line crews and Right-of-Way crews have focused on various vulnerable spots across our network.
- Right-of-Way crews continue to clear trees and harden MLEC's energy system. Consistent vegetation/tree trimming has shown a large reduction in power outages since 2016.
- MLEC has continued to expand the standby generator program offering Briggs & Stratton generators to our membership. These units are installed by MLEC and come with a 10-year parts and labor warranty.



Wholesale Power Supply

Great River Energy (GRE)

- MLEC is one of the twenty-seven member-owners that make up Great River Energy.
- GRE's energy source mix includes: coal, natural gas, wind, hydro, solar, and strategic energy market purchases.

Affordability

- MLEC distributed capital credit refunds totaling \$570,160. The 2023 payment brings the total dollars refunded to over \$22 million.
- Major equipment and system upgrades were made to add efficiency across the system and help with future rate stabilization.

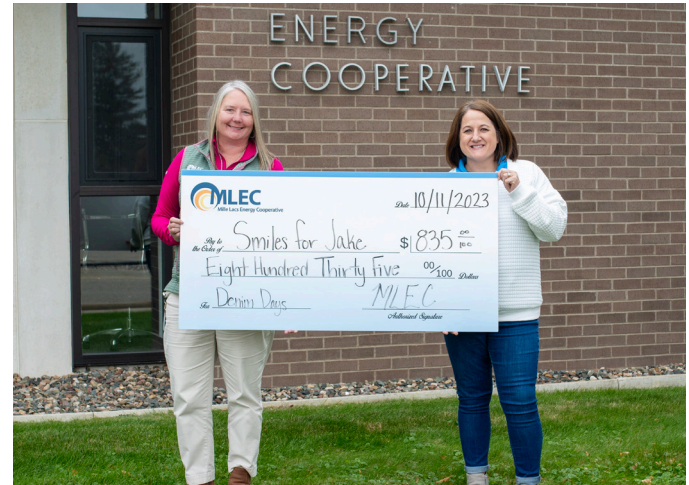
Sustainability

- The 20kW solar array located at the Aitkin headquarters continues to generate power.
- Great River Energy began 2023 by adding two new wind agreements to its growing portfolio of renewable resources



Member & Public Engagement

- The 2023 Annual Meeting was a major success with over 321 people in attendance.
- MLEC awarded Mille Lacs Area Social Concerns with the 2023 Touchstone Energy Community Award.
- Throughout October, MLEC participated in several local safety events, including open houses for the Aitkin and Deerwood Fire Departments and Fire Prevention & Safety Day at Nay Ah Shing Lower School. Kids learned safety tips using a powered tabletop display while MLEC lineworkers answered questions.
- In January, MLEC hosted an electric vehicle safety event in partnership with Great River Energy. This specialized training was open to local first responders and well attended.
- MLEC coordinated the 2023 Riverboat Days Parade and participated in/sponsored other local festivities.
- MLEC staff presented to local 2nd grade students about electrical safety. Students participated in a poster contest and received a goodie bag to bring home.



Community Giving & Development

- MLEC donated \$81,750 to local organizations through Operation Round Up in 2023.
- Employees who participate in “Denim Days” donate quarterly to wear jeans on Fridays. The money raised is donated to local organizations. A total of \$3,717 was donated from employees, board members, and MLEC.
- MLEC partnered with Loaves and Fishes to help prepare and distribute the Aitkin Community Meal.
- Gift card trivia in the Outlet newsletter is popular amongst members. Winners receive a \$10 gift card to businesses within MLEC’s service territory.
- Unclaimed capital credits totaling \$22,560.22 were distributed and donated to 7 local schools.
- MLEC was a drop-off site for Operation Christmas of Aitkin County. Many new toys and \$1,538 was collected to help families in need over the holidays.

Employees

- MLEC has 47 dedicated employees.
- The cooperative is a recognized leader in the community and provides high-value and stable jobs.



WASHINGTON D.C. YOUTH TOUR

Hear from our 2024 Youth Tour delegate - Jennifer Dickson!

Each year, Mille Lacs Energy partners with the National Rural Electrical Cooperative Association (NRECA) and Minnesota Rural Electrical Association (MREA) to award an all-expenses paid trip to Washington D.C. for one high school sophomore or junior whose parents or guardians are MLEC members.

What inspired you to apply for the Washington D.C. Youth Tour?

My parents highly encouraged me to apply for Youth Tour because it would be a wonderful learning experience that I could have with other young people my age. Last year when I took a Government Politics class it made me think going to our capital would help me to understand everything a little better.

What kind of things did you do while in DC?

As a group of delegates, we visited many historical memorials and monuments; met with the two MN Senators; and visited many of the capital buildings. Later in the trip we also took a ferry across the river and then rode on a Ferris wheel where you could see almost everything in the D.C. area.

What was your favorite part of the tour?

One of the best parts of the entire trip had to be the Segway tour. For the tour we had groups of eight and rode around in stand-up electric scooters. The tour lasted around two hours and we were able to see many things in D.C. in a unique way. I also really enjoyed tasting all the yummy food in the area, but my all-time favorite part had to be collecting and trading all the pins (and one necklace) with the delegates from the other states.

How would you describe the relationships you made with the other tour members?

Everyone on the trip was incredibly nice, not just the delegates but the chaperons too. The environment was friendly, and I believe we all made some happy memories together during this trip.

In what ways did the youth tour make a lasting impression on you?

The thing that had the most impact on me on the entire trip had to be the tour of the Capitol. All the beauty, art, and history depicted in the rotunda and other parts of the building showed me the important stories of our nation's past.

What advice would you give to someone who is thinking about applying for next year's tour?

If you are thinking of applying, or have a family member that might be interested, encourage them to do so! This trip is a way to have fun and learn while meeting new people and learning fascinating things. With all the sights and memories you will make, it is something you should not pass up.



2023 ANNUAL MEETING MINUTES

Pursuant to due action by the Board of Directors, and due notice mailed to each member, the 84th Annual Meeting of the members of the Mille Lacs Energy Cooperative convened at Minnesota National Golf Course, McGregor Minnesota at 5:45 p.m. on Thursday, May 18, 2023. President Harold Harms presided. Debra Chute, Executive Assistant, recorded the minutes.

Registration of the members started at 4:00 p.m. and closed at 5:45 p.m.

Harold Harms thanked everyone for attending and stated registration was closed.

President Harms called the meeting to order at 5:45 p.m. and declared a quorum with 205 members registered. There were 321 attendees present. President Harms led the Pledge of Allegiance. President Harms announced the appointment of Mr. Heinrich (Henry) Brucker of Ryan, Brucker & Kalis, Ltd. as parliamentarian. There were no corrections or additions to the minutes of the 2022 annual meeting minutes.

M/S/P to approve the minutes of the 2022 annual meetings.

M/S/P to accept the annual meeting agenda as printed in the Annual Report booklet and handed out at registration.

President Harms read a statement regarding the Independent Auditor's Report and announced that the audit in its entirety is on file at the cooperative's headquarters office and is available for any member to review it.

M/S/P to approve the financial report for the year ending December 31, 2022.

President Harms introduced other directors, MLEC Management Team of Sarah Cron, Stacy Cluff, Bill Fillion, Lincoln Messner, Mary Ward, and Deb Chute, Executive Assistant. MLEC employees at the annual meeting were recognized. MLEC former directors Barb Welty and Dennis Lamke were recognized.

There were only two members who filed for the two open seats. According to Article II, Section 8 of the MLEC Bylaws, Harold Harms and Aileen DeMenge were elected by acclamation.

Special thanks to Minnesota National Golf Course and their staff for hosting our annual meeting today.

President Harms gave welcoming comments. Rate increases are never made easily. There is careful examination and deliberation of current and 10 years financial projections. Projections include vehicle and equipment replacement, facility maintenance and construction, labor and material costs, and the unknown and unpredictable component of weather and storms causing outages. The future holds many uncertainties including political, climate, costs, and weather. Your elected directors, the management team and all employees will strive to make this uncertain future. Better By Every Measure. Thank you for attending your 2023 MLEC Annual Meeting.

MLEC CEO Sarah Cron thanked everyone for attending and taking part in the demographic process. Electric cooperatives are not-for-profit entities. In 2020, MLEC began a cost-of-service study with one of our lenders. The result of that study indicated that MLEC's access charge for residential members should be \$50 per month. 2020 was the start of the pandemic. Members were moving from the metro area to their cabins full-time. Our financial position was healthy, we did not need to do a rate increase. Between 2019 and 2022, \$3.4 million was returned to our members in capital credits.

By 2022, costs for supplies MLEC uses daily have increased 20-60% from what they were in 2019; MLEC was hit with three major

storms; there are world-wide supply chain issues, inflation, and rising interest costs.

Electric cooperatives have 7.4 members per mile of line compared to municipal utilities with 48 customers per mile and investor-owned utilities with 34 customers per mile. The cost to build and maintain a mile of powerline is universal regardless of the utility.

MLEC Accounting and Finance Manager Lincoln Messner gave a summary of the cooperative's financials for 2022. A copy of the financial reports is in the Annual Report booklet.

David Saggau, President and CEO of Great River Energy, gave an overview of GRE. GRE is a cooperative with 27 member-owner cooperatives. MLEC's Harold Harms serves on the GRE Board of Directors. David shared GRE's 2022 highlights and GRE's current generation portfolio. He also discussed how Minnesota's new Carbon Free by 2040 legislation would impact Great River Energy.

Kassie Peterson, MLEC Communications Specialist, shared the results of the 2022 Member Satisfaction Survey Results.

Charles Schotzko, MLEC Trust Board President, reviewed the Operation Round Up program and gave an update. Since 1998 when Operation Round Up started at MLEC, just under \$1,470,000 has been provided to non-profit organizations.

Harold Harms presented the Touchstone Energy Commitment to Community Award to Committee for the Awareness and Prevention of Suicide (CAPS). CAPS won the \$500 award from MLEC. They were entered in the statewide competition and were chosen as the winner. They received a \$2,000 award.

There was no unfinished business.

There was no new business.

President Harold Harms and MLEC Management team answered the questions that were received in advance and at the meeting. Questions included:

- Can you cancel the location of the new building and build on the solar site? - No
- Why isn't MLEC promoting Generac generators instead of Briggs & Stratton?

With 40 employees and working remotely, do you need a new building?

- Will there be a drop box in Aitkin for payments?
- Could you video the annual meeting? – We will investigate it.
- Questions on the access charge for more than one service. – Call or stop in the office. Each situation is different.
- Is the new access charge driven by fiber? - No
- After recent attacks on substations, what is the security at MLEC substations?

- Solar program credits

- Off peak programs. Will wood be allowed as a backup system?

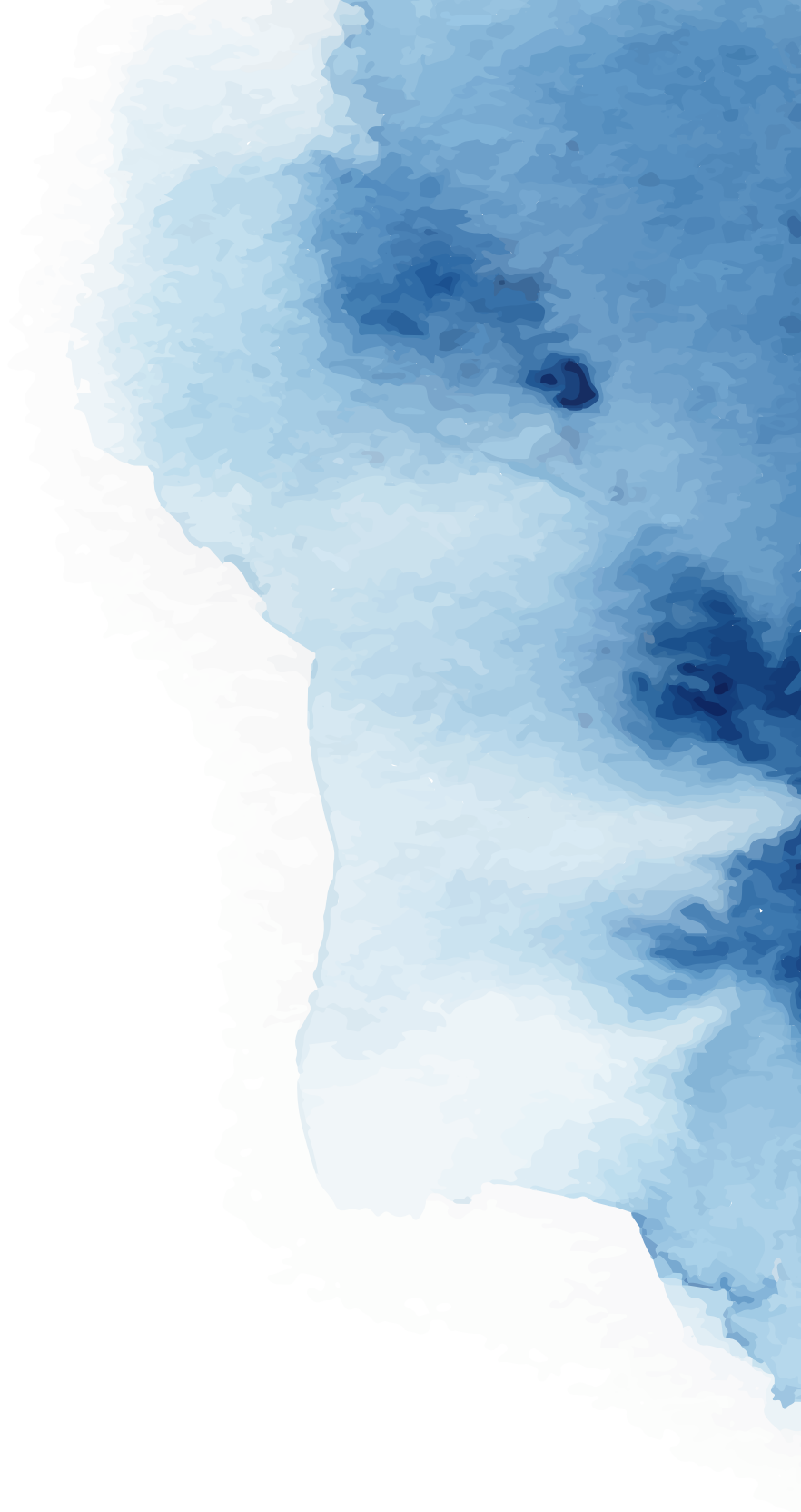
- When will fiber be coming to 320th Street? – 2024 Can text message alerts be sent on outages? NISC is working on developing this.

- How is the quorum number set? This is a Minnesota State Statute. A cooperative with the number of members MLEC has needs 50 registered members in attendance for a quorum. If you would like more information, contact Heinrich Brucker, MLEC's Attorney.

Members were encouraged to call or stop in the office with any concerns.

There being no further business, President Harms declared the meeting adjourned at 7:41







ANNUAL MEETING AGENDA

Thursday, Sept 19, 2024

MLEC Headquarters

23483 US Highway 169, Aitkin, MN 56431

12:00-4:30 p.m. Registration, Meal, Voting, Building Tours

5:00 p.m. Welcome and Business Meeting Called to Order

Pledge of Allegiance

Approve 2023 Annual Meeting Minutes

Presentation of the Agenda

Financial Audit Report

Introductions and Acknowledgments

President's Report Harold Harms

Chief Executive Officer's Report Sarah Cron

Financial Report Mark Vosacek

Guest Speaker Jim Frisell, *Executive VP & Principal McGough Construction*

MLEC Trust Board Report Chuck Schotzko

Unfinished Business

New Business

Answers to "Ask the Coop" Questions

Adjournment

Door Prizes



MILLE LACS ENERGY COOPERATIVE

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