



CEO Column June 2026

What is Driving Higher Electricity Costs?

As a not-for-profit rural electric cooperative, Brown County REA is committed to being a good steward of our members' money. We work hard to ensure you receive energy that is both affordable and reliable.

Our cooperative benefits from selling electricity to members, receiving credits from Great River Energy (GRE) after reporting program savings, and utilizing loans from Rural Utilities Service and Cooperative Finance Corporation. Each of these factors, along with our expenses, determines the rates the cooperative sets.

By far the greatest cost the cooperative incurs is purchasing electricity for our membership. For every \$1 BCREA spends, \$0.66 of that dollar goes toward purchased power. In addition to the cost of purchasing electricity, BCREA's expenses include equipment and materials for service and maintenance projects, employee payroll, vehicle and building maintenance, staff education, IT services, events, and more.

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How Capital Credits Work

Electric co-ops are not-for-profit and operate at cost. Capital credits are a financial benefit of co-op membership. Last month's billing statements listed the *2025 Capital Credit Allocation* amounts – here's an explanation on how capital credits work.



1

Members pay their electric bills, and we track their business with us each month.

2

The co-op pays operating expenses throughout the year and **allocates** any leftover operating revenue as capital credits.



3

When financial conditions permit, the co-op board votes to **retire** (pay) capital credits to the members.

4

We send members their share of capital credits as a bill credit or check.



CEO Column

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While we work diligently at controlling costs internally, external factors also impact our bottom line. A few key factors affecting current costs include:

- ◆ **Inflation** – Construction costs have essentially doubled since 2021. Everything from insurance and labor to postage has increased with inflation.
- ◆ **Mid-Continent Independent System Operator (MISO)** – Several factors have led to volatility in the MISO market, including the need for more transmission due to congestion, the replacement of coal plants with more expensive natural gas plants, and variability in the day-ahead and real-time markets.
- ◆ **Demand-side Management (Off-Peak) Programs** – The way we operate these programs is changing to react to MISO market prices. In the past, power was typically cheap at night and expensive during the day. Today, power costs are driven more by natural gas prices and wind availability.
- ◆ **Minnesota's Carbon Free by 2040 Standard** – We are already seeing the need for massive transmission grid expansion to deliver wind and solar power from where it can be generated to Minnesota homes and businesses. Permitting delays, limited wind turbine availability, and changes in federal tax policy are all pushing project timelines further out and driving up costs.

I also want to give our members a heads up that Great River Energy, our wholesale power provider, is working on a rate redesign in conjunction with MISO that is scheduled to launch in 2028. The redesign has the potential to raise the cost of electricity for Brown County REA. To help alleviate the cost of the massive transmission outbuild, GRE is also planning on retiring and allocating fewer capital credits this year than they have in the past.

As you can see, there are a variety of factors each playing a role in driving up the cost of electricity. We are currently taking a close look at our rates and anticipate a rate increase may be necessary soon. I want to assure you that, together with BCREA's Board of Directors, I am committed to making thoughtful, responsible decisions on your behalf.

Mike Heidemann,
BCREA CEO



Member Advisory Council Holds First Meeting on April 20th

The first of three impactful meetings took place on April 20th at the Brown County REA headquarters. Representatives of the membership were nominated by the Board of Directors to attend these three meetings.

At each meeting, it is our goal to educate the council on each aspect of the cooperative, and to present changes to them for input. There is time for questions to be answered about the cooperative, and this is when the input on our changes comes in.

It is important for us to hear what our members are thinking about the changes happening within the cooperative. From financial decisions to building maintenance, the Member Advisory Council has been a great resource for the cooperative to gain insight into member priorities.

Members enjoyed a building tour after learning about the history of the cooperative.



They toured our office spaces, warehouse, and OCR room. The Board of

Directors facilitated the tour with details about our maps, operations, and equipment.



CEO Mike Heidemann presented the OCR room to groups as they went through the space.



Brown County REA will be closed on July 3rd in observance of Independence Day.



Summer Construction Plans

Brandon Havemeier, Operations Manager

As summer construction season gets underway, the Operations Department at Brown County Electric Cooperative is continuing work on several projects aimed at improving reliability and supporting future growth across the cooperative's service territory.

Current projects include a two-mile, three-phase overhead line rebuild in Eden Township, along with work related to the Klossner roundabout project, where overhead lines along Highway 15 are being relocated

underground. Crews are also completing a variety of service rebuild projects throughout the system.

Looking ahead, additional upgrades are planned in North Lafayette Township, where approximately two miles of three-phase line rebuilds are expected to take place. The cooperative is also preparing to replace transformers at both the Sleepy Eye and Schilling substations as part of ongoing efforts to maintain a reliable electric system for members.



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AUGUST 4-6
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MORGAN, MN (GILFILLAN)





Bring this coupon to Farm fest booth #2201 for a chance to win a battery powered yard tool!

MEMBER INFO:

Member Name: _____

Address: _____

Phone #: _____

Email: _____

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- **No contracts:** Simple service without long-term commitments or hidden fees.
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What You Need

- A TV with an overtheair tuner (most modern TVs have one)
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- Service availability in your area (coverage varies by tower)

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Board Meeting Highlights

May Board Minutes

The Brown County REA Board of Directors held its monthly board meeting on May 28th, 2026.

Discussion and/or action were taken on the following agenda items:

- Reviewed and approved the April 2026 board meeting minutes, new membership applications, member cancellations, payments to estates, and assignment transfers.
- Reviewed and approved April 2026 payroll and March and April 2026 financial statement.
- Reviewed and approved New Salem wind energy purchase of approximately 426 MW.
- Reviewed purchase of used truck from BENCO to temporarily replace a truck with a boom failure that will take six months to repair.
- Reviewed staff meeting reports, director meeting reports, and individual director reports.

The next meeting is set for June 25th, 2026, at the Brown County REA office in Sleepy Eye.

Mike Heidemann – Chief Executive Officer

Board of Directors

- Thomas Hayes, *President* – (507) 228-8954
 William Berg, *Vice President* – (507) 766-1497
 James D. Hanson, *Secretary-Treasurer* – (507) 829-6756
 Brad Sprenger – (507) 317-5576
 David Wendinger – (507) 276-3166
 Greg Mages – (507) 276-0325
 Joel Christensen – (507) 828-4550
 Keith Hoffmann – (507) 227-8006
 Landon Sletta – (507) 276-1899

The Board of Directors meets the last Thursday of each month.



Brown County Rural Electric Association

24386 State Hwy. 4 | P.O. Box 529
 Sleepy Eye, MN 56085

Email: bcra@bcra.coop

Website: www.browncountyrea.coop

Phone: (507) 794-3331 or (800) 658-2368


Payment Line (PSN): (833) 250-4481

Office Hours: 7:30 a.m. to 4 p.m. Mon.–Fri.

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YOUTH BASEBALL CLINIC!


SLEEPY EYE, MN

DATE:
FRIDAY, JULY 10


TIME:
3:00-5:00 PM

FIELD:
Prairieview Field
400 4th Ave SW
Sleepy Eye, MN 56085

HOST:
Sleepy Eye Baseball Association and Brown County Rural Electrical Association



REGISTER FOR FREE: TWINS.COM/CLINICS



FREE TO ATTEND! OPEN TO EVERYONE, AGES 6-12!

CHEESY BAKED ASPARAGUS RECIPE

INGREDIENTS

- | | |
|--|---|
| 2 lb. asparagus stalks (<i>trimmed</i>) | 1 cup freshly grated Parmesan |
| 3/4 cup heavy cream | 1 cup shredded mozzarella |
| 3 cloves garlic (<i>minced</i>) | Red pepper flakes, for garnish (<i>optional</i>) |
| Kosher salt | |
| Freshly ground black pepper | |

DIRECTIONS

Step 1: Preheat oven to 400°. Place asparagus in a 9”-x-13” baking dish and pour over heavy cream and scatter with garlic. Generously season with salt and pepper, then sprinkle with Parmesan, mozzarella, and red pepper flakes (if using).

Step 2: Bake until cheese is golden and melty and asparagus is tender, about 25 to 30 minutes, and serve.

