

ARROWHEAD COOPERATIVE RETURNS OVER \$400,000 TO MEMBER-OWNERS

A defining feature of your Co-op membership and a principle that guides us, is your economic participation. The partnership we have with you, as member-owners rests on our commitment to prudently use the resources you provide. Capital Credit payments are quantifiable proof that as a member of Arrowhead Cooperative, you are an owner of a successful, effective organization.



As a not-for-profit electric cooperative, Arrowhead Cooperative is not like other utilities— you, as a member and consumer, own a portion of the business. When you signed up to receive electric service from us, you became a member-owner of the cooperative. One benefit of that ownership involves the allocation of excess revenue based on how much power (total kilowatt-hours) you purchase each year.

Electric co-ops operate at cost, collecting only enough revenue to run and expand the business, unlike investor-owned electric utilities, which are designed to make a profit for shareholders.

While investor-owned utilities return a portion of any profits back to their investors, electric cooperatives allocate excess revenue, known as margins, to members as “capital credits,” and retire – or pay – them when the co-op’s financial condition permits. Margins are initially used by the Cooperative as capital to operate the business. The capital gives us the means to create a reliable system and invest in our infrastructure without taking out large, high-interest loans. When the organization’s financial position permits and with consideration to rate fairness, Arrowhead Cooperative retires, or pays, a portion of these Capital Credits back to its members.

Our board of directors and staff work hard to watch expenses, so we can maximize returns on your investment in the form of capital credits. Capital credits are one of the benefits of being a member of a not-for-profit electric cooperative such as Arrowhead Cooperative. Capital Credits are considered your equity in the organization.

At the October 28, 2021 board meeting, the Board of Directors approved the retirement of capital credits in the amount of \$448,234.79. In January Arrowhead Cooperative will distribute approximately 2,300 capital credit checks to members that purchased electricity from the Cooperative in 1995 and 1996 (Arrowhead Cooperative Operation Allocations), as well as 1990 and a part of 1991 (Great River Energy Patronage Allocations).

“Co-ops exist to make sure the needs of their members are being met, not to make a profit,” said Board President Mike Littfin. “When we have a strong year, the members are able to share in the profits through capital credit return.” We’re proud to support our communities by putting money back into the local economy—and into the pockets of those we serve. It makes our business model special. Life to date, we have distributed nearly \$3.4 million in Capital Credits to our members.

If you have questions regarding Capital Credits, please contact our office during regular business hours at (800) 864-3744.

HOW CAPITAL CREDITS WORK

STEP ONE

Money to cover operating costs comes directly from members paying their monthly electric bills.

STEP TWO

Operating expenses are subtracted from the amount of money collected and the remaining balance, the margin, is allocated to members based on your energy purchases during the year.

STEP THREE

The margin is used by the Cooperative for operating capital, necessary reserves, storm damage and other contingencies.

STEP FOUR

When the Co-op’s financial condition permits, the Board decides to retire Capital Credits. Credits are then converted into money and sent to you in the form of a check.



RURAL ELECTRIC YOUTH TOUR 2022



Don't miss your chance to win an all-expense-paid trip to Washington, D.C.

This year Arrowhead Cooperative will once again sponsor two local high school juniors to attend the Rural Electric Youth Tour.

We believe that students should see their nation's capital up close, learn about the political process and interact with their elected officials.

The Electric Cooperative Youth Tour has brought high school students to Washington, D.C. for a week in June every year since the late 1950s. Students gain a personal understanding of American history and their role as a citizen by meeting their Representatives and Senators.

The trip to Washington, D.C. is an all-expenses-paid trip that fosters the grassroots spirit of rural electric cooperatives by demonstrating to high school students how our government works and what the electric cooperative business model is all about. Participants will learn about cooperatives, visit legislators at the Capitol, see the national monuments, and make memories that will last a lifetime.

While student groups are organized at the state level, they all come together for Youth Day, where they get to meet each other and hear featured speakers who provide insight into the important roles electric cooperatives play in their communities.

To apply for the trip, students are required to submit an application and an essay. These materials are made available in January each year. Watch for more details in the newsletter or on our website next month.



AS FOSSIL FUEL PRICES SPIKE, ENERGY MANAGEMENT PROGRAMS PROVIDE STABILITY



The U.S. Energy Information Administration (EIA) forecasted the U.S. households heating bills will jump 54% compared to last winter. Nearly half of the homes in the U.S. use natural gas for heat. They predict the average heating bill of \$746. The EIA expects the Midwest to see 49% increases for natural gas-heated homes, while the rest of the country may be a 30% increase. Meanwhile, LP is expected to see the sharpest increases at 54%. On average Minnesota LP residential prices were \$1.298 in October 2020, while in October 2021 it is \$2.308. Those homes using heating oil are expected to see a 43% increase or more than \$500.

The good news? Those that have electric heat are expected to only be modestly impacted and if you're looking to save even more - should consider the stability and savings of our energy management programs.

Arrowhead Cooperative offers excellent heating programs that offer value, safety, and competitive advantage. Our program variety ensures that you can choose the methods that best meet your needs. In addition, many of our programs offer rebates or a reduced electric rate to help you lower your energy bills.

INTERRUPTIBLE HEATING

Combine two heating sources - electric and an alternate heating system as your backup. Interruptible Heating is a "controlled" electric heating program, which helps save money and conserve energy. When demand for electricity is high, the electric heat source is shut off, or controlled (up to a maximum of 400 hours per heating season) with a maximum continuous control time of 12 hours. During control periods, your home's backup heating system provides the heat you need.

OFF-PEAK HEATING

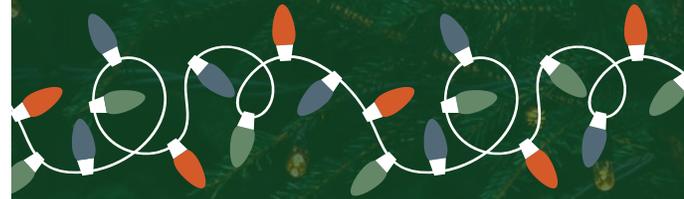
The Off-Peak Heating program helps conserve energy by charging your electric heating system during off-peak hours when electric costs are lowest. Each day, your heating system charges overnight then distributes heat in your home from 6 am to 10 pm during the control period each day.

Call Arrowhead Cooperative during business hours to learn more about the heating options that could save you money!

CO-OP NEWS

OFFICE CLOSED

Arrowhead Cooperative will be closed on Thursday, December 23, and Friday, December 24, 2021, in observance of Christmas and Thursday, December 30 and Friday, December 31, 2021, in observance of the new year. Please call (800) 864-3744 in the event of an outage or emergency.



TWELVE DAYS OF HOLIDAY EFFICIENCY

1. Deck the halls with LED holiday lights.
2. Use a timer to turn off holiday lights at night when you're sleeping.
3. Lower the thermostat when guests arrive.
4. Close the fireplace damper when a fire is not burning.
5. Ask Santa for a smart or programmable thermostat to save energy.
6. Heading out of town? Unplug appliances and electronics.
7. Gifting new electronics, gadgets or appliances? Look for the ENERGY STAR® logo.
8. Keep the winter chill outdoors by sealing air leaks around your home.
9. Open blinds and curtains during the day to let natural sunlight warm your home.
10. Consider rechargeable batteries and chargers. They make great stocking stuffers!
11. Cooking a holiday feast? Use the oven light to check the progress of your dish.
12. When your holiday tree is lit, turn off lamps and enjoy the cozy ambiance.

WEATHERING A WINTER POWER OUTAGE

Winter storms can cause prolonged power outages by weighing power lines down with ice, causing trees to fall into lines, or creating hazardous road conditions resulting in vehicle accidents with power poles. To safely weather a winter outage, you need to prepare and know what to do when a storm strikes.

When the lights go out, you should first contact your utility company to inform them of the outage. Arrowhead Electric can be reached 24 hours a day by calling (800) 864-3744. Once we are aware of an outage, we will immediately begin the assessment and restoration process. How long it takes to get your power restored depends on the extent of the problem, the number of outages, and the safety of our crews. Until the power comes back on, do all you can to keep your family comfortable.

Here are some tips on how to stay warm during a winter power outage:

- Stay inside, and dress warmly.
- Close off unneeded rooms and place draft blocks at the bottom of doors to minimize cold air entering the house.
- Cover windows at night.
- Be aware of the temperature in your home. Infants and elderly people are more susceptible to the cold. You may want to stay with friends or relatives or go to a shelter if you cannot keep your home warm.
- To protect your circuits and appliances, switch off lights and unplug appliances. Leave one light switched on as a quick reminder that the power is restored.

Apart from the cold, there are other dangers winter storms can bring. Downed power lines could be submerged in snow and ice, making them difficult to see. Therefore, stay indoors if possible. If you must go outside, use caution and treat all downed and hanging lines as if they are energized. Stay away, warn others to stay away, and immediately contact your utility company. "A power line does not need to be sparking or arcing to be energized," says Operations Manager Dan Johnson. "It's best to assume all low and downed lines are energized and dangerous. Lines that appear to be dead can become energized as crews work to restore power as well."



If you are a motorist caught out in the storm, never drive over a downed line because that could pull down the pole and other equipment, causing additional hazards. If you see a downed line, do not get out of your car. The safest place is inside the vehicle. The only exception to this rule is if the vehicle is on fire, in which case you should jump out of the vehicle landing with both feet together, and shuffle away from the vehicle to avoid electric shock.

If you use a standby generator for temporary power, make sure it has a transfer safety switch to cut off at the breaker box before you operate it. If you use a portable generator, never plug it into a wall outlet. These precautions prevent back feed, which is when electricity travels from the generator back through the power lines. Back feed creates danger for anyone near lines, particularly crews working to restore power.



DECEMBER CALENDAR WINNER

Submitted by: Peter Elvin



SAFETY TIP

Use space heaters carefully. Space heaters can be quite a safety hazard if you don't use them safely. Always make sure that there's nothing flammable within three feet of your space heater and never plug your space heater into an extension cord.

ARROWHEAD COOPERATIVE

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