

MINNESOTA VALLEY Co-op News

Volume 77 No. 1 • January 2015



MANAGER'S MESSAGE • PAT CARRUTH



General Manager

December 15th Ice Storm

Heavy ice started building on the western third of our system mid-morning on the 15th of December following a day that had a temperature of 50 degrees thawing what was left of the snow. By the time it turned to snow later that day, we had accumulated thick coats of ice on our power lines. The wind picked up later in the day and ice-covered power lines began to gallop. Galloping caused the lines to slowly tear themselves apart. Crews worked nonstop throughout the day, night and into the next day patching the lines together until all power was restored. Intermittent outages continued for the next couple of days until most of the ice cleared. Crews continue to work on repairing damage caused by the storm. To those affected, we want you to know we sincerely appreciate your understanding.

EPA Rules to Boost Electricity Cost by 80%

More than 72 gigawatts (GW) of electrical generating capacity have already or are now set to retire because of the Environmental Protection Agency's (EPA) regulations. This is according to calculations by the Institute for Energy Research. The closings are because the EPA continues to set the bar higher on emission restriction of power plants including carbon dioxide emissions. In their report, they go on to say this is enough capacity to power 44.7 million homes or every home west of the Mississippi, excluding Texas. This is about one fifth of the coal generating capacity in the U.S.

To say that the electric utility industry as a whole is perplexed as to how the lights will stay on in the future is an understatement. Gas generation and renewables are the proposed replacement alternatives. You can actually keep the lights on with gas fired generation so they will be the default replacement to coal fired generation, if these rules stand. If carbon dioxide reduction is what the environmental activists driving the EPA are looking for, they are only going to get a 20% reduction by switching from coal to gas. Switching from coal to gas and some token renewables is going to be expensive. Estimates are increases of up to 80% in retail energy prices.

The electric utility industry, state government agencies and elected officials are working hard to stop this ridiculous overreach by the EPA. Thank you for taking part in our grassroots effort through www.Action.coop and www.tellEPA.com sites. To date we are told the EPA has

(Manager's Message is continued on page 2)

The Power of 1 Million Comments

December 1st marked the end of the public comment period on the Environmental Protection Agency's (EPA) existing power plant proposal. Thank you for speaking out and making your voice heard. You, along with other concerned citizens, sent more than 1.6 million comments through www.tellEPA.com and www.Action.coop opposing EPA's power plant proposal. Without a doubt, this tremendous milestone will serve as a wakeup call to the EPA. Minnesota Valley had 818 members who sent in comments voicing their concerns about this new proposal.

On June 2nd, 2014, the EPA proposed to regulate greenhouse gas emissions from existing power plants under section 111(d) of the Clean Air Act. This proposal, if implemented, affects all segments of American citizens from rural America to high-cost areas and even low/fixed income consumers. As a cooperative, our goal is to be able to provide reliable electricity at an affordable price. Under this EPA proposal, many different issues would arise that threaten our ability to do so. NRECA said its analysis shows that electric co-op members can expect to see rates increase by more than 10 percent on average in 2020 and by more than 17 percent in 2025. We believe, however, that the real impact could lead to even higher increases and that projected amount is conservative. Reliability would also be compromised by limiting fuel options for power generation. Another issue that arises is the unattainable emission reductions EPA requires based on numerous faulty assumptions, which would lead to even higher costs and more stress on cooperatives. EPA

(The Power of 1 Million Comments is continued on page 2)

THE POWER OF 1 MILLION COMMENTS

America's Electric
Cooperatives

A stack of 1,000,000 sheets of comments would
400' reach higher than the Statue of Liberty!

305'
288'

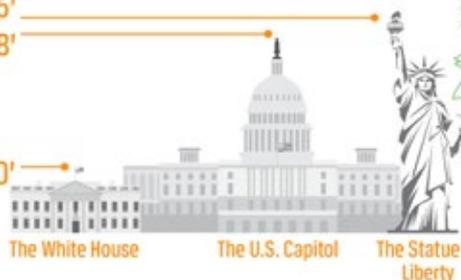
70'

The White House

The U.S. Capitol

The Statue of
Liberty

1,000,000
Comments



Manager's Message (continued from page 1)

received over 1.6 million comments on their proposed power plant rules.

Without a doubt, another unnecessary 80% increase in retail power cost will be another significant drag on our economic recovery. The bright spot for our economy, of course, is oil. Oil is the lifeblood of the economy and fracking is a game changer. Cheaper oil, if sustained long-term, as you know, will be the shot in the arm our economy needs to get rolling again.

District Caucus Meetings

Those of you in Districts 1 and 3 will be holding your Caucus Meetings next month in Madison and Dawson, respectively. Dates and times are listed below. You will also be getting a notice by postcard. If you have never been to one of these, I hope you can take time to attend this year. Caucus Meetings are where you, as owners, nominate people to represent you on the Cooperative Board. This is where member representation starts. Members nominated at the Caucus Meeting have their names put on the ballot for vote at the Annual Meeting on Saturday, March 21. This year's Annual Meeting will be held at the Lac qui Parle Valley High School. We will also have staff at these meetings to discuss issues that you may want to visit about. If that isn't enough, we will be serving a light lunch, drawing for door prizes and a Basin Tour Trip at each meeting. Hope to see you there!

The Power of 1 Million Comments (continued from page 1)

has over estimated opportunities to improve power plant efficiency, overestimated the availability of existing natural gas units to displace coal plants, made significant mistakes in the treatment of new nuclear power plants and renewable energy resources and grossly underestimated the costs of and opportunities for consumer energy efficiency improvements, especially in rural areas. We hope that because of the strong stand citizens nationwide took, EPA will see the negative effects this regulation would have on our nation.

Electric cooperatives have a demonstrated record of providing reliable, affordable and safe electric power while continuously improving the environmental performance of our power plants. Co-ops will continue to do just that and stand ready to work with EPA on rules that keep power reliable and affordable. If you have any questions on ongoing legislation, please contact us or your local legislative officials. Thank you for your continued support and for working with cooperatives across the nation to help make our voice heard.

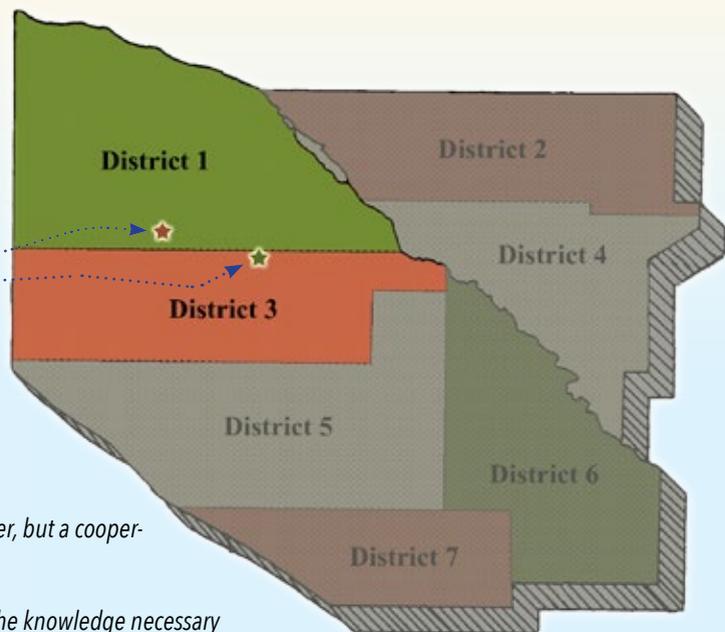
2015 Annual Meeting

Saturday, March 21st, 2015—Lac qui Parle Valley High School
Breakfast Buffet begins at 8:30 a.m. Meeting at 10:30 a.m.

2015 Caucus Meetings

Caucus Meetings • Thursday, February 5th

District 1: Glen Klefsaas - 10:30 AM, Madison VFW
District 3: Mark Peterson - 1:30 PM, Dawson City Hall



Director's Responsibilities

According to information compiled by the National Rural Electric Cooperative Association (NRECA) in Washington, D.C., a director's responsibility consists of having the ability and knowledge to set policy and approve programs that are the basis for operating the association. A director must have the time to attend monthly board meetings and other special meetings and seminars. These special sessions are necessary to keep directors informed on the various aspects of the cooperative and the electric utility industry. Other criteria of a board member as identified by NRECA include:

- ✓ Be an independent thinker, but a cooperator
- ✓ Be capable of acquiring the knowledge necessary to cope with the issues of a modern electric utility, including finances, management and public issues
- ✓ Possess the character and demeanor that will reflect favorably on behalf of the cooperative
- ✓ Have the willingness to listen and learn
- ✓ Be one who can accept and direct change
- ✓ Be of sufficient stature to command the respect of management, employees, fellow board members, cooperative members and the public
- ✓ Be willing to commit adequate time to the work of the board to be an effective member and properly discharge the duties of the board
- ✓ Subordinate personal and other business interests to the needs of the cooperative when making a decision
- ✓ Be willing to accept the unpleasant moments of a director's experience
- ✓ Let management manage





Office Manager

2014 Winding Up Strong

Overall sales for Minnesota Valley through November 2014 is up 4.8% over budget. This, along with a reduction in operating expenses of \$250,000, has increased the total margins to \$1.8 million through November. Our budget for total margins through November was \$658,000. Our Member Services Department continues to be extremely busy with furnace, water heater and heat pump installations and maintenance. Thus, Minnesota Valley will remain strong financially going into 2015.

Time for your New Year's Resolutions!

Now's a good time for all of us to take a closer look at where we can save our hard earned dollars. Finance charges and disconnect notice charges can really add up and this is truly where a penny saved is a penny earned. Over 22 percent of our members enjoy automatic payment! This method of payment prevents members from ever being late with their payment and being assessed a late interest charge and/or a discon-

nect notice charge. Minnesota Valley is also on its third year with the *Bill4U* program which allows members to pay their bill when it is convenient for them via the internet. This too, has helped many members save late payment fees. Members can also call into the office at any time and pay their bill over the phone by debit or credit card. If you would like more information on the automatic payment option, please contact our customer service representatives.

Did you know that the electricity you use actively farming or in industrial production may be exempt from Minnesota Sales Tax? That may be a 6.875% savings to you! Here again, contact our customer service representative to help you with this process and answer any questions you may have regarding this exemption or go to Minnesota Valley's website and complete a Sales Tax Exempt Form – ST3. Members who have electric heat or dual heat are already receiving the sales tax exemption.

Donating to Operation Round Up: Many of our members elect to have their bills rounded up to the next whole dollar with the extra change being

donated to the Minnesota Valley Operation Round Up Trust Account. These dollars are then granted to individuals and nonprofit entities that help our communities. Some of the recipients include schools, fire departments, First Responders, etc. The average donation per member is around \$6 per year but when added with other Minnesota Valley members' donations, it really adds up. Thousands of dollars each year are donated through this program. Please consider this when looking at your New Year's Resolutions for 2015.

Late 2014, we unveiled a new look for our website. Along with the new look are fillable forms, which allow our members to complete loan documents, sales tax exemptions forms, Operation Round Up requests, etc. N four twenty four zero three Information regarding each department, such as Operations, Member Services and the Office Department, are categorized separately and are also crossed referenced for information that overlaps in the various departments. It also has our annual reports, directors and past newsletters for your convenience. We hope you enjoy the new website!

See insert for details on the **Washington, DC Youth Tour** & for information on how to sign-up!



Comparative Report

	Jan-Nov 2014	Jan-Nov 2013	Jan-Nov 1994
Kwh Purchased	200,259,116	197,745,389	127,359,221
Kwh Sold	189,389,798	187,325,639	118,905,241
Cost Of Purchased Power	\$9,575,751	\$9,674,147	\$4,185,670
Patronage Capital Margins	\$1,827,219	\$1,311,301	\$392,011
Reserve For Taxes	\$243,310	\$303,002	\$257,387
Cost Per Kwh Purchased (mills)	47.82	48.92	32.87
	November '14	November '13	November '94
Total Plant	\$63,789,297	\$62,140,474	\$24,659,228
# Of Members Receiving Service	5,272	5,261	5,176
Average Residential Bill	\$300.26	\$308.28	\$170.33
Average Residential Kwh Consumption	3,179	3,120	2,265
Average Kwh Usage All Consumers	4,284	4,211	2,907
Peak Kw Demand (Peak Load)	43,203	42,936	33,695

This institution is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov

There are two hidden account numbers in this newsletter. If you find your number, you will receive a \$10 energy credit or \$20 if you are an Operation Round-Up participant. Call the office to claim your credit.

There were no winners from last month's issue. Keep looking!



MEMBER SERVICES • BOB WALSH

Member Services Manager



Scams Keeping Co-ops on Alert

As long as money has been printed, there have been people wanting to cheat you out of yours. Across the country, there has been a variety of clever schemes to swindle you out of your money and they have been using the ruse involving your own utility companies. The scams are numerous and the scammers are getting bolder. We would like to warn our consumers to pay close attention to unsolicited contact they may have from persons claiming to be a cooperative employee. Swindlers are adding many twists to their efforts to pry money from electric cooperative members.

Things to be watchful for may include demanding that members meet them away from the co-op office and pay overdue bills in person. This new payment scam involves callers demanding that consumer-members deliver cash to locations other than co-op offices to avoid service disconnection. Minnesota Valley will never request that energy bills be paid in this manner. If you don't feel comfortable with any contact that claims to be from the cooperative, we ask that you hang up the phone.

With scammers preying on consumers throughout the state, Minnesota co-ops and investor-owned utilities are uniting on the "Slam the Scam" campaign to make Minnesotans aware of scammers' tactics. As a utility, we can't stop the scam calls, but we certainly can make every effort to help make sure that the scams are not successful. Our members should never feel threatened or coerced by someone claiming to be with Minnesota Valley. "Slam the Scam" has a simple message: If you think there's a scammer on the other end of the phone, just slam down the receiver.

At no time should you ever give out personal information or credit card numbers or wire money as the result of an unexpected phone call—especially if you can't validate where it's coming from. One of the more popular scams in Minnesota has scammers telling victims to buy pre-paid debit cards to pay their electric bills. These and other ploys are not the way we do business. Simply put, if it doesn't seem right you just need to end any contact with that party and contact the Minnesota Valley office at 320.269.2163 or 800.247.5051 to report any suspicious activity.

Thanks for your help and have a prosperous New Year!

ENGINEERING & OPERATIONS • JOHN WILLIAMSON

Manager of Engineering & Operations



As we begin a new year, there are many exciting new things to look forward to. B four zero seven zero four If you are planning an extended period away from your home during the winter months, don't forget to have someone dependable check on your premises for any power problems during your absence.

We ushered out a great year here at the Cooperative. We are hopeful that Mother Nature will treat us kindly in 2015, as well. Our Work Plan and Budget for the coming year have been approved. The Line Department has 16 miles of power line construction, transmission switch motor mechanisms and one substation transformer purchase/upgrade planned. While these projects will consume a lot of our time, we will always have time to take care of requests from our members in a timely manner.

Crews are also doing some line patrol now, along with pole change outs. Winter is here for a while, so get out and enjoy it or find someplace really warm!

Apply Now:

2015 Minnesota Valley/ Basin Electric Scholarship

Minnesota Valley R.E.C. has again joined Basin Electric Power Cooperative in sponsoring a scholarship in 2015. A total of \$2,000 in educational scholarships will be awarded to area students. All dependent children of Minnesota Valley Cooperative members meeting the qualifications are eligible to apply. The scholarship program is designed to recognize and encourage the achievements, abilities and school/community involvement of students in Minnesota Valley's service territory. The cooperatives have developed the scholarships to help meet the college funding needs of students in rural areas.

To qualify for the scholarship, an applicant must be the dependent child of a Minnesota Valley member and a U.S. citizen. Applicants must be students enrolled or planning to enroll in a full-time undergraduate or graduate course of study at an accredited, two-year or four-year college, university or technical college in the 2015-2016 school year. Students in any year of post high school education are eligible. Previous scholarship winners are **not** eligible. Recipients will be chosen based on a combination of overall grades, achievements, participation in school and community activities, a personal statement of career goals, applicant appraisal form and an essay. A neutral group of Minnesota Valley members will review all applications and make a selection on a recipient(s). All post high school areas of study will be equally considered for the scholarship. Stop into the Minnesota Valley R.E.C. office to pick up a scholarship application form, have one mailed or emailed to you by calling 320.269.2163 or 800.247.5051 or visit our website at www.mnvalleyrec.com.

Scholarship applications for the 2015-2016 school year will be accepted until February 6th, 2015.

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Win a Trip to the 2015 Electric Co-op Youth Tour in Washington, D.C.



Minnesota Valley will again be sponsoring a youth trip in 2015. The program is open to all high school sophomores and juniors in Minnesota Valley's service area, whether or not their parents are members of the cooperative. To qualify you will need to submit an essay and application form which are available by calling Minnesota Valley. All applications/essays must be completed and in our office by **March 13th, 2015**. If you place first in the competition, you will be awarded an all-expense-paid trip to our nation's capital along with about 40 other students from Minnesota cooperatives.

The Electric Cooperative Youth Tour to Washington, D.C. is scheduled for June 13th-18th, 2015. The students will join over 1,000 young people from across rural America given the opportunity to see American government in action, tour our nation's capital, visit historic places of interest and meet many new friends.



All winners are guaranteed a good time! If you are a high school sophomore or junior living in Minnesota Valley's service territory and would like to go on this all-expense-paid trip, call **320.269.2163** or **800.247.5051** and we will send or email you the complete application or go online at www.mnvalleyrec.com and download the application.

Apply Now for the Minnesota Valley/Basin Electric Scholarship

Minnesota Valley R.E.C. has again joined Basin Electric Power Cooperative in sponsoring a scholarship in 2015. A total of \$2,000 in educational scholarships will be awarded to area students. All dependent children of Minnesota Valley Cooperative members meeting the qualifications are eligible to apply. For more details see the article in the accompanying newsletter.

To get an application you can either stop in the office, call 320.269.2163 or 800.247.5051, get an application off our website or email a request to mnvalley@mnvalleyrec.com.

Scholarship applications for the 2015-2016 school year will be accepted until **February 6th, 2015**.

