



MANAGER'S MESSAGE • PAT CARRUTH



General Manager

Some High Points in our KRTA

Each year a report called the Key Ratio Trend Analysis or KRTA is put forth by one of our bankers, the Cooperative Finance Corporation or CFC. The report produces several ratios that we can use to track our performance against our peers in the state and across the country. We just got the 2018 numbers and comparatively we think we have some good things going for us at Minnesota Valley.

There are 43 electric cooperatives in Minnesota and of those, only three have lower retail rates than Minnesota Valley. One of the big reasons we have lower rates is that we continue to have the lowest wholesale power cost in the state. Our overall average power cost per kwh purchased in 2018 was 5.12 cents, the state average was 6.83 cents. We get our wholesale power from two low-cost providers. We purchase a fixed amount of federal hydropower through the Western Area Power Administration. This amounts to about 22% of our annual wholesale power purchases and averaged about 2.5 cents per kwh. The balance of our wholesale power purchases come from our Basin Electric via their well-run fleet of power plants. Our Basin Electric purchases ran on average about 5.7 cents per kwh in 2018.

We feel being one of the lowest cost electric providers in the state is particularly notable for us because the KRTA shows we have the lowest member density in the state.

We have 1.6 consumers per mile of line, the Minnesota average is 4.53 consumers per mile of line. This means we are required to build and maintain more miles of line to serve a single member than anyone else in the state. It also means each of our member-owners must build, maintain and pay for more power line to get their electric service than any member from any other cooperative in the state.

Another ratio in the report that we feel tells a lot about what type of cooperative Minnesota Valley is, is how committed we have been to retiring capital credits. Only three cooperatives in the state have retired or paid out more capital credits as a percentage of total allocated than us. We have paid out almost 49%, the state average is 36% and the nation average is 27%. The Minnesota Valley board has historically set rates sufficient to build and maintain a reliable system and to generate enough revenue to retire capital credits aggressively. We have always retired on a first-in first-out basis. At our April 4th, 2020 Annual Meeting we will be distributing checks for the retirement of patronage capital from 2006. Hope to see you there!

Remember Safety This Fall

Each harvest season, we have contacts with power poles and lines from farm equipment. Please be sure you and everyone on your crew take the time necessary to safely operate your equipment. Power lines can be easily rebuilt. We simply do not want anyone hurt. Have a great harvest season!

Back to School Transportation Safety Tips

As summer draws to a close and children start heading back to school, family life can get pretty hectic. It's important to remember—and share with your children—some key tips that will help them stay safe and healthy throughout the school year.

Whether children walk, ride their bicycle or take the bus to school, it is extremely important that they take proper safety precautions. On the following page are some tips to make sure your child safely travels to school.

(Back to School Transportation Safety continued on page 2)



TIPS FOR WALKERS:

- ✓ Review your family's walking safety rules and practice walking to school with your child.
- ✓ Walk on the sidewalk, if one is available; when on a street with no sidewalk, walk facing the traffic.
- ✓ Before you cross the street, stop and look left, right and left again to see if cars are coming.
- ✓ Make eye contact with drivers before crossing and always cross streets at crosswalks or intersections.

TIPS FOR BIKE RIDERS:

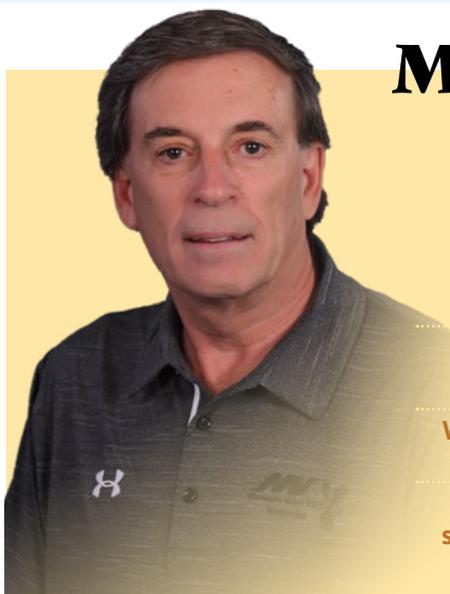
- ✓ Teach your child the rules of the road and practice riding the bike route to school with your child.
- ✓ Ride on the right side of the road, with traffic and in a single file line.
- ✓ Come to a complete stop before crossing the street; walk bikes across the street.
- ✓ Make sure your child always wears a properly fitted helmet and bright clothing.

TIPS FOR BUS RIDERS:

- ✓ Teach your children school bus safety rules and practice with them.
- ✓ Go to the bus stop with your child to teach them the proper way to get on and off the bus.
- ✓ Teach your children to stand 6 feet (or three giant steps) away from the curb.
- ✓ If your child must cross the street in front of the bus, teach him or her to walk on the side of the road until they are 10 feet ahead of the bus; your child and the bus driver should always be able to see each other.

TIPS FOR DRIVING YOUR CHILD TO SCHOOL:

- ✓ Stay alert and avoid distracted driving.
- ✓ Obey school zone speed limits and follow your school's drop-off procedure.
- ✓ Make eye contact with children who are crossing the street.
- ✓ Never pass a bus loading or unloading children.



Meet Your Employees

Name Duane O'Malley

Hometown Appleton, MN

Family Wife: Donna; Daughter: Amy

When did you start at Minnesota Valley? I started in May of 1996 and am currently a Member Services Technician.

What do you like best about working here? The variety of things I get to do and the great employees I get to work with.

What do you like to do in your free time? Wallyball, golf and bicycling

People would be surprised if they knew: How many hours I have spent playing bingo.

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NOTICE: MAKE SURE YOUR METER IS ON

Your Heat Will Be on Soon—Is Your Meter On?

Minnesota Valley would like to remind all members on either our electric or dual heat rates, that the power must be turned on to your heat meter for it to operate properly. If the meter does not have power, you will not be getting your heat usage at a discounted rate. All electric heat installations have power supplied to the heat meter from your electrical service. If that meter power has been turned off, all of the KWhs that are used for heat **will be at our higher general rate.**

Please turn on your electric heat power and verify that your meter is operating. If you have a digital meter, the **electronic display will be lit up.** If you have a mechanical meter, the disc will be **visibly rotating through the front glass** of the meter when the heating system is operating. Failure to verify that your meter is powered up may result in a higher electric bill than normal.



Make sure this display is lit up.

Make sure this disc is spinning when system is operating.



ENGINEERING & OPERATIONS • BOB KRATZ



Manager of Operations

The Summer Pole Treating crew has wrapped up for the year and inspected/treated about 3,700 poles. This would be an all-time high for that many poles being treated in one year. During this process, they also rejected 56 of these poles that either had mechanical damage or had bad shell rot at the ground line. This program helps to extend the life of power poles on our distribution/transmission system and thus saving the co-op the cost of replacing them.

Fall harvest will be in full swing soon, please stay safe and alert during your long days in the fields. I can't stress enough the fact that almost half of power line contacts involve large

equipment and most electrical safety incidents occur on farms. Another thing to consider is to know the height of your equipment, especially if you have purchased new equipment and have not had it in the field yet. A four fourteen zero two We still have some power poles that we will be changing out in some fields once the crops are harvested.

Every three years, Minnesota Valley goes through a major safety check by its peers from other co-ops, which is a program called RESAP (Rural Electric Safety Achievement Program). A good solid safety program helps to keep employees safe as well as keeping insurance rates as low as possible. This was completed here on August 20th and we are waiting for our results.

Find Your Location Number and Receive a Bill Credit!

We hide two account numbers in every issue of our newsletter. If you find your number, you receive a \$10 bill credit (*Operation Round Up participants get a \$10 bonus*). If neither number is claimed before the 25th of the month, **the unclaimed amount rolls over into the next month!**

The bill credit will continue to roll over and accumulate until it is claimed. If both location numbers are claimed in a month, the recipients will split the credit. Once claimed, it will start again at \$10. The current running amount is noted in each issue. If you find your number, call 320.269.2163 or 800.247.5051.

Congratulations to Alta Johnson of Minneota who identified her location and received a \$25 credit to her account for being an Operation Round Up participant and Karen Larson of Clara City who identified her location and received a \$15 credit on her account.



CLAIM BEFORE SEPTEMBER 25TH FOR:

\$10

Comparative Report

	Jan-Jul 2019	Jan-Jul 2018	Jan-Jul 1999
Kwh Purchased	128,860,849	131,117,830	80,213,152
Kwh Sold	121,265,468	123,724,128	74,404,269
Cost Of Purchased Power	\$6,061,067	\$6,225,283	\$2,449,125
Patronage Capital Margins	\$849,443	\$1,155,490	\$294,503
Reserve For Taxes	\$149,331	\$160,417	\$203,000
Cost Per Kwh Purchased (mills)	47.04	47.48	30.53
	July '19	July '18	July '99
Total Plant	\$74,522,974	\$73,125,679	\$32,321,298
Number of Active Services	5,283	5,288	5,195
Average Residential Bill	\$230.30	\$225.90	\$112.22
Average Residential Kwh Consumption	1,838	1,807	1,459
Average Kwh Usage All Consumers	2,966	3,008	1,996
Peak Kw Demand (Peak Load)	30,892	31,143	25,444

MEMBER SERVICES • BOB WALSH



Member Services Manager

Understanding Energy Demand and Purchasing

You may not think you need to have an understanding of *energy demand* and purchasing, but do you ever look at your energy bill and wonder what

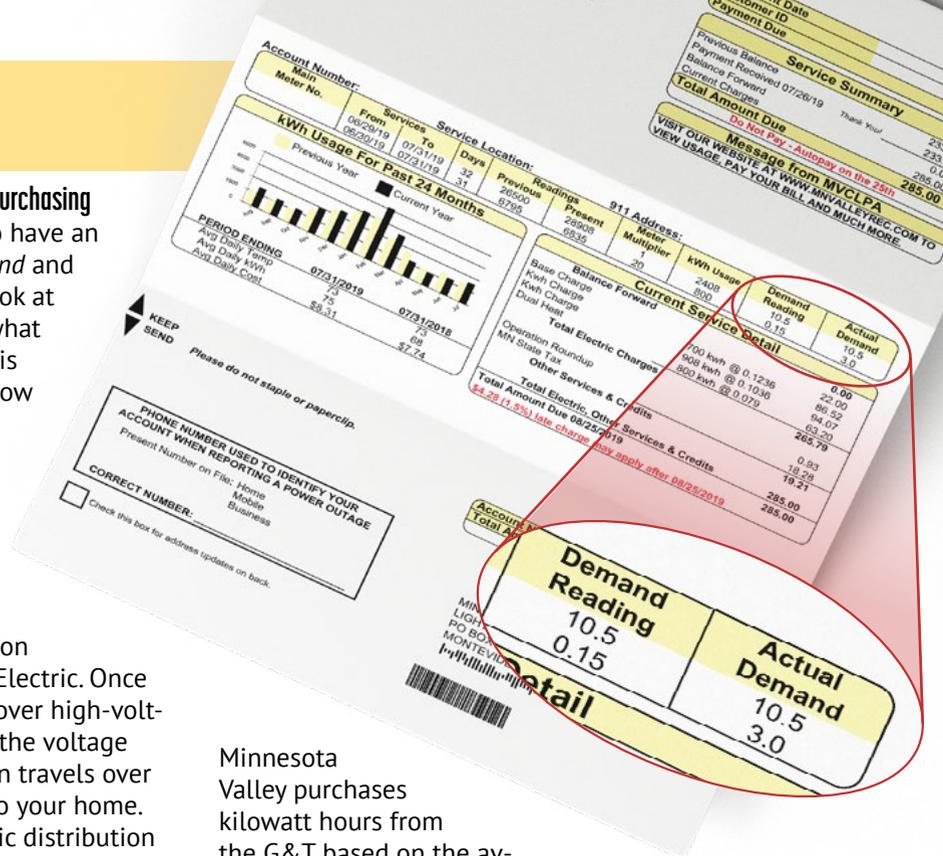
it all means? If your answer to that question is “yes,” then you might be interested to learn how demand impacts your utility bill.

To start, it is important to understand how electricity is made and how it is delivered to your home.

Before Minnesota Valley can send electricity to your home, that electricity needs to be generated by a Generation and Transmission Cooperative (G&T). In our case, that is Basin Electric. Once the electricity has been generated, it travels over high-voltage transmission lines to substations, where the voltage is reduced to a safer level. The electricity then travels over distribution power lines and finds its way into your home. So, while you pay your bill to us – your electric distribution cooperative – we don’t actually generate the electricity you use. That is the job of the G&T.

We do help to determine how much electricity our members need to power their homes and businesses and you play a big part in determining how much electricity the G&T needs to create in order to keep the lights on in our community. That is where these terms “consumption” and “demand” come in.

Consumption is measured in kilowatt hours (KWh). Demand is measured in kilowatts (KW). A lightbulb “consumes” a certain number of watts, let’s say 100 watts per hour. If that lightbulb stays on for 10 hours, it “demands” a certain number of kilowatts (in this case, 1 KW) from the generation station producing electricity. Now, if you turn on ten 100-watt lightbulbs in your home for one hour, you are still consuming the same number of KW. However, you are placing a demand on the utility to have those kW available to you over the course of one hour, instead of ten. This requires the generation and transmission plant to produce more power in less time in order to meet your demand.



Minnesota Valley purchases kilowatt hours from the G&T based on the average demand of all of our members. Peak demand refers to the time of day when the demand for electricity is highest. This is typically during the evening when families return home from work or school, cook dinner and use appliances the most. Using electricity during this peak demand period will cost more to both Minnesota Valley and to our members due to the increase in demand charges and KWh consumption. The higher the demand, the higher the price we will have to pay for delivered power.

Demand is the reason Minnesota Valley’s electricity bill fluctuates season to season and even year to year. If we can keep our demand low and have a more efficient use of the KWhs our consumers use, our energy bill can be much lower and we can pass those savings on to you, the end consumer. Q one twenty three zero four C Generating and distributing power can be a tricky and complicated business, but rest assured Minnesota Valley will always meet the necessary demand to provide safe, reliable and affordable electricity to your family.

Find us on



Office Hours

8:00 a.m. - 4:30 p.m.
Monday through Friday

24-Hour Telephone Answering

320.269.2163
800.247.5051

Minnesota Valley Co-op News

Published monthly by:
Minnesota Valley Cooperative
Light and Power Association

Website

www.mnvalleyrec.com

Address

501 South 1st Street
P.O. Box 248
Montevideo, MN 56265

