

MINNESOTA VALLEY Co-OP NEWS

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MANAGER'S MESSAGE • PAT CARRUTH



General Manager

Fourth Branch of Government Continues to Nickel and Dime Affordable Electricity

The Environmental Protection Agency (EPA) continues to act like an independent branch of government dishing out edicts while accountable to no one. The EPA, in its recent Clean Power Plan rollout, demands that the electric power industry reduce so-called green emissions by 32% over the next 15 years. This ridiculous and overreaching approach puts the future of affordable and reliable electric power in great peril with no measurable net environmental improvement. This is simply another step in the continued run at throttling coal-fired generation in the name of the environment. Eventually, when all of this nonsense settles out, coal will still have to run to keep the lights on. But there is a good chance it will have to do so with a carbon tax attached to meet the desires of certain interests.

Our National Rural Electric Cooperative Association (NRECA), recently released a new economic analysis that measures the impact of 10% and 25% electricity prices on jobs and gross domestic product from 2030 to 2040. The study shows a 10% increase in electricity prices resulting in 1.2 million job losses and nearly half of those job losses occur in rural areas. A 25% increase would be more damaging with 2.2 million jobs lost and almost half of those losses occurring in rural areas. Affordable electric power is crucial to a healthy economy.

Reliable electric power is also important to our economy and way of life. The reduced reliability that will surely come right along with this plan will cause serious problems for everyone. The transmission system and the baseload backbone, such as coal and even natural gas, are being choked down to the point of instability. There is nothing left to handle the instability of intermittent wind and solar generation on the overall grid. Wind and solar are simply pretending to be real players in providing baseload power when they simply cannot. The laws of physics still trump the laws of politics. If this present path the electric utility industry is being forced to walk down is not reworked, our future will have more power outages and of longer durations.

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Celebrate National Cooperative Month!

We invite everyone to celebrate cooperatives in Minnesota and across America during National Cooperative Month. Every October, cooperatives are recognized for the qualities that make the business model unique.

While cooperatives operate in many industries and sectors of the economy, seven cooperative principles set us apart from other businesses: voluntary and open membership; democratic member control; member's economic participation; autonomy and independence; education, training and information; cooperation among cooperatives; and concern for community.

We are proud to be part of America's cooperative network, which includes more than 47,000 cooperative businesses.



Manager's Message *(continued from page 1)*

Even though wind and solar provide no real value to the electric power industry, they still must be paid for. The taxpayers get gouged twice—once with the tax bill (the special interest people who invest in wind and solar avoid with their tax credits) and then with the higher light bill to pay for the forced cost of renewables on the grid, which must be paid for by your light bill.

The Courts are our best short-term solution. Fifteen states have filed for an emergency stay with the U.S. Court of Appeals for the District of Columbia

to block the EPA's plan. The group of states argues that amendments made to the federal Clean Air Act of 1990 prevent EPA from regulating an emissions source—such as existing power plants—under Section 111d of the law if it is already regulated under Section 112. The states also contend EPA may regulate emissions only at the smokestack and not outside the "fence line." Claiming they will be "irreparably harmed" the states want the Court to put all deadlines on hold until wrangling over the rule's overall legality ends.

The EPA just proclaimed they control every last bit of water in U.S. through their highly contentious "Waters of the United States" or WOTUS declaration. They kicked off their self-proclaimed control of our waters with much fanfare by botching a "project" and ruining a river in Colorado. If left unchecked of their power grab, the EPA will do to the Electric Power Industry what they did to the Animas River in Colorado. As a country, we need to get back to only three branches of government and they need to do their respective jobs and keep each other in check.

ENGINEERING & OPERATIONS • JOHN WILLIAMSON



Manager of Engineering & Operations

Our crews have been doing some additional work in the Gluek Substation to accommodate added load. Pictured in the bucket trucks below are *David Dieter* and *Trevor Diggins*. They are terminating cables and modifying the steel structure for installing a set of triple-single OCRs.



We have also been installing some underground on the southern edge of Granite Falls. That is where our existing overhead has been hard to maintain or even get to from building developments and tree growth.

Fall is here and increased energy demand is beginning to show up on our monitoring equipment so we know everyone is harvesting.

Stay safe!

Cold Weather Rule Protection

The Minnesota Cold Weather Rule protects residential utility customers during the cold winter months. Under this rule, your electric service will not be disconnected from October 15th through April 15th if you meet the Cold Weather Rule requirements.

Under this rule, your electric service will not be disconnected, provided you meet ALL of the following requirements:

- » *The disconnection would affect the customer's primary heat source.*
- » *You declare an inability to pay.*
- » *Your total household, not individual, income is less than 50% of the state median income. You must provide the necessary documentation to support this condition.*
- » *Your account is current for the billing period immediately prior to October 15th.*
- » *You mutually agree to a payment schedule with our Billing Department.*

If you do not qualify under this rule, you may continue to receive electric service if you call us to make a mutually acceptable payment arrangement.

We have several easy and convenient payment options available to help you get back on track and stay on track. If you have not contacted us to set up a payment plan, please call us at 320.269.2163 or 800.247.5051 to find out what options are available to you.

Get a \$10 or \$20 bill credit!

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.

Congratulations to Randall Fragodt and Our Saviour's Lutheran Church of Baxter who identified their locations and received a \$10 credit on their energy bill!



Comparative Report

	Jan-Aug 2015	Jan-Aug 2014	Jan-Aug 1995
Kwh Purchased	136,260,076	142,646,864	90,828,100
Kwh Sold	129,246,824	135,305,301	83,502,941
Cost Of Purchased Power	\$6,059,397	\$6,526,572	\$2,844,570
Patronage Capital Margins	\$1,218,453	\$1,181,388	\$225,752
Reserve For Taxes	\$198,163	\$204,463	\$208,015
Cost Per Kwh Purchased (mills)	44.47	45.75	34.58
	August '15	August '14	August '95
Total Plant	\$65,647,705	\$63,392,575	\$26,236,556
# Of Members Receiving Service	5,266	5,271	5,155
Average Residential Bill	\$178.60	\$184.69	\$99.55
Average Residential Kwh Consumption	1,525	1,572	1,404
Average Kwh Usage All Consumers	2,688	2,840	1,961
Peak Kw Demand (Peak Load)	29,696	28,642	23,774



EPA's Final 111(d) Rule Released—Drastically Different From Proposed Rule

Final rule greatly hinders the use of coal and natural gas

On Aug. 3rd, the Environmental Protection Agency (EPA) released its final rule for Section 111(d) of the Clean Air Act. President Barack Obama made the announcement during a press conference.

Section 111(d), part of the Obama Administration's Clean Power Plan, addresses greenhouse gas standards for existing fossil fuel-based power plants. The plan calls for a 32 percent nationwide drop in carbon emissions by 2030.

At first glance at the more than 2,000-page document, many states have noted that EPA's goals will be extremely difficult to meet.

Basin Electric staff continue to study the new rule, hoping to better understand how Section 111(d) will affect its member cooperatives.

"It's already clear that, for certain regions, the Clean Power Plan includes assumptions that are unrealistic and goals that are unattainable," said Mike Eggl, Basin Electric senior vice president of Communications and Administration. He added the differences between the proposed rule and the final rule are drastic.

Dale Niezwaag, Basin Electric senior legislative representative, said the rule requires major coal-producing states to lower emissions by approximately 40 percent. Regionally, it's unworkable. Niezwaag also said EPA made broad regional assump-

tions when writing the rule, rather than pursuing the state-by-state plan initially drafted in the 2014 proposed rule.

Rule met with state, congressional objection

During the press conference, Obama lauded the use of renewable energy, such as wind and solar, dismissing observations that cuts in coal and natural gas will drive up energy costs and kill jobs.

Basin Electric has been a leader in wind development, but with a 40 percent capacity factor, wind does not stand on its own. Furthermore, the final rule does not give Basin Electric credit for the sizable investments it's made for wind generation. From 2005 to 2015, Basin Electric wind capacity has grown from 5.2 megawatts (MW) to 810 MW.

The press conference, met with much congressional backlash, lacked consideration of states that largely rely on coal when there's no wind or sunshine.

U.S. Sen. Heidi Heitkamp (D-ND) called Obama's announcement a "slap in the face." Dissent also came from the Federal Energy Regulatory Commission (FERC).

FERC Commissioner Tony Clark expressed concern that the federal government is taking responsibility away from states, as well as assuming control of the nation's energy grid.

Compliance changes noted in final rule

EPA's 2014 proposed Section 111(d) rule said state plans were due by June 2016, but the final rule included an extension to 2017. Fourteen states are expected to be in full compliance by 2022, an extension of the original 2020 deadline.

A reliability safety valve was also included in the final Clean Power Plan, which essentially gives states a 90-day period to exceed carbon limits during emergencies.

Early industry arguments for the safety valve are that baseload coal-fueled generation facilities are designed to run on a 24/7 basis and cannot be simply turned on and off to back up renewables, like wind.

The electrical industry has also stressed wind and solar projects are at times met with public opposition. In May, for example, the Stark County (ND) Commission rejected a conditional use permit for an 87-turbine wind farm stretching between the communities of Richardton and Gladstone.

New rule hurts consumer investment

In light of the final Section 111(d) rule, Basin Electric believes Congress missed a key opportunity in technological advancement. With private and federal partnerships, industry ingenuity and time, carbon capture technology, battery technologies and alternative means of generating electricity could be developed.

The new rule also hurts consumer investment. Basin Electric's coal-generating facilities, representing billions of dollars of investment by consumer-owners, could continue to generate over their remaining useful lives, leading to the transition to proposed new technologies.

Basin Electric and other industry members believe EPA has exceeded its legal authority with Section 111(d), and the rule is expected to be met with litigation from states.

**Minnesota Valley
will be closed
on Wednesday,
November 11th,
2015 in observance
of Veterans Day!**



MEMBER SERVICES • BOB WALSH

Member Services Manager



Electric Heat Is Still a Good Value

Recent years have seen the cost of electricity go up, but electricity still stands as one of the best values we have today. We can accomplish so much for so little that we really need to think just what you can get done for the cost of that monthly bill. One of the things we can get done very economically is heating our homes and businesses. Minnesota Valley's electric and dual heat rates are very competitive in today's market. Even with the dip in fossil fuel prices, the cost to heat with electricity still remains low.

Electric heat rates coupled with new technology and low interest loans can make the installation of an electric heating system look very attractive. Minnesota Valley also offers 5% financing for up to \$15,000 on the installation of an electric heat system. If you are interested in the installation of an electric heat system, or want to evaluate your current heating system, contact the Member Services Department for help today!

Get a Loan for that Equipment

Minnesota Valley offers low-interest loans for energy conservation practices like weatherization, installation of windows, doors and insulation. Conditions of the loan are that you must be a member of Minnesota Valley REC, have a good credit rating with Minnesota Valley and submit a credit application to our office. All applications are completely confidential and can be processed within a matter of days. A very reasonable rate of 5% simple interest is charged. Up to \$15,000 can be borrowed for a period of up to seven years. Over the years, these loans have enabled many people to do work to their homes at a very affordable rate.

In addition to energy conservation loans, Minnesota Valley also offers loans for the purchase and installation of electric heating and cooling products. The loan funds may be used for all types of electric heating equipment. Equipment may be purchased through Minnesota Valley or any heating, cooling or electrical contractor that you choose. Replacement of outdated electrical wiring may also qualify for this loan program. Loan funds are available through Minnesota Valley to replace old wiring that you may not feel comfortable with. P two fifteen zero three Meeting the conditions of the weatherization and equipment loans can also qualify you for financing of the replacement of unsafe wiring. Whatever loan you are interested in, please contact the Member Services Department for more information on these excellent programs. They can be reached during normal business hours at 320.269.2163 or 800.247.5051.

Your Heat May Be On, but 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 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 the meter is on!

Make sure this display is lit up.



Make sure this disc is spinning.



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