



MANAGER'S MESSAGE • PAT CARRUTH



General Manager

Year End Numbers Complete

Auditors have been in to give the board their annual audit report of the cooperative books so the numbers are final. Overall, we had a great year financially. We ended the year with an operating margin of \$150,000. This means that we had adequate cash income for the year to cover our cash expenses. We had an overall margin of \$2,300,000. This is our operating margin plus primarily non-cash allocations from other cooperatives that we own such as our power supplier, Basin Electric. Basin Electric had a great year selling excess power on the market and was able to give us a much larger than normal allocation.

Our year-end margin was more than we need in a normal year. This was due, of course, primarily to Basin's high allocation of almost \$1,000,000. We did our best to control costs locally as well as having higher energy sales than the previous year. The great news in all of this is that your cooperative is in great shape financially. We will hold rates again for 2017 and expect to have a pretty good year financially. We will be holding electric heat rates as well for this year. We have had discounted electric heat rates since 1983. We are committed to keeping our electric heat rates affordable well into the future. If you are building new or need to replace your current heating system, give our guys in member services a call. Electric heat is the most economical way to heat and we will do our best to keep it that way.

Co-op Principle Three: Member Economic Participation

Over this year, we are featuring the seven different cooperative principles. Minnesota Valley Cooperative Light & Power Association adheres to these seven principles when making decisions that impact your cooperative. This month we are featuring co-op principle number three – Member Economic Participation.

Minnesota Valley Cooperative Light & Power Association differs from investor-owned electric utilities because the cooperative is owned and democratically controlled by the membership. As a member-owner, you invest in your electric utility monthly by paying your electric bill.

The cooperative's rates are set to bring in enough money to pay operating costs, make payments on any loans and provide an emergency reserve. At the end of each calendar year, Minnesota Valley subtracts operating expenses from the total amount of money collected during the year and the balance is the "margin." This margin is allocated to each member based on the amount paid for electricity that year. These capital credits are paid out over time, allowing the

Join us for Brunch at Your Annual Meeting on Saturday, March 25th

We will be serving brunch at the Lakeview High School in Cottonwood at 8:30 a.m. until 10:00 a.m. The business meeting will start at 10:30 a.m. and will wrap up about 11:30 a.m. We will be giving away something to every member who attends, as well as plenty of door prizes and Basin Tour trips.

Cooperative Annual Meetings are informative and interesting simply because of what they represent. They represent a business structure that was created by and continues to be operated by self-reliant people. People have always come together through cooperative organizations to meet their common needs and economic aspirations. Cooperatives have always been and will always be, an effective way to meet these goals. This is simply because every person taking service, like you, own and control them.

This is your business. You own it. When you pay your light bill you are paying for a service from a business that you actually own. Any margins left over after the cost of providing that service are returned to you. As an owner of this business, you actually choose the people who control the utility. You elect your board members. Through them, you have control on how the business is run, how it is maintained, how responsive to your needs it is and how it will prepare for the future. Cooperative ownership is truly something to cherish and nourish.

With that in mind, please join your friends and neighbors on the morning of March 25th for a great breakfast and a chance to hear firsthand how YOUR business is doing.

cooperative to use that investment to improve and maintain the electrical system and to help keep electric rates low.

All members contribute equitably to the capital of the cooperative through their monthly electric bills. Following the principle of member economic participation, each member's capital credit refund amount varies in proportion to how much he or she paid in through monthly electric bills during a set period of time.

If you move away from Minnesota Valley's service territory, it is important that you keep your current address on file with our office. This will allow the cooperative to mail you a payment when capital credits are issued for the years when you were a co-op member. To update your address, please contact us at (320) 269-2163 or (800) 247-5051.

**Digital Devices Impact Energy Use**

Ah, the Digital Age. We have gadgets galore, the ability to manage our homes in new and innovative ways, brilliant images and captivating sounds of modern entertainment options and of course, the internet. Clearly, digital devices reign supreme. Yet these cool new capabilities come with a couple of pitfalls; vampire loads and the issue of “technology reincarnation.”

Major appliances aside, most digital devices do not use 120-volt power, which is the standard voltage of a home outlet. They actually use a lot less. This is why low-voltage devices come with a power adapter. These “wall warts” as some term them, take the 120-volt electricity supplied by Minnesota Valley and convert it to say, five volts. Unfortunately, most folks leave their adapters plugged in to make recharging easier. I two zero eight zero one The problem with this approach is that the seemingly innocuous wall wart uses power even when it isn’t charging a device.

This invisible energy consumption is often called “vampire load.” Studies show that 5 to 10 percent of the average home’s energy use is from vampire loads. The only way to stop this is to unplug the power adapter when it is not in use or employ smart power strips. These look like the typical power strip but with a twist—only one socket gets power all the time. When the device or appliance connected to it turns on and starts using power, the remaining sockets receive power too. This is perfect for entertainment systems, computer set ups and a variety of other situations.

Technological advances have steadily increased energy efficiency and reduced purchase prices. On its face, this seems like a good thing. Unfortunately, when replacing a product at the end of its

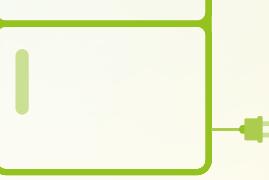
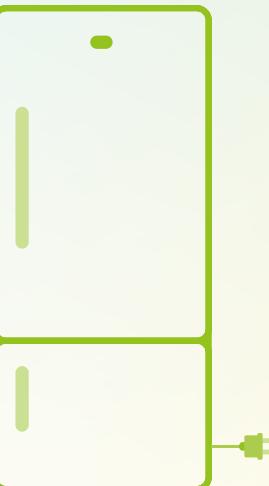


life, the tendency is to go bigger, or continue to use the old tech. This is the second issue—technology reincarnation.

For example, flat screen television prices have plummeted as technology has evolved—and so has the amount of electricity they use. If you spring for the bigger TV, you won’t benefit from the increased energy efficiency of the newer technology. The bigger model uses as much juice as the older, smaller TV, which likely ends up in another room (reincarnated in another setting) still using power.

Refrigerators, these are the showpieces of the evolution of smart appliances. Many new models include touchscreens and cameras; they communicate over the internet. Yet what often happens is the old refrigerator ends up in the basement or garage, reincarnated as a dedicated beverage unit or overflow.

We offer a couple words of advice to help you avoid—or at least reduce—the effects of vampire loads and technology reincarnation. Invest in smart power strips or make a point to use outlets where you can conveniently unplug power adapters when not in use. Don’t oversize your replacement appliances and entertainment gear unless family needs dictate the larger capacities. Recycle the replaced appliances and equipment to stem technology reincarnation. You will enjoy the Digital Age for a lot less.



Congratulations to the Minnesota Valley REC/Basin Electric Scholarship Winners!



Anna VanRavenswaay is the daughter of Wendy and Carl VanRavenswaay of Montevideo and will graduate from Montevideo High School this spring. Anna will be attending Augustana University pursuing her career in Music Education.



Cole Bungarden is the son of Lisa and Joseph Bungarden and will be graduating this spring from Lac qui Parle High School. Cole will be attending South Dakota State University for Engineering.



Deric Radermacher will graduate from the Ortonville High School in 2017. Deric is the son of Nancy and Robert Radermacher from Bellingham. Deric will be attending the University of North Georgia for Mechanical Engineering.



Joshua Johnson will graduate in 2017. Joshua is from Boyd and is home schooled. Joshua is the son of Kathryn and Edward Johnson. Joshua will be attending Southwest Minnesota State University in Marshall for Agri Business Management.



Matthew Frazeur will graduate from Canby High School this spring. Matthew is the son of Renee and Stuart Frazeur of Canby. Matthew will be attending Dordt College in Sioux Center, IA pursuing his degree in Mechanical Engineering.



ENGINEERING & OPERATIONS • JOHN WILLIAMSON



Manager of Engineering & Operations

The countdown is on since Mr. Groundhog saw his shadow with the prediction (promise?) for the end of winter. Everything will start getting soft and sloppy soon, but don't let that stop you from visiting with us about a planned project. As soon as fit conditions arrive, we will be doing whatever we can to stay ahead of field work machinery.

Crews have been replacing/building planned overhead line projects with the nice weather we have been having. When doing these projects, we have our insulated bucket truck hold the existing energized 7200-volt conductor away at a safe working distance. At the same time, the digger truck sets the new pole with hardware and a temporary insulating arm. The existing energized conductors are then repositioned onto the temporary arm to allow room for the new conductor to be strung in on the new hardware and terminated to keep planned outages to a minimum timeframe.

Minnesota Valley R.E.C. will be accepting applications for the summer Pole Treating Crew until May 1st, 2017. Applications are available at the Minnesota Valley office or at our website, www.mnvalleyrec.com.

2017 Director Candidates



Wayne Peltier: District 7

I have been farming southwest of Cottonwood for 40 years. For the past 21 years, my wife, Pat and I have been co-owners and managers of P & K Fabricating in Cottonwood. We have three sons: Shawn, Quinn and Colin and six grandchildren.

I have been a director at Minnesota Valley Cooperative for 18 years, currently serving as president of the Basin Electric Board

of Directors. I have also served on the Cottonwood School Board and the Cottonwood Co-op Oil Board.

I am seeking to represent District 7 on the Minnesota Valley Board because I believe my 18 years on this board and my involvement with Basin Electric have prepared me for the challenge of serving in this capacity.

Comparative Report

	January 2017	January 2016	January 1997
Kwh Purchased	22,807,152	22,308,535	15,278,117
Kwh Sold	21,477,963	21,556,045	14,132,250
Cost Of Purchased Power	\$1,031,418	\$892,079	\$425,430
Patronage Capital Margins	\$141,761	\$385,263	\$68,310
Reserve For Taxes	\$22,917	\$22,917	\$28,000
Cost Per Kwh Purchased (mills)	45.22	39.99	27.85
	January 2017	January 2016	January 1997
Total Plant	\$68,765,821	\$66,392,344	\$28,799,638
# Of Members Receiving Service	5,265	5,254	5,157
Average Residential Bill	\$252.44	\$257.64	\$145.60
Average Residential Kwh Consumption	2,917	2,988	2,302
Average Kwh Usage All Consumers	4,079	4,103	2,740
Peak Kw Demand (Peak Load)	43,358	40,707	27,674



Darryl Bursack: District 5



I have been married to my wife, Susan, for 40 years. She is a LPN at Sanford in Canby. We have three daughters: Angela, Ashley and Alyssa and also 5 grandsons and 2 granddaughters. I have been a farmer for 44 years in Yellow Medicine County, Osh Kosh Township and I also have sold seed for 40 years.

I am active in church, family and friend activities. I am a member of the Gideons and have held different board positions in the past with a goal of making a positive difference in each of them.

I just finished three very informative and enjoyable years as a director for Minnesota Valley Cooperative Light and Power Association representing District 5. I would consider it a privilege to be able to continue to serve for another three years.

Member-owned cooperatives have always held a special place in my heart. I believe in them and Minnesota Valley wholeheartedly. As a member, I was drawn to have a hands-on involvement in keeping electricity coming to our communities, homes and businesses in the most efficient, safe and cost-effective way as possible, now and for the future.

I have appreciated and want to thank all the board members for their vast knowledge and help in teaching me the ropes the past three years. Also, many thanks to all the employees of Minnesota Valley from the General Manager, Pat Carruth, to each of the departments. They are all some of the best in their fields and an asset to all of our members and our board.

Find Your Location for a \$10 or \$20 Bill Credit!

There are two hidden account numbers in this newsletter. If one of them is your number, you will receive a \$10 energy credit or \$20 if you are an Operation Round Up participant. Keep looking each month—it could be your number! If you find your number in the newsletter, call the office at 320.269.2163 or 800.247.5051.

Congratulations to Michael Staab and Paul Condon who identified their locations and received a \$20 and \$10 credit off their energy bills!





BUSINESS OFFICE
CANDICE JAENISCH
Office Manager

Member-Owners

It all begins with you, the member-owners, and your loyalty to your cooperative. This includes new services such as machine sheds, hog barns, new homes and the like. It also includes members who use dual/electric heat, which is nearly 50% of our members, geothermal installations and heat pumps and members who use electric water heaters. Twenty one zero four A Members who simply pay their bills on time and those of you who have elected to use automatic payment methods or paperless statements also help to keep the costs down. All of these factors help keep our costs reasonable through your efforts and your loyalty to Minnesota Valley.



Employees/Directors

Minnesota Valley has an experienced Board of Directors and labor force—from the linemen who work to keep the power on, member services who install your heating and cooling systems, to the office department that works directly with you, the member-owners, on a day-to-day basis.



Vendors

Minnesota Valley does a substantial amount of business with various cooperative vendors. These vendors provide us with materials to build power lines. This past year we received thousands of dollars from these cooperatives via capital credits.

Power Supplier-Basin Electric

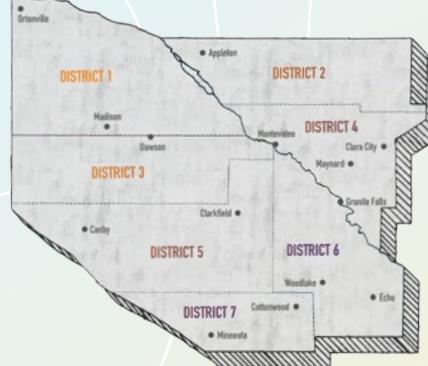
Our loyalty to Basin Electric, our wholesale power provider in which we are a Class A Member, also helps us keep your power costs down. Not only are our wholesale power costs some of the lowest in the country, but by signing an extended contract through 2075 we received an additional credit on our power bill. This saved us nearly \$300,000 last year alone.



**BASIN ELECTRIC
POWER COOPERATIVE**



Karian Peterson is a power line construction company which builds and replaces many miles of line annually for Minnesota Valley. They have also helped us out tremendously after major storms. This ownership allows us the security of knowing that in an emergency, we have a reliable resource of qualified linemen to call on to help us get the power back on for you, the member-owners. Minnesota Valley has a one-seventh ownership in Karian Peterson.



Minnesota Valley Tree Service provides our right-of-way clearing services throughout our system. This provides a valuable service in keeping the trees off of our lines. Generally, they do about \$650,000 worth of work to our system a year. During storms, they are first to respond where ever they are needed to assist Minnesota Valley in getting your power back on. They are a wholly owned subsidiary of Minnesota Valley Cooperative Light and Power Association.

Lenders

Minnesota Valley finances its operations through RUS and lending institutions that are cooperatives. These cooperatives allow us access to cash when it is needed and have enabled us to keep our cost of funds reasonable.

Office Hours

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

24-Hour Telephone Answering

320.269.2163
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