

MINNESOTA VALLEY Co-op NEWS

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MANAGER'S MESSAGE • PAT CARRUTH

General Manager



Minnesota Rural Electric Association Annual Meeting

Minnesota Valley's board went to St. Paul for a few days in mid-February for our Statewide Association's Annual Meeting. Our association's name is the Minnesota Rural Electric Association or MREA. One of the primary purposes of our trip was to meet with our area state legislators to work on energy issues. The board met with all area elected representatives to discuss issues we believe are important to rural Minnesota and our cooperative's mission to provide reliable, low cost electric energy.

Some of the issues of importance to us this year, being considered in the Minnesota Legislature, had to do with stray voltage and net energy metering. Stray voltage issues come up across the state on occasion, mostly on dairy farms. Most electric utilities, when made aware of any potential problems, work to immediately mitigate the problem, whether the cause is on the producer's side of the meter or on the utility's. Increasingly, as of late, these cases end up in court. One of the things we are asking the legislature to do is require testing protocol for stray voltage cases. This includes having licensed electricians and electrical engineers conduct the testing used as evidence in stray voltage cases. This will bring more factual information and less emotional information into the courtroom. It may even eliminate the need to go to court.

Another issue is net metering. We currently have a net metering state law that says if you or your neighbor put in

a wind turbine under 40 KW, the cooperative has to pay you average retail rate for any energy you sell back to the cooperative. This means that you have to subsidize your neighbor's small wind turbine. We want to level the playing field a bit. We are not against these small renewable projects. We simply feel they should not continue to get a free ride on the backs of their neighbors. They should pay their actual cost of using the cooperative's poles and wires just like everyone else connected to the system. We have to get the state law changed to do that. Also, we want to make sure even bigger "renewable" projects are not able to get a state mandated subsidized ride on your dime.

In addition to our legislative issues, we met with representatives of the rest of the electric cooperatives in the state at this meeting to work on the balance of our statewide association's business. MREA's purpose is three-fold; first, to provide safety instruction for the employees of the member systems, which is primarily for our linemen; secondly, to coordinate education and communication opportunities for the employees and directors of member systems; and finally, to provide coordinated and unified legislative lobbying on a statewide and national level.

Caucus Meetings

Glen Klefsaas in District 1 and Mark Peterson in District 3 were nominated to have their names on the ballot at the Annual Meeting coming up at Lac qui Parle Valley High School on March 21st. The Caucus Meetings were held on February 5th in Madison

and Dawson. Thank you to those members from those districts who attended.

Director Candidates Nominated

Candidate information for **Districts 1 and 3** is printed on page 3. If you are in one of those districts, be sure to come to the Annual Meeting to cast your vote. The directors elected will serve as their district's representative on the Minnesota Valley Board for a 3-year term.

Our Basin Electric CEO Paul Sukut to Speak at our Annual Meeting

We hope you can make it to the Lac qui Parle Valley High School on Saturday, March 21st to join us for your Annual Meeting. Paul Sukut will have some interesting and informative things to say about the electric utility industry that you will enjoy. It will be a morning meeting starting with breakfast at 8:30 and the meeting getting underway at 10:30. We will try and have you on your way by noon. Hope to see you there!

Make plans to attend your Annual Meeting on Saturday, March 21st at the Lac qui Parle Valley High School.

Breakfast begins at 8:30 a.m. Business meeting convenes at 10:30 a.m.

Minnesota Valley will be closed on Friday, April 3rd in observance of Easter.



Office Manager

Financial Highlights for 2014

Revenues: Minnesota Valley revenues are set to cover expenses plus a calculated margin. Revenues in 2014 were \$19.2 million – up \$787,000 from budget. This increase was due to a long cold winter and a good drying load in October and November.

Expenses: Minnesota Valley expenses consist of power costs, operating and maintenance costs and fixed charges. Power costs were \$10.6 million – up \$200,000 from budget and this is directly related to the increase in energy sales. Operating and maintenance costs were \$4.8 million – down \$200,000 from budget. This is due to fuel, materials and maintenance costs coming in lower than projected. Fixed expenses include interest expense and depreciation. Long-term interest expense was \$716,000 – down \$190,000 from budget. Interest rates continue to be favorable. Depreciation expense was slightly over budget by \$25,000.

Assets: Net utility plant was \$42.3 million, an increase of \$575,000. This increase is due to \$2.3 million in plant additions less depreciation expense. Other assets include an increase in Basin Electric investments of \$360,000.

Liabilities and Members' Equity: Long-term debt amounted to \$32.5 million at December 31st, 2014 – a decrease of \$1.5 million from a year ago. Other liabilities totaled \$3 million and include accounts payable, accrued expenses and short-term notes payable. Members' equity is \$21 million, an increase of \$1.1 million from a year ago. This increase is due to Minnesota Valley's net margin of \$2.5 million for 2014, less capital credits retired of \$1.4 million. Members' equity on December 31st, 2014 is 37.2%.

Additional financial and statistical information regarding the operations of Minnesota Valley for 2014 can be found in the Annual Report that has been mailed out.

Other Highlights-Basin Tour

In 2014, I was able to go on the annual Basin Tour. Basin Electric is where Minnesota Valley receives over 75% of its energy. The process of generating electricity from coal is extensive and complicated. Clearly, Basin Electric has it down to a science. The size of the equipment it uses to mine and haul the coal is unbelievable and the number of dedicated and talented employees

it takes to bring us electricity from the coal mines to our homes and businesses is extensive. G two zero eight zero four Minnesota Valley offers an all-expense paid trip to its members and trust me it is well worth your time. So if you have not had the opportunity to go on this trip, please join us at the Annual Meeting and sign up for your chance to see how electricity is generated!

Comparative Report

	January 2015	January 2014	January 1995
Kwh Purchased	22,723,531	24,334,497	14,180,184
Kwh Sold	21,754,888	22,977,911	12,538,667
Cost Of Purchased Power	\$1,000,036	\$1,032,747	\$403,234
Patronage Capital Margins	\$303,647	\$248,815	\$142,253
Reserve For Taxes	\$24,770	\$20,314	\$23,267
Cost Per Kwh Purchased (mills)	44.01	42.44	30.30
	January '15	January '14	January '95
Total Plant	\$63,892,135	\$61,627,311	\$24,671,589
# Of Members Receiving Service	5,269	5,253	5,155
Average Residential Bill	\$257.72	\$279.37	\$114.18
Average Residential Kwh Consumption	2,969	3,311	1,511
Average Kwh Usage All Consumers	4,129	4,374	2,432
Peak Kw Demand (Peak Load)	42,204	43,863	25,489

Get a \$10 or \$20 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 **James Pehrson** who identified his location number and received a \$10 energy credit on his account!



ENGINEERING & OPERATIONS • JOHN WILLIAMSON



Manager of Engineering & Operations

We all enjoyed some nice weather this past month. Very soon spring will arrive and it will stay warm!

Crews recently completed some power line rebuilds south of Echo. They are now working on constructing three-phase lines just east of Boyd for some load balancing in that area. For those who are interested, we frequently have old poles in our pole yard from line rebuilds or service retirements. Some poles are free and others are sold at \$1.50 per foot. The poles are a mixture of either pine or cedar.

Minnesota Valley R.E.C. will be accepting applications for the summer Pole Treating Crew until April 27th, 2015. Applications are available at the Minnesota Valley office or at our website, www.mnvalleyrec.com



Join Us at Your Annual Meeting on March 21st

Mark your calendar to join the fun at your Annual Meeting! The meeting will take place on Saturday, March 21st at the Lac qui Parle Valley High School. Highlights include:

Breakfast Buffet: The day will begin with registration and a breakfast buffet served from 8:30 to 10:00 a.m. The meeting gets underway at 10:30 a.m.

Operation Round Up: Members who want to begin participating in the Operation Round Up program can sign up to help support area community programs, projects, charities, agencies and families located in the co-op's service territory by having their energy bills rounded up to the nearest dollar each month. New and current Operation Round Up participants can sign up for a chance to win two seats on the Basin Tour trip or a \$25 credit on their energy account.

Reports: Reports on the cooperative's finances, progress, programs, services and future plans will be presented.

Election of Directors: Two directors will be elected to serve 3-year terms.

Door Prize Drawings: A drawing for prizes will be held at the close of the meeting.

Basin Tour Drawing: A drawing will be held for a couple to go on the Basin Tour to Bismark, ND. The trip is scheduled for July 21st-23rd, 2015. Only Minnesota Valley members and a guest over the age of 18 years of age are eligible. You must be present at the time of the drawing to win. Past tour participants are not eligible.

Kid's Room and Prizes: Kids of all ages are welcome to spend the morning involved in supervised activities while their parents attend the meeting. There will be a drawing for prizes at the end of the meeting.

Kids—bring your parents to the meeting for a chance to win great prizes.

2015 Annual Meeting

Saturday, March 21st

Lac qui Parle Valley High School

Breakfast Buffet begins at 8:30 a.m.

Meeting at 10:30 a.m.

Director Candidates Nominated at Caucus Meetings

Two districts held Caucus Meetings in February for the purpose of nominating director candidates to be put on the ballot for election at the Minnesota Valley Annual Meeting on **Saturday, March 21st, 2015**, at the Lac qui Parle Valley High School.



District 1: Glen Klefsaas

Occupation: Started farming in 1970 and have two sons taking over.

Family: Wife—Cheryl and three sons—Randy & Jackie, Jim, Dan & Mandy and three grandsons.

Community Involvement: Church member, Local LLL Treasury, past elevator director and 6 years REC director.

Reason for Deciding to Run: I enjoy working for the members to keep the price of electricity affordable to all patrons while keeping the co-op profitable. Additionally, enjoy getting to know people from other co-ops and learning from their experiences with the many challenges we face in this fast changing industry.



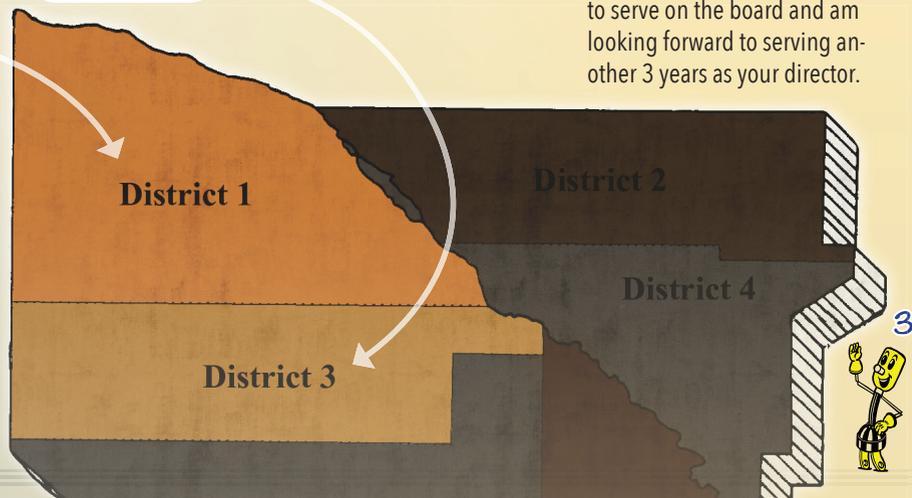
District 3: Mark Peterson

Occupation: Farmer for 30 years.

Family: Wife—Melanie (*Executive Assistant at Madison Lutheran Home*) and two sons—Jakob, age 15 and Micah, age 13.

Community Involvement: Active in church, elevator board, boy scouts and support groups.

Reason for Deciding to Run: I appreciate the opportunity to serve on the board and am looking forward to serving another 3 years as your director.





Energy Makeover Contest

We enclosed an energy conservation survey with February's newsletter. Thank you to all of those who filled out their survey. We are still accepting the survey entries if you would like to send it in with this month's payment. A survey form can be downloaded from our website at www.mnvalleyrec.com. The information gathered will help us to evaluate what consumer trends are taking place and different ways that we may be able to better serve you. The contest will not be closed until after our Annual Meeting. At our Annual Meeting on March 21st, we will have an energy conservation booth where you will have a chance to win prizes by taking the survey there also.

Electric Heat is Still a Great Value

We can still expect a little cold weather for the early parts of this spring. If you are thinking about replacing your heating system, perhaps you have checked into the benefits of electric heat. Minnesota Valley will continue to offer Dual Fuel and Electric Heat Rates to our customers in 2015. We have had reduced rates for electric heat kWhs for over 30 years. For two twenty-five zero three Guaranteed heating rates are an excellent promotion tool for electric heat applications and installations. The past instability of fossil fuel prices has brought about an increase of meter installations for our electric heat rates. The past months have seen our heat meter count pass the 2,500 mark. This means that our consumers are close to the 50% saturation point for metered electric heat installations. Basin Electric will continue to offer an Electric Heat Rate and a Dual Heat Rate to Minnesota Valley for the years to come. Minnesota Valley will also continue to pass this rate on to you as an electric heat customer.

Energy Saving Tip

Replacing your conventional power strips with advanced power strips (APS) can help reduce the electricity wasted when these devices are idle, without you having to change the way you normally use your electronics. According to the U.S. Department of Energy's Lawrence Berkeley National Laboratory, an appliance constantly using 1 watt of electrical current is equivalent to 9kWh per year, adding up to \$1 in annual costs (basically \$1/watt/year).



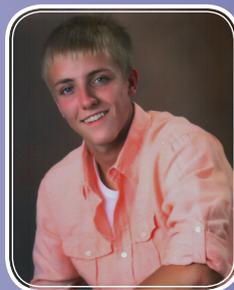
Scholarship Winners



Avery Koosmann will graduate from Montevideo High School this spring. She is the daughter of Gary and Donna Koosmann of Montevideo. Avery will be attending the Northwestern College in Orange City, Iowa to study Biology (healthcare professions).



Anthony Bosch will graduate from Montevideo High School this spring. Anthony is the son of Kent and Janet Bosch of Montevideo. Anthony will be attending either the University of North Dakota or the University of Minnesota-Twin Cities to study Aviation Management (UND) or Plant Science (U of MN).



Logan Knoshal graduated from Montevideo High School in 2014. He is the son of Lance and DeAnne Knoshal of Montevideo. Logan attends South Dakota State University pursuing his degree in Agriculture Engineering.



David VanRavenswaay is the son of Carl and Wendy VanRavenswaay of Montevideo and will graduate from Montevideo Senior High School this spring. He will be attending St. John's University for English/Pre-Law.



Samantha Payne will graduate from Benson High School this spring. Samantha is the daughter of Chad and Lynne Payne of DeGraff. Samantha will be attending the University of Wisconsin to pursue her degree in Ag Business.

Address

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

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