Minnesota Valley Co-op News

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Manager's Message • Pat Carruth

General Manager

Minnesota Valley in Good Mid-Year Financial Shape

We have reached the mid-point of the year and even though energy sales are down for the year, our total margin is better than where we were budgeted to be. We are at $789,739 for a total margin and we had planned on being at $552,000. Our energy sales are at 99.8 million KWhs and we planned on selling about 103 million KWhs through mid-year. Last year at this time, we had a total margin of $979,366 on energy sales of just over 105 million KWhs. Anyway, we are in good shape financially and fully expect to end the year in good shape, barring anything unforeseen.

Minnesota Legislative Special Session Adjourns with Some Good Results for Electric Cooperatives

State FEMA Match: This new law will have the state match us for up to 25% of our cost to restore power and rebuild under federally declared disasters that reach the threshold for federal reimbursement for some of the cost. This should help cooperatives recover well in the future when natural disasters occur across the state.

Net-Metering Reform: Under this new law, small energy producers under 40 kW, who sell their excess energy back to the cooperative, will only be paid avoided cost for their energy, as opposed to the current average retail rate requirement.

Move-Over Provision: This provision requires motorists to slow down and if possible, move over when they see a utility vehicle with flashing lights parked by the side of the road.

Construction and Maintenance Projects on Target

For the most part, the weather has allowed us to make good headway on our Work Plan this spring and summer. We put a new larger capacity transformer in the Minneota Substation, going from a 5,000 to a 7,500 KVA transformer. We have been running short of transformer capacity during corn drying season. This will remedy that. We then took that 5,000 KVA over to the Wood Lake Substation to replace six older 833 KVA transformers which were in need of replacement.

We have also been replacing/upgrading about 25 miles of line in different areas of our project. Our Minnesota Valley

(*Manager's Message* continued on page 2)

2015 Basin Tour

We all flip a light switch, get a glass of cold milk from the refrigerator, watch TV and do countless other things without even thinking about the electricity that allows us to do them. It's something we have come to take for granted. But the co-op members who were on the annual Basin Tour in July, will now stop to think about what they learned each time they use something that uses electricity.

Their trip included a tour of the Garrison Dam, a resource used for hydroelectric power production, flood control, irrigation, recreation, municipal and industrial water supply and downstream navigation; a visit to the Antelope Valley Station, where they saw the process of generating electricity and a trip into the world of coal mining at the Coteau Freedom Coal Mine where they saw how the over burden is removed in order to get to the coal seam and also viewed land reclamation efforts. Along with all the fun, traveling and food, tour members learned "the story behind the switch". It is remarkable to learn what is actually involved in the process of bringing electricity into our lives.

If you want a chance to go on this eye-opening tour, all you have to do is attend your District Caucus Meeting or the Annual Meeting and sign up for the drawing. Anyone who has ever been there will tell you it's an "enlightening" experience and a great way to spend three days!

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

Tree Service has been working hard to get us caught up on our right-of-way clearing. We want to get as much clearance between trees and power lines as we can get so we are ready when the wind, ice and heavy snow come. We are also ahead of where we were last year on our pole testing and treating program for the summer. We expect to test and treat over 2,000 poles and find about 50 poles out of that program that will be rejected and need replacement.

We have 16 substations with extensive amounts of equipment that need routine and scheduled maintenance. We have about 650 oil circuit reclosures throughout our system that need to be monitored and serviced. These are our circuit breakers designed to protect the system from disturbances such as lightning and other line contacts. We have 102 line voltage regulators and 48 substation voltage regulators that we monitor and adjust to make sure everyone has proper voltage. We also need to inspect and maintain our motorized switches and communication links throughout our system to make sure they will operate properly when we need to switch lines from the office.

For the most part, storms have not caused us too many problems at this point for the year. We are, of course, hopeful fair weather continues throughout the balance of the year. Each year is a busy, well planned out year at Minnesota Valley with respect to the construction, operation and maintenance of your member-owned power system. We take our job as stewards of your project very seriously by methodically doing the planning and work we need to do to keep your system operating well now and into the future.

Business Office • Candice Jaenisch

Office Manager

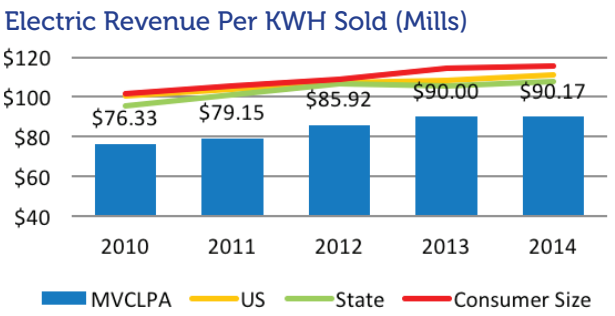
Minnesota Valley's KRTAs Remains Strong for 2014

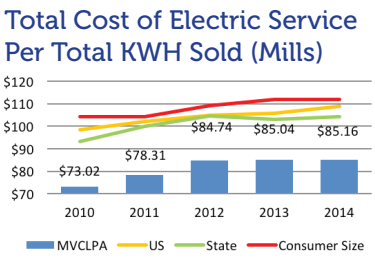
Annually, CFC (Cooperative Finance Corporation) distributes a Key Ratio Trend Analysis (KRTA) to its members. This report compares Minnesota Valley's key ratios with other cooperatives on the national, state and consumer level. These ratios are used as a benchmark for our operations here at Minnesota Valley.

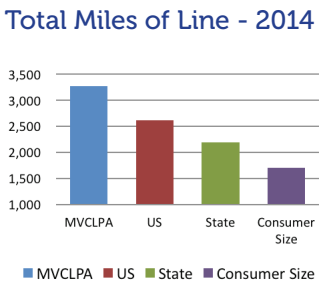
Minnesota Valley's electric rates continue to be below industry averages across the board. This is due, in part, to our power costs from Basin Electric and WAPA being substantially lower than their counterparts. We have also been able to control our transmission and distribution costs, along with our overhead. Property taxes, interest costs and depreciation expenses have remained steady with minimal increases over the past several years.

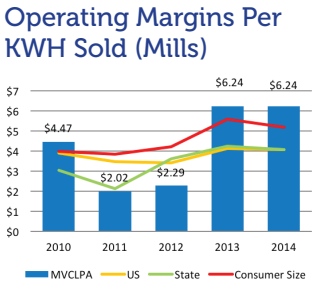
Compared to other cooperatives, Minnesota Valley has considerably more lines to maintain to meet the needs and the demands of our members. It is imperative that we use our resources efficiently during pole change outs, line maintenance, right-of-away clearing and upgrading and installing new services for the members of Minnesota Valley. We have been able to control these costs and still maintain a high level of reliability.

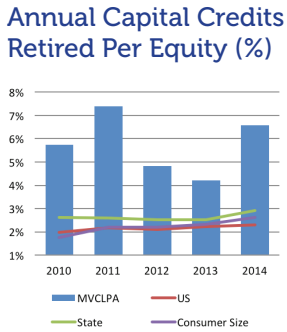
Even with lower energy rates than the industry averages, Minnesota Valley has been able to generate a healthy operating margin from which capital credits are retired. In 2014, we were able to retire just over 6% of our equity, which is good for you, the member-owners of Minnesota Valley.











Minnesota Valley will be closed on Monday, September 7th in observance of Labor Day. Have a safe and fun holiday!

Engineering & Operations • John Williamson

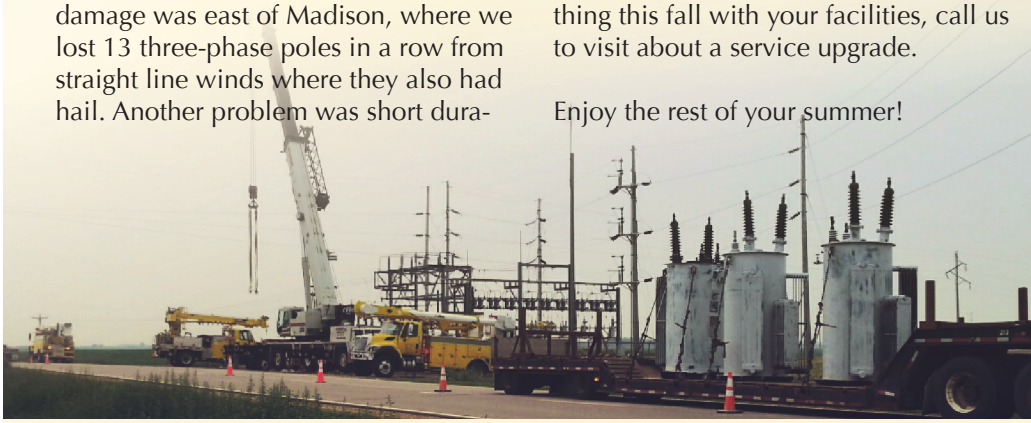
Manager of Engineering & Operations

Summer is cruising by with July now behind us, but not before it produced some lightning storms, along with winds, which caused some outages on both the transmission side and the distribution side of things. N one zero seven zero one Sorry for any inconveniences this may have caused, but the system operated as intended by dropping load in areas involved with the storm, while keeping the lights on in other areas. One area of damage was east of Madison, where we lost 13 three-phase poles in a row from straight line winds where they also had hail. Another problem was short durations during which the transmission and delivery points OCBs (oil circuit breakers) were taking hits from the lightning (operating open-close-open-close) while the storm continued and passed.

This past month, we installed larger substation transformers in the Minneota and Wood Lake Substations, along with removing six old units (pictured).

If you are still planning on doing something this fall with your facilities, call us to visit about a service upgrade.

Enjoy the rest of your summer!



Rural Electric Youth Tour Student Returns from Washington, D.C.

For over 50 years, rural electric cooperatives across the country have sponsored students on the annual Rural Electric Youth Tour to Washington, D.C. Each participating co-op selects a high school student from their service area for the trip. This year, **Maggie Scheffler**, from Granite Falls, represented Minnesota Valley. She spent June 13th-18th in our nation's capital for an unforgettable week of activity. While there, the group had the opportunity to learn first-hand what it is like to be involved in politics, community service and today's pressing issues in the energy industry.

The trip combines leadership opportunities, sight-seeing tours and just plain fun. One of the days is spent on Capitol Hill questioning senators and representatives on issues that affect all of us. Students witness the grandeur of monuments to our greatest leaders; reflect on the true cost of freedom by seeing the Vietnam Veterans Memorial Wall, the World War II Memorial and row upon row of white crosses at Arlington Cemetery; watch the changing of the guard at the Tomb of the Unknown Soldier; listen to inspirational speakers and gather as a group to learn about other parts of our nation.

Maggie sent this note along with her thanks for the opportunity to go on the trip.

In June I was very fortunate to have the opportunity to travel to Washington, D.C. as part of the Minnesota Rural Electric Association Youth Tour. On the trip I met kids from different parts of Minnesota, as well as many other states. At first I was a little nervous because I did not know anyone. That didn't last long though. I started meeting people and making new friends right away. We also had super chaperones that helped make the trip fun.

While on the trip, we toured many of the different Washington, D.C. memorials and were able to go to several museums. The five days were packed with tours and activities. My favorite part of the trip was going to the Smithsonian Institution. There is just so much amazing history to see there. At the Smithsonian Institution, we spent time in the Air and Space Museum where we learned about the history of flight. We also toured the Museum of Natural Science where there were lots of great dinosaur exhibits. In addition to visiting many of the traditional tourist attractions in Washington, D.C., we also went to a dinner theater and attended a dance with kids from all over the country. We also went on a night time boat tour of the Potomac River.

The trip was very organized and well planned out. We were kept very busy the entire time we were there. On our last full day in Washington, D.C., our youth group visited the U.S. Capitol, where we were able to meet and talk with the Senators and Representatives from Minnesota. Overall the trip was a great experience. I feel very fortunate that I was selected to participate. Thank you to the Minnesota Valley Cooperative Light and Power Association for making it possible.

Maggie Scheffler

Member Services • Bob Walsh

Member Services Manager

Oh, it's Humid Out!

The past month of July, we saw some very warm and humid days. Humidity can always be an issue in the summer and our department frequently gets questions about dehumidification. The higher the humidity, the more uncomfortable warmer temperatures can be. There are many factors that contribute to high humidity levels and sometimes the answers to getting lower humidity levels might not be so easy.

A dehumidifier is a great air treatment solution for removing excess moisture around your home and protecting it from damaging mold and mildew. If you're just starting your search for a dehumidifier, you may have lots of questions. You might be wondering what the ideal humidity level is, what a dehumidifier does and how much energy a dehumidifier will consume. We hope to shed some light on these questions and more.

What exactly does a Dehumidifier do?

Have you heard the phrase, "it's not so much the heat but the humidity that makes you uncomfortable?" This phrase describes the hot, muggy environment that results when there is excess humidity in your space. Although most air conditioning systems remove excess moisture from your indoor environment, sometimes it isn't enough. M one zero two zero two If you notice condensation on windows, wet stains on walls and ceilings, mold or musty scents, you probably have a humidity problem. If these problems are ignored, structural damage to your home and its contents, allergic reactions, respiratory problems and other health issues may arise.

A dehumidifier can help you remedy the moisture problem in your home. These appliances are designed to pull damp, sticky air into the unit, rapidly cool it and condense the moisture and redistribute the drier, dehumidified air back into your environment using a fan. Depending on your needs and the dehumidifier model you are using, the collected water either drains into a water collection receptacle contained in the dehumidifier or it drains through a hose and into an exterior receptacle (i.e., a floor drain) using simple gravity.

Can a dehumidifier help control and relieve some of my allergy symptoms?

One of the primary culprits behind allergy symptoms in homes is excess moisture. Too much moisture in your indoor environment creates a breeding ground for mold, mildew, dust mites and bacteria. All of these can irritate allergies, causing itchy eyes and skin, respiratory problems and many other uncomfortable symptoms. By using a dehumidifier to remove the excess humidity from your indoor environment, you can create an overall healthier environment and control your allergy symptoms.

What is the ideal humidity level?

For most spaces, it is ideal to maintain a 45-50 percent relative humidity level. Relative humidity levels above 50 percent create an environment where mold spores, dust mites and bacteria can thrive. Not to mention an environment that fosters unpleasant odors and accelerated decaying and staining of your home's structure and interior.

How much does it cost to operate?

The cost associated with operating your dehumidifier depends on the actual appliance, the amount of time the dehumidifier is operating each day and your electricity rate. For the average dehumidifier, you can expect to spend $5 to $30 each month on electricity costs. To control energy costs and consumption, look for Energy Star-rated dehumidifiers and make sure to purchase a dehumidifier with a large enough capacity to handle your humidity problem. In other words, purchasing a smaller, lower-priced dehumidifier can result in higher energy costs if the appliance has to run continuously to remove excess humidity.

To find a more precise power estimate, divide the appliance wattage by 1,000 to get the kilowatts used per hour. Then, multiply this number by your rate per kilowatt-hour (use $.10 on average) and again by the number of hours the appliance is used each day. If your dehumidifier automatically cycles on and off, estimate the amount of time the dehumidifier is actually operating and using energy.

For example, a dehumidifier that uses *620 watts* and operates for approximately *12 hours* each day at *$.10* per kilowatt-hour costs about *$.75* per day to operate. If you have a larger dehumidifier running for a longer period of time the operating cost per day will be more.

(**620 watts**/1,000) X **$.10** cost per Kwh X **12** hours per day=**$.744**

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 Jason Kelly of Dawson who identified his location and received a $10 credit on his energy bill!

Comparative Report

	Jan-Jun 2015	Jan-Jun 2014	Jan-Jun 1995
Kwh Purchased	105,105,872	110,900,535	69,018,144
Kwh Sold	99,802,082	105,156,042	63,416,937
Cost Of Purchased Power	$4,790,008	$4,899,929	$2,089,389
Patronage Capital Margins	$789,739	$979,366	$242,738
Reserve For Taxes	$148,622	$151,849	$421,655
Cost Per Kwh Purchased (mills)	45.57	44.18	33.73
	June '15	**June '14**	**June '95**
Total Plant	$65,584,565	$62,587,765	$25,180,337
# Of Members Receiving Service	5,267	5,267	5,149
Average Residential Bill	$169.27	$183.44	$92.24
Average Residential Kwh Consumption	1,420	1,524	1,284
Average Kwh Usage All Consumers	2,571	2,703	1,786
Peak Kw Demand (Peak Load)	27,032	27,390	18,815