

MINNESOTA VALLEY Co-OP NEWS

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MANAGER'S MESSAGE • PAT CARRUTH



General Manager

Board Approves 2016 Work Plan and Budget

At the November meeting, the board approved the Work Plan and Budget for the coming year. The approved budget allows us to hold our retail rates steady for 2016. If you happened to pay attention to my article in the September newsletter, you might remember that we were talking about possibly needing a rate increase to absorb a 7% increase in wholesale power costs from Basin Electric. Most of that projected increase in wholesale power cost was due to joining the Southwest Power Pool (SPP) and the associated cost shift between the members of the power pool. Since that time, we think we have mitigated most of those cost shifts through arrangements between us, our Basin Electric and SPP. We have brought that wholesale power increase closer to 1%, which is about a \$500,000 swing to the good. This, along with

continued steps in managing our local costs, led us to believe for now that we can hold rates steady for 2016. If everything works out, this will be the fourth year without a rate increase. This budget also allows us to complete the third year of improvement projects laid out in our 2014-2017 Four-Year Construction Work Plan. We will make approximately \$2.3 million in system improvements in 2016. The Four-Year Construction Work Plan is just under \$11 million.

The set budget for next year includes the annual maintenance activities that we need to do to keep your system operating at a high level of reliability. This includes the tree cutting, trimming and spraying to keep our lines clear when the load of ice and wind comes. There's also the cost of inspecting and maintaining of the 652 oil/vacuum enclosures spread throughout our 3,270 miles of line and 16 substations. They are basically big circuit breakers that trip and

reset when things such as lightning or contact drop out the line. The inspection and maintenance of the supervisory controls for our transmission line switches is another cost. This allows us to switch line from the operations office when we have problems or need to work on different sections of line. We also need to maintain the 150 voltage regulators spread throughout the system, which are constantly adjusting to keep the proper voltage at your place. Then there are the 3,500 plus poles we test and treat each year to get more life out of them and changing out the 100 or so poles the treating crews reject. These projects and many other maintenance activities must be performed on our system each year to make sure we provide you good voltage while keeping your lights on.

Anyway, we are excited to get into another year of work on your system to keep it in good operating order and to do it without a rate increase.

(Manager's Message is continued on page 2)

*Merry
Christmas
from all
of us...*

DIRECTORS

Darryl Bursack
Don Fernholz
Gary Groothuis
Steve Norman
Wayne Peltier
Mark Peterson
Tim Velde
Steve Torvik, *Attorney*

EMPLOYEES

Pat Carruth, *General Manager*

Brandon Bjelland	Scott Monson
Stacey Boike	Duane O'Malley
Loyd Canastey	Jerrad Perkins
Mitch Christensen	Jill Sand
Dave Dieter	Joe Schultz
Trevor Diggins	Kent Smith
James Hughes	Don Snell
Candice Jaenisch	LaVonne Stegeman
Andy Johnson	Jill Strand
Mark Johnson	Mark Sweno
Bob Kratz	Bob Walsh
Scott Kubesh	John Williamson
Eric Landmark	Lacey Wintz
Blake Lymburner	Eric Wollschlager

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

Our Basin Electric Joins Against EPA

Basin Electric has joined many other affected parties across the country in filing a Motion to Stay of the Environmental Protection Agency's (EPA) Clean Power Plan with the D.C. Circuit Court of Appeals in Washington, D.C. Other electric utility interests, business coalitions, industry stakeholders and 24 states have joined the fight, as well.

If let stand, our Basin Electric alone will have to spend billions to comply. These billions of dollars would simply cover adding new generation and potentially impact the operations of our existing facilities. This does not even include the expense of additional electric or gas infrastructure to support this new generation.

In Basin's Motion to Stay, they outline the excessive cost of adding large amounts of new generation and eliminating large amounts of existing generation that still have useful life and are still being paid for by our members. Our Basin Electric's coal-based power plants are some of the cleanest, most reliable and best operated and maintained facilities in the world.

Every Congress for the past 18 years has rejected mandated renewables and carbon taxes. This EPA contends they have the authority to bypass our Congress and force states to add enormous amounts of renewables or pay the price. We are hopeful the courts will recognize the EPA's overreach.

Please let your elected representatives know your concerns. You can also express concern easily through our National Rural Electric Cooperative Association's site, www.action.coop.

Our Dry Fork Station Funded to Compete in XPRIZE

The State of Wyoming has pledged \$15 million towards our coal-based Dry Fork Station to help it become an Integrated Test Center site to compete for the recently announced XPRIZE for carbon transformation. The foundation recently issued a \$20 million prize challenging inventors to develop new coal and natural gas technologies for transforming CO₂ into valuable commodities. The XPRIZE Foundation has agreed to be one of the first tenants in the Integrated Testing Center at our Dry Fork Station near Gillette, Wyoming. Our National Electric Cooperative Association and other interested parties have also contributed to our project. This is just another example of cooperatives taking a lead role in innovation and we are excited to be a part of this project to see where it leads. We need to keep affordable, reliable and domestic coal a part of our nation's future if we are to remain prosperous.

We Have Been Making Good Use of CO₂ for Over 15 Years

As a by-product of our gasification plant, we have been sending carbon dioxide into Canada since 2000 through our 205-mile pipeline. Dakota Gasification exports 152 million cubic feet per day to Saskatchewan to enhance oil recovery in the Weyburn and Midale fields. This is half of the CO₂ produced at our plant. In addition to making synthetic natural gas from coal, we also make many other products including anhydrous ammonia and, coming in 2017, Urea.

From All of Us to You

The board and employees of Minnesota Valley want to thank you for your patronage this past year. Thank you! We look forward to working hard for you this next year at being good stewards of your electric power system from the coal mine to the meter on your home site. We wish you a blessed and merry Christmas and a happy and prosperous New Year!

Minnesota Valley Cooperative will be closed December 24th–25th for **Christmas** and January 1st for **New Years**.

Mark your calendars!

Caucus Meetings



District 4: February 9th at 10:30 AM at MN Valley Cooperative

District 2: February 9th at 1:30 PM at MN Valley Cooperative

District 6: February 11th at 10:00 AM at Wood Lake Community Center

District 1: February 11th at 2:00 PM at Madison VFW

District 1 New Board Member: **Don "Boomer" Fernholz**

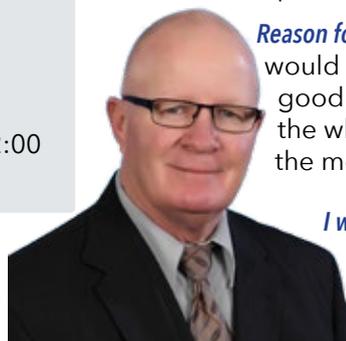
Family: Wife—Joan Fernholz (*Accounting Assistant at Madison Healthcare*), two sons—Matthew & Kelli, Joshua & Kayle, one daughter—Natallie & Nate and seven grandchildren.

Occupation: City of Madison Line Supervisor since 2008, employed by city since 1983.

Community Involvement: Member of St. Michael's Church, Board Member for Area Faith, Retired Lineman, Ducks Unlimited Sponsor and Former Board Member.

Reason for Deciding to Run: I always thought it would be very interesting. I hope that I am a good listener and can take any concerns to the whole board and communicate them for the members of the district.

I would like to thank everyone who came out to vote at the Caucus Meeting, I appreciate your support.



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Office Manager

2015 Nearly in the Books and 2016 is Right Around the Corner

Financially, 2015 has been a good year even though energy sales have been down from budget by roughly 1.4%. However, our operational and administrative expenses of fuel costs, insurance costs and interest expenses have also been controlled. We have also increased our rebate expense to encourage you, the member-owners, to add electric/dual heat to your systems. This has proven very beneficial to our members. Currently, our margins through October 2015 is \$1.5 million. This is up from our budget of \$.5 million. We expect November and December to be as projected.

2016 Budget Approved Without a Rate Increase

The Board of Directors approved the 2016 budget without a rate increase. Energy sales are projected to remain constant with the 2015 budget and that is just over 205 million in Kwhs. Even though we are slightly under that for 2015, we believe it is obtainable. We have also projected a decrease in fuel and insurance costs, interest expense and real estate taxes. We have projected increases in depreciation expense and consumer rebates. The 2016 budget, even though it is very tight, will still enable us to retire over \$1.2 million in capital credits. We look forward to serving our members in 2016.

Stay Safe Around Snowplows

As Minnesotans, we are accustomed to travelling on less-than-ideal road conditions for many months each winter. When the snow, ice and sleet begin to fall, it is important to slow down and pay extra attention to the road ahead. Oftentimes, motorists and snowplows are sharing the same roads during winter's most dangerous conditions.

According to the Minnesota Department of Public Safety, last year there were 72 crashes in Minnesota involving vehicles that hit snowplows. N one zero seven zero one This is typically caused by inattentive drivers, motorists driving too close to snowplows or motorists driving too fast for conditions.

- Check road conditions at www.511mn.org or call 511; it takes time to get roads back to good driving conditions.
- Be patient and remember snowplows are working to improve road conditions for your trip.
- Stay back at least five car lengths behind the plow, far from the snow cloud. Snowplow operators will pull over when it is safe to do so to allow traffic build-up to pass.
- Stay alert for snowplows that turn or exit frequently and often with little warning. They may also travel over centerlines or partially in traffic to further improve road conditions.

ENGINEERING & OPERATIONS • JOHN WILLIAMSON



Manager of Engineering & Operations

We should have white stuff on the ground by this reading. November and the fall weather sure treated us kindly. The crops came out in good fashion and trucks could get to a lot of areas with no hindrance.

Don't be alarmed if you happen to see a large yellow R.E.C. truck drive up your driveway in the coming months, for we will be doing our yearly line patrol inspections of poles, wires, trees, building clearances, etc. At right is a picture of woodpecker damage, along with previous repairs to the same pole (the yellowish color is previous epoxy/plastic repairs). The woodpeckers must have really liked this pole because they came right back to destroy it beyond repair.



We will continue to move onto next year's construction projects, doing what can be done.

Enjoy the upcoming holidays with family and friends! Stay warm and *God Bless America*.

Snowplow operators have much to monitor and control and their ability to see behind them is limited by side mirrors. Their vision can also be hampered by the snow clouds created while plowing. With this in mind, it is important to adhere to the following safe driving guidelines provided by the MN Department of Public Safety.



- Slow down to a safe speed for current conditions and give yourself plenty of travel time. Snowplows typically move at slower speeds.
- Buckle up and ensure children are properly secured in the correct child restraint.
- Avoid unnecessary travel if road conditions are too poor.





What would life be like without electric co-ops?

In the Christmas movie classic, "It's a Wonderful Life", the lead character, George Bailey (played by Jimmy Stewart), wishes he had never been born due to financial troubles he is experiencing. Through the help of an Angel, he sees how many lives would have been negatively affected if he didn't exist. George comes to realize that, even with his problems, he has a wonderful life with great friends and family.

So, what do you think life would be like if community leaders had not founded Minnesota Valley Cooperative over 75 years ago? Living in the U.S. in 2015, it is nearly impossible to imagine life without electricity. So many of our modern conveniences that improve the quality of our lives are dependent on electricity as the "fuel" to make them work. From the alarm clock that wakes us up, to the refrigerator that keeps our morning milk cold and fresh. From the HVAC unit that keeps us cool in the summer and warm in the winter, to the vacuum that lets us clean more efficiently and all those kitchen appliances that save us time and physical energy. Of course so much of our entertainment, whether it comes from the

TV, radio or computer, depends on the kilowatt-hours that your electric co-op provides. Just think, there would be no smartphones or cell phones if there were no electricity.

Businesses of all kinds rely on electricity to produce and sell the products we need. So, it is no wonder that many electric co-ops feel that, while our primary product is electricity, we are really in the quality of life business. As we celebrate the season that reminds us to be thankful for all that we have, it is important to remember the 1.3 billion people in the world who still live without reliable electric service. That is equal to approximately four times the U.S. population! Many of the things we take for granted living in the U.S. are much harder and more time consuming for people in developing countries around the world.

We are thankful that our community ancestors right here had the vision and foresight to do for ourselves what needed to be done, gathering our friends and neighbors to form our electric co-op. D three thirty five zero four A As the electric business of the 21st century continues to evolve, you can count on Minnesota Valley Cooperative to meet all of your electric energy needs. More importantly, we are here to help improve the quality of your wonderful life.

On behalf of the Member Services Department, we wish you a very Merry Christmas!

LaVonne Stegeman Retires After 24 Years of Service

Thank you, LaVonne, for your 24 years of dedicated service to Minnesota Valley.

LaVonne has had a wide range of experiences over the years while working for Minnesota Valley, but one thing has remained the same for her and that is her love for working with the members. She has always enjoyed working with members, whether it was in setting up a new member, answering

questions regarding their bill or on their First Call phones. Many of you have seen LaVonne on a monthly basis for over 24 years when you would come into the office and pay your bill. LaVonne has also enjoyed working with county agencies such as Family Services and Prairie Five. LaVonne has been an



expert in analyzing bills and solving problems that arise in the Office Department.

One of the biggest technology changes LaVonne has seen while at Minnesota Valley is the addition of the turtle meters. This saves the Office Department a lot of time

as the meter readings are automatically loaded each month to the member's accounts. She also remembers typing each letter by hand and manually doing computations for loans and other receivables.

We wish LaVonne only the very best as she embraces new opportunities for herself! God bless you LaVonne!

Find Your Location and 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 **Valgean Storlien** of Dawson who identified his location and received \$20 off his energy bill!

Comparative Report

	Jan-Oct 2015	Jan-Oct 2014	Jan-Oct 1995
Kwh Purchased	170,299,203	176,677,364	113,489,545
Kwh Sold	161,460,964	166,803,616	105,668,340
Cost Of Purchased Power	\$7,886,110	\$8,377,577	\$3,653,265
Patronage Capital Margins	\$1,561,103	\$1,505,962	\$290,429
Reserve For Taxes	\$251,854	\$233,310	\$261,277
Cost Per Kwh Purchased (mills)	46.31	47.42	37.30
	October '15	October '14	October '95
Total Plant	\$66,111,769	\$63,793,762	\$27,132,690
# Of Members Receiving Service	5,265	5,270	5,156
Average Residential Bill	\$279.75	\$270.40	\$139.94
Average Residential Kwh Consumption	2,597	2,505	1,897
Average Kwh Usage All Consumers	3,612	3,574	2,476
Peak Kw Demand (Peak Load)	39,487	44,719	31,305