



MANAGER'S MESSAGE • PAT CARRUTH



General Manager

Join Us for Your Annual Meeting on March 24th

Please join us for breakfast and a business meeting at Lac qui Parle Valley High School. We begin serving breakfast at 8:30 a.m. and the business meeting starts at

10:30 a.m. We try to keep the business meeting to less than an hour so we can have you on your way for the rest of the day before noon. Hope to see you there!

How Many Homes Will That Solar Farm East of Montevideo Take Care Of?

Lately, it has been a question we get as a few of the larger taxpayer funded solar farms have been showing up in the area. As you know, electricity is measured by both "energy" and "power". That reality is even reflected in our given name, *Minnesota Valley Cooperative Light and Power Association*. As far as power (or what we call capacity) is concerned, for all practical purposes, solar farms provide none. Power must be provided 24/7/365 days a year in the real world. This is why power to the electric grid is provided almost exclusively by coal, gas and nuclear.

However, solar farms do provide energy when the sun is out. So, let's use the solar farm out east of Montevideo on State Highway 7 just north of Maynard as an energy example. The energy output of that site goes to XCEL Energy. We understand it is a 2 megawatt name plate rated solar site that sits on 20 acres of prime farmland. Our experience and other industry experience tells us a solar farm in this part of the country will produce in terms of energy about 15% of the nameplate rating and that is being

generous. That means, on average, that a 2 megawatt solar farm will produce 2,628,000 kwhs of energy each year. Our average farm and residential member uses 25,440 kwh's a year. That means, on average, the solar farm east of Montevideo could produce enough energy for 103 of our members for a year.

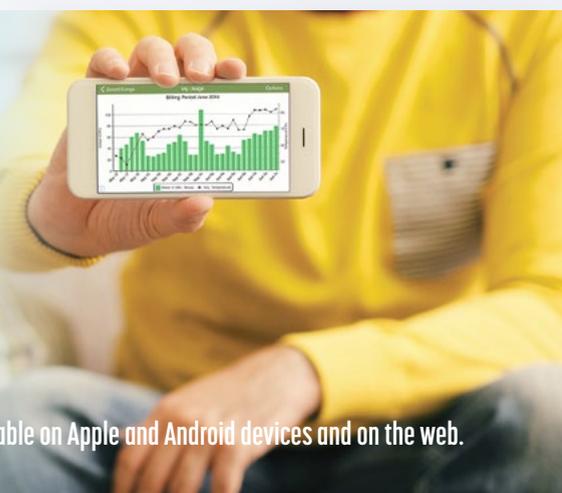
In total, Minnesota Valley members use about 225,000,000 kwh's of energy per year. It would take 86 of those solar farms to provide our energy needs for the year. Solar farms run just over \$2 million of taxpayer money per megawatt to build and get online. To serve Minnesota Valley's energy needs for the year with solar farms would take an investment of \$344 million and 1,720 acres of farmland.

As we know, solar cannot be relied upon to provide any "power" at night and during overcast days. Therefore, even if we went all in on solar we would still need our \$10 million annual share of our coal-fired power plants that we own and operate with 138 other cooperatives. That way we can still keep the lights on 24/7/365, providing all of the power and energy our members need at any given moment. Additionally, we would need to maintain and add to our \$60 million investment we currently have in our poles and wires.

For all intents and purposes, the answer to the question as to how many homes the solar farm east of Montevideo can take care of is "none".

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2018 Annual Meeting

Saturday, March 24th at the
Lac qui Parle Valley High School,
Madison, MN

Breakfast Buffet begins at
8:30 a.m. / Meeting at 10:30 a.m



ENGINEERING & OPERATIONS • BOB KRATZ



Manager of Operations

Line Department Update

The line crews continue to patrol line and repair things that need to have immediate attention. They also will be cutting back tree branches that are too close to wires or pole structures. L three thirty five zero two The trees must be kept away from the lines, not only to provide reliable service, but also for the safety of members and the public.

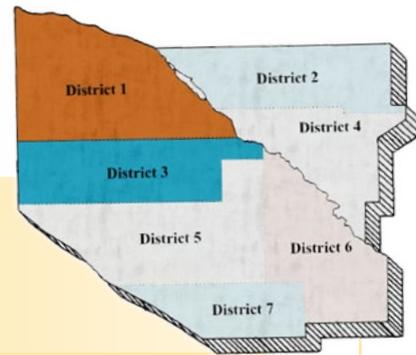
If you are thinking of planting trees or shrubs this spring, please consider the height potential of the type of tree you are planting. This is so you stay a safe distance away from overhead lines and the trees will not need to be trimmed, or possibly cut down, in the future. When planting shrubs, bushes, etc. around underground electrical equipment, such as a pad-mounted transformer, there needs to be at least a 10' clearance in front of the cabinet in order for linemen to access the enclosure with their tools. There should also be at least 5' clearance on each side and back in case that transformer ever needs to be replaced.

One of the crews is also doing line patrol on some of the cross-country transmission lines. They are doing this with the help of the Ranger that was purchased a few years ago. Crews are also in the middle of continuing to work on sectionalizing changes throughout the system.

We would like to congratulate **Dave Dieter** on his retirement from Minnesota Valley. Dave had been with Minnesota Valley REC for 37 ½ years.



Meet the Director Candidates



The Caucus Meetings in February nominated director candidates for districts 1 and 3.

Don Fernholz: District 1



Occupation: Electric Line Supervisor and Public Works Coordinator

Family: Wife—Joan; three children—Matthew & Kelli, Joshua & Kayle and Natallie & Nate; seven grandchildren

Community Involvement: St. Michael's Church board member, retired 20 year member of the Madison Fire Department and Ducks Unlimited member

Reason for Deciding to Run: I always had a lot of respect for our cooperative and thought it would be nice to work on the board. I would like to thank everyone who came out to the Caucus Meeting. It is a privilege to be your District 1 director.

Mark Peterson: District 3



Occupation: Farmer for 33 years.

Family: Wife—Melanie; Stephanie, Dustin, Matt, Jakob and Micah; four grandchildren

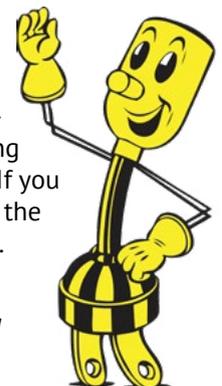
Community Involvement: Active in church and former elevator board member

Reason for Deciding to Run: I appreciate the opportunity to serve on the board and am looking forward to serving another three years as your director. Thank you to all the friends and neighbors for your support and for coming to the Caucus Meeting.

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 Ron Moon of Marshall who identified his location and received a \$10 credit off of his energy bill!



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

The selection committee for the Minnesota Valley and Basin Scholarship met on Thursday, February 15th and made a selection for the scholarship. Members of the committee were: *Harvey Williamson, Bruce Ostlie, Diane Dieter, Barb Holien* and

Don Fernholz. Since the committee felt there were many exceptionally strong candidates again this year, they elected to split the scholarship and award \$400 to five students. The selected students are listed below.

Taylor Knutson



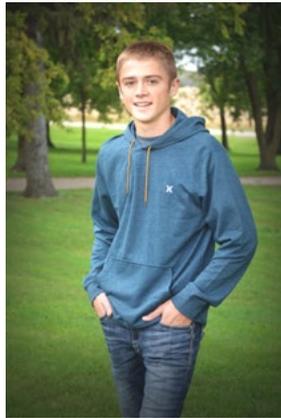
Taylor Knutson will graduate from the Montevideo High School in 2018. She is the daughter of Kelly and Chad Knutson. Taylor will be attending Augustana University in Sioux Falls, SD studying Secondary Math Education.

Austin Schmitt



Austin Schmitt will graduate from the Dawson-Boyd High School this spring. Austin is the son of Andrew and Jane Schmitt of Boyd. Austin is undecided which college he will be attending. Once he decides, he will be going for Exercise Science/Physical Therapy.

Jack Anderson



Jack Anderson is the son of Jon and Anne Anderson and graduated from Yellow Medicine East in 2017. Jack attends the Minnesota West Community Technical College in Canby and is studying Electrician/Wind Energy Technology.

Ross Olson



Ross Olson is the son of Jon and Dawn Olson of Madison and will graduate from the Lac qui Parle Valley High School this spring. Ross will be attending South Dakota State University pursuing his degree in Precision Agriculture/Agronomy.

Sydney Bednar



Sydney Bednar will graduate from the Montevideo High School in 2018. Sydney is the daughter of Shelly and Bill Bednar of Montevideo. Sydney will be attending South Dakota State University for Nursing with a Minor in Spanish.

Minnesota Valley will be closed on Friday, March 30th for the Easter holiday.

Comparative Report

| | Jan-Jan 2018 | Jan-Jan 2017 | Jan-Jan 1998 |
|-------------------------------------|--------------------|--------------------|--------------------|
| Kwh Purchased | 24,240,957 | 22,807,152 | 13,990,318 |
| Kwh Sold | 22,957,424 | 21,477,963 | 12,777,511 |
| Cost Of Purchased Power | \$1,059,325 | \$1,031,418 | \$398,654 |
| Patronage Capital Margins | \$196,371 | \$141,761 | \$50,776 |
| Reserve For Taxes | \$22,917 | \$22,917 | \$35,000 |
| Cost Per Kwh Purchased (mills) | 43.70 | 45.22 | 28.50 |
| | January '18 | January '17 | January '98 |
| Total Plant | \$71,569,627 | \$68,765,821 | \$30,468,431 |
| Number of Active Services | 5,276 | 5,265 | 5,185 |
| Average Residential Bill | \$277.86 | \$252.44 | \$131.00 |
| Average Residential Kwh Consumption | 3,120 | 2,917 | 2,037 |
| Average Kwh Usage All Consumers | 4,351 | 4,079 | 2,464 |
| Peak Kw Demand (Peak Load) | 43,877 | 43,358 | 26,122 |

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MEMBER SERVICES • BOB WALSH



Member Services Manager

Geothermal 30% Tax Credit Reinstated!

For years, the federal government had tax credits for a variety of home energy efficiency practices. Those tax credits had all but gone away as of December 31st, 2016, but the 30% tax credit for the installation of a geothermal system is back! If you installed a geothermal heating system in your home in 2017 or plan to install a new heating system in the coming years, there is again a 30% tax credit available for the installation of that system. This tax credit can now be used to your advantage until December 31st of 2019 and to a lesser degree in 2020 and 2021.

If you are thinking about a new home heating system this year, the geothermal heat pump may be for you. Federal tax credits coupled

with low interest loans, low electric heat rates and ultra-high efficiencies can make a geothermal heating system very attractive. If you would like more information on this type of heating system, please contact your local geothermal heating contractor or the Member Services Department of Minnesota Valley Cooperative.



- ◆ The 30% tax credit for residential geothermal applications is back
- ◆ Retroactive to January 1st, 2017 for homeowners who purchased a geothermal heating, cooling and hot water system
- ◆ 30% tax credit available until December 31st, 2019
- ◆ The tax credit amount will slightly decrease in 2020 and 2021 as a phasing out process
- ◆ In 2020, the tax credit will reduce to 26%
- ◆ In 2021, the tax credit will reduce to 22%
- ◆ The final tax credit will expire December 31st, 2021
- ◆ Commercial applications benefit too with the reinstatement of the 10% tax credit



Notice of Annual Member Meeting of Minnesota Valley Cooperative Light and Power Association

Notice is hereby given that the Annual Meeting of the members of Minnesota Valley Cooperative Light and Power Association will be held at the Lac qui Parle School in Madison, MN on Saturday, March 24th, 2018.

Registration and a breakfast buffet open at 8:30 a.m. at which time the following business will be transacted:

1. To hear, examine and approve the reports of the officers, directors and committees.
2. To elect two directors for said Cooperative for the ensuing term.
3. For the transaction of other business as may lawfully be brought before the membership of the Cooperative and as may be deemed to be in the best interest of the Cooperative.

Dated: January 26th, 2018

Timothy Velde, Secretary

Office Hours

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

24-Hour Telephone Answering

320.269.2163
800.247.5051

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