



MANAGER'S MESSAGE // PAT CARRUTH



General Manager

Closing Out 2019

As of this writing, we are in the process of closing out the books for 2019. Energy sales through November were just over 2% shy of 2018 kWh sales. Even though sales are down, our margin remains strong. Our total margin through November was \$1,033,280, which is well ahead of our budgeted total margin through November of \$486,370. Anyway, we expect to close the year out in good shape financially.

District Caucus Meetings

Those of you in Districts 5 and 7 will be holding your Caucus Meetings next month. District 7 will meet at 10:30 a.m. on February 6th at the Cottonwood Community Center in Cottonwood. District 5 will meet at 1:30 p.m. on February 6th at Clarkfield City Hall in Clarkfield. If you are a member in one of those districts, you will also be getting a notice by postcard.

Your District Caucus Meetings are run by you, the member-owners. We simply set up a time and place for you to meet. The member-owners who show up run the meeting. The first thing they do is nominate a Caucus Chairperson. The chairperson is then the facilitator of the District Caucus Meeting. The members present can talk about

anything they feel is important to talk about. Once all new and old business is discussed and a name or names are put forth for a full district vote at the Annual Meeting, the Caucus Meeting is adjourned for a light lunch.

If you are in District 5 or 7 and have never been to one of these, I hope you can take time to attend this year. Caucus Meetings are where you, as member-owners, nominate people to represent you on the cooperative board. This is where local control starts. Members nominated for the board at the Caucus Meeting have their names put on the ballot to be voted on at the Annual Meeting on Saturday, April 4th at Prairie's Edge Casino near Granite Falls. We will also have staff and board members at these meetings to discuss issues you may want to visit about. We also draw for some door prizes and a Basin Tour Trip at each meeting. Hope to see you there!

Happy New Year

On behalf of Minnesota Valley, we thank you, the member-owners, for the privilege of working with and for you this past year. We look forward to working with and for you again this year and wish you all a happy and prosperous 2020!

The Importance of Democratic Member Control

Being a member of Minnesota Valley Light and Power Association not only means you purchase your power from the co-op, but it also means you are a part-owner in the business. As a member-owner, you have a say in the policies that are set and the decisions made at the cooperative.



Democratic member control is one of the seven cooperative principles fundamental to Minnesota Valley. "Democratic member control is one of the most important co-op principles," explains Wayne Peltier, District 7 board representative for Minnesota Valley. "The way I see it, everybody has a voice at the table – either through their elected director or through their vote."

Peltier also serves as the District 9 board representative on the Basin Electric Board of Directors and is the current Basin Electric board president. Minnesota Valley is a voting co-op member of Basin Electric, our power supplier. With both Minnesota Valley and Basin Electric being cooperatives, the power of the 'one person-one vote' of democracy is applied.

(Democratic Member Control continued on page 2)

2020 Caucus Meetings

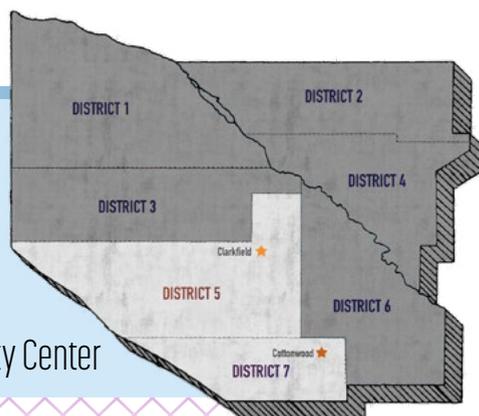
Thursday, February 6th, 2020

District 5: Darryl Bursack

1:30 PM at Clarkfield City Hall

District 7: Wayne Peltier

10:30 AM at Cottonwood Community Center



Save the Date

Annual Meeting

Saturday, April 4th, 2020

Prairie's Edge Casino



Democratic Member Control (continued from page 1)

Here at Minnesota Valley, our service territory is divided into seven different districts. Each district has an elected representative (director) who serves on the co-op's Board of Directors. These directors, elected from among the membership, are accountable to the membership.

As a member-owner of Minnesota Valley, one of the best ways you can directly get involved with your co-op is to attend our Annual Meeting and the upcoming District Caucus Meetings. Caucus Meetings are where members nominate people to represent them on the co-op board. Members nominated at the District Caucus Meetings will then have their names placed on the ballot for vote at the Annual Meeting.

"I would encourage people to attend both the Annual Meeting and the District Caucus Meetings. A lot is accomplished at these meetings. It's also a great time to get your questions answered," Peltier mentions. For those who are unable to attend a meeting, Peltier says Minnesota Valley members should contact their representative director with any questions or concerns. Their director can then put questions before the full board.

"We are here to serve the people who own us," Peltier concludes. "We do want a good bottom line, but most of all we are here to serve the members who own us. I like to say, 'You can't go wrong as an employee or a director if you are doing right by our members.'"

Director's Responsibilities

According to information compiled by the National Rural Electric Cooperative Association (NRECA) in Washington, D.C., a director's responsibility consists of having the ability and knowledge to set policy and approve programs that are the basis for operating the association. A director must have the time to attend monthly board meetings and other special meetings and seminars. These special sessions are necessary to keep directors informed on the various aspects of the cooperative and the electric utility industry. Other criteria of a board member, as identified by NRECA, are listed below.

- ✓ Be an independent thinker, but a cooperator
- ✓ Be capable of acquiring the knowledge necessary to cope with the issues of a modern electric utility, including finances, management and public issues
- ✓ Possess the character and demeanor that will reflect favorably on the cooperative
- ✓ Have the willingness to listen and learn
- ✓ Be one who can accept and direct change
- ✓ Let management manage
- ✓ Be of sufficient stature to command the respect of management, employees, fellow board members, cooperative members and the public
- ✓ Be willing to commit adequate time to the work of the board to be an effective member and properly discharge the duties of the board
- ✓ Subordinate personal and other business interests to the needs of the cooperative when making a decision
- ✓ Be willing to accept the unpleasant moments of a director's experience

BUSINESS OFFICE // JILL ROTHSCHADL

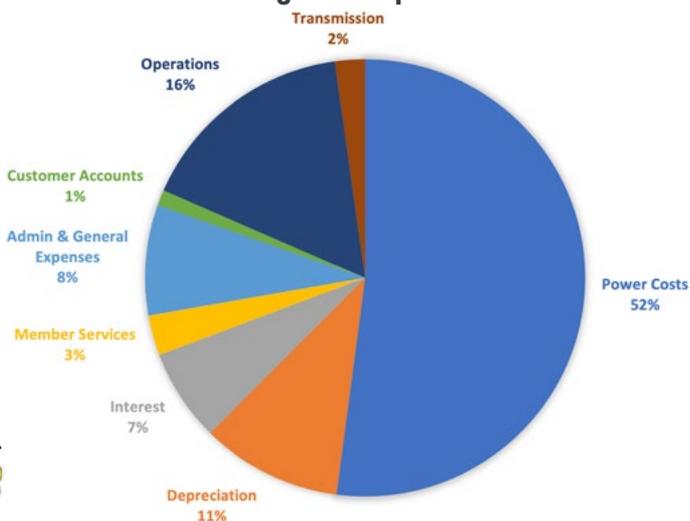


Office Manager

2020 Budget Approved

The Minnesota Valley 2020 Budget has been approved by our Board of Directors. Our expected fixed and variable costs are reflected in the graph below. Total costs are expected to increase minimally compared to the 2019 budget.

2020 Budgeted Expenses



Find Your Location Number for a Bill Credit!

There are two hidden account numbers in this newsletter. If you find your location number, you receive a \$10 bill credit (*Operation Round Up participants get a \$10 bonus*). If neither number is claimed before the 25th of the month, **the unclaimed amount rolls over into the next month!**

The bill credit will continue to roll over and accumulate until it is claimed. If both location numbers are claimed in a month, the recipients will split the credit. Once claimed, it will start again at \$10. The current running amount is noted in each issue. If you find your number, call 320.269.2163 or 800.247.5051.

CLAIM BY
JANUARY
25TH FOR:



No one claimed the bill credit last month, so we've rolled last month's credit into this month!



Meet Your Employees



Name	Jerrad Perkins
Hometown	Dawson, MN
Family	My wife, Karla and children Justin, Jordon, Kadyn & Kreed
When did you start at Minnesota Valley?	I started in 2004 and am a Member Services Technician
What do you like best about working here?	Spending time with and working with our members on a daily basis.
What do you like to do in your free time?	Go to the lake and take a few trips around the lake on our pontoon with friends and family.
People would be surprised if they knew:	That back in high school, I was the <i>Male Athlete of the Year</i> at Dawson-Boyd in 1993.

ENGINEERING & OPERATIONS // BOB KRATZ



Manager of Operations

One month of winter has already passed us by and the days are already getting longer. On the last day of November, we had some icing and winds that caused problems on the transmission out of the number 1 feed from WAPA at Granite Falls. This affected Chapman, Asbury, Gluek and Rosewood Substations for about an hour. The line was back fed to the Appeldorn Substation until we knew it would be stable enough to put back to normal. C three twenty one zero two A This was caused by the wires galloping until the wind shifted direction a little bit and they stopped bouncing up and down. It just takes the right amount of ice, wind speed/direction and temperature to make this condition happen.

Also that afternoon, consumers out of the Gluek Substation were interrupted again when a couple sets of insulators

failed and caused a high side fuse to blow. Some members were completely out of power and others experienced low power, or *brown outs*, as we call them. Just a reminder that if you ever do experience one of these brown outs, make sure to unplug appliances, tools etc. that are trying to start up but can't.

Otherwise, the crews have been working on a line rebuild northeast of Madison, changing out poles and doing repairs from things found during line patrol.

The 3-phase poles down by Pete's Point that cross the river were finally addressed after it was determined the water depth had gone down. Kari-an-Peterson came in with their bigger track units and braved the water and the four inches of ice that had formed. The pictures to the right show what it took to get the job done.



Comparative Report

	Jan-Nov 2019	Jan-Nov 2018	Jan-Nov 1999
Kwh Purchased	201,881,976	205,674,280	126,012,386
Kwh Sold	189,386,864	193,696,524	118,263,623
Cost Of Purchased Power	\$10,258,572	\$10,256,013	\$3,951,475
Patronage Capital Margins	\$1,033,280	\$1,787,887	\$652,448
Reserve For Taxes	\$237,366	\$252,083	\$303,000
Cost Per Kwh Purchased (mills)	50.81	49.87	31.36

	November '19	November '18	November '99
Total Plant	\$77,480,591	\$73,617,375	\$32,777,587
Number of Active Services	5,293	5,297	5,211
Average Residential Bill	\$366.37	\$293.45	\$142.90
Average Residential Kwh Consumption	3,569	2,933	1,842
Average Kwh Usage All Consumers	4,532	3,940	2,295
Peak Kw Demand (Peak Load)	46,286	39,912	21,518

MEMBER SERVICES // BOB WALSH



Member Services Manager

Electric Heat and Electric Heat Rates

Electric heat has always been a safe, clean and efficient way to heat your home or business.

There are many different ways to heat a structure with electric heat. Whether you are looking at building new or retrofitting an existing system, Minnesota Valley is here to help with all of your heating needs. Please contact the Member Services Department if you have questions about heating and want assistance in choosing the best system for you.

If you are thinking about getting a new or different heating system soon, perhaps you have already checked into the benefits of electric heat. Minnesota Valley will continue to offer Dual Fuel and Electric Heat Rates to our customers in 2020. We have had reduced rates for electric heat kWhs for almost 40 years. Electric heating rates are



an excellent sales tool for electric heat applications and installations. In the past, the instability of fossil fuel prices has brought about an increase of meter installations for our electric heat rates. Basin Electric has offered an Electric Heat Rate and a Dual Heat Rate to Minnesota Valley and we will continue to pass these rates on to you as an electric heat customer. The 2020 projected kWh sales will be approximately 17.5% of Minnesota Valley's

annual energy sales, so it plays an important part of Minnesota Valley's total energy sales. Installation of electric heat and dual heat sub-meters are an indicator of how well our programs are working. At the end of 2019, we had over 2,650 members taking advantage of the added value of electric heat. In comparison with the heat rates Minnesota Valley is offering for 2020, the same amount of heating Btu's would be equivalent to purchasing propane or fuel oil at approximately \$1.10-\$1.20 per gallon.

Electric Heat Rate

Since 1988, Minnesota Valley has offered the Electric Heat Rate. The flexibility of this rate has allowed it to become a very popular program. Any amount of electric heat can be metered and no fossil fuel backup is required. The Electric Heat Rate will be at 4.8¢ per kWh for 2020.

Dual Heat Rate

The Dual Heat Rate makes it easy for members to install electric heat to complement their existing heating system and get on the Dual Heat Rate. L one sixteen zero three Members who wish to use the Dual Heat Rate must have an electric heating system capable of heating 100% of their home. They must also have an automatic fossil fuel backup, but agree to use their electric system. The Dual Heat Rate remains at 4.4¢ per kWh for 2020.



Apply Now for the Minnesota Valley/Basin Electric Scholarship

Minnesota Valley R.E.C. has again joined Basin Electric Power Cooperative in sponsoring a scholarship in 2020. A total of \$2,000 in educational scholarships will be awarded to area students. All dependent children of Minnesota Valley Cooperative members meeting the qualifications are eligible to apply. The scholarship program is designed to recognize and encourage the achievements, abilities and school/community involvement of students in Minnesota Valley's service territory. The cooperatives have developed the scholarships to help meet the college funding needs of students in rural areas.

To qualify for the scholarship, an applicant must be the dependent child of a Minnesota Valley member and a U.S. citizen. Applicants must be students enrolled or planning to enroll in a full-time undergraduate or graduate course of study at an accredited two-year or four-year college, university or technical college in the 2020-2021 school year. Students in any year of post high school education are eligible. Previous scholarship winners are not eligible.

Recipients will be chosen based on a combination of overall grades, achievements, participation in school and community activities, a personal statement of career goals, applicant appraisal form and an essay. A neutral group of Minnesota Valley members will review all applications and make a selection on a recipient(s). All post high school areas of study will be equally considered for the scholarship.

Apply now! Scholarship applications for the 2020-2021 school year will be accepted until February 3rd, 2020. The winners will be determined by March 2nd, 2020.

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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