



MANAGER'S MESSAGE // PAT CARRUTH



General Manager

Cost of Service Study and Rates for 2023

One doesn't have to listen hard to hear about increasing costs in our lives. A trip to the grocery store or gas station provides the best translation of how inflation is increasing the cost of simply living. Like all businesses, Minnesota Valley obviously has to deal with inflation in everything we do here. We have spent a great deal of time and effort in finding ways to keep costs under control, but we recognize we are at a point where we will need to raise rates to keep our organization in good financial shape going forward.

Over the past couple of months, we have been working on a Cost of Service Study (COSS). This study provides us with strong guidance on how rates should be set. There are basically two parts to a COSS. There is a revenue model and a cost to serve model. The revenue model looks at the revenues or money that is coming into the cooperative and weighs it against various costs and financial goals. This ultimately informs us whether we have the right amount of revenue coming in. Right now, we are projecting a need to increase revenue, which translates into increasing rates.

The second part of a COSS is the cost to serve. This is the part of the study that looks at all the different rate classes and what it takes to "serve" those classes. A rate class is a group of customers that use electricity similarly. For example, there can be rate classes for residential, commercial, irrigators and industrial customers. In our COSS, we have 12 different rate classes. This part of the study looks at how each rate class purchases electricity from the co-op and how that affects our wholesale power bill

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Celebrating Cooperative Principles & Values

Did you know Minnesota Valley is one of 831 electric cooperatives in the United States? These cooperatives power over 21 million homes, businesses, schools and farms in 48 states. Every co-op is unique and adapts to its community's needs, but being a part of the larger electric co-op network allows us to learn from others and put that knowledge to use for you, our local members.

Since 1930, October has been officially designated as *National Cooperative Month*. Each October, Minnesota Valley joins cooperatives across the nation in promoting cooperative principles and values.

Rural electric cooperatives were created to serve their members. As a co-op, Minnesota Valley is structured in a way that allows us to adapt to our community's unique needs. While our core business purpose is to serve as your electricity provider, we are also invested in serving our local communities.

"Concern for Community" is one of seven guiding principles that all co-ops share. Similar to how our wires run through our service territory, our concern for community flows through all of our decisions – because being a co-op means being a responsible partner and good neighbor.

OCTOBER IS NATIONAL CO-OP MONTH

Electric cooperatives were created to serve their members. As a co-op, we're able to adapt to our community's unique needs. That's the power of co-op membership.



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from Basin Electric and WAPA while also considering how the electrical system must be designed to deliver that power and energy and various other costs to the cooperative.

When we combine the revenue model with the cost to serve, this starts to inform us where there might be shortfalls for some of the rate classes and not for others. Another way to think about it is whether everyone is paying equitable share for what the system brings to them in terms of power, energy and service.

In the end, we are looking at a rate increase for 2023, however we are still working on what it will be and how each rate class will be impacted. We expect to have the rate work done for the board to look at our recommendations in October. Our rate expectations will, of course, be worked into our budget scenarios for 2023. Work is well underway on our Work Plan and Budget for next year. We expect a draft to the board for their October board meeting, also.

Harvest Underway

Please stress safety in all aspects of your harvest activities again this year. Be mindful of power lines when moving big pieces of equipment around. Contact with power lines is our main safety concern. If you do happen to hit poles or guy wires with farm equipment, please let us know so we can fix those problems right away. That is what we are here for.

Please Think About our Power Poles When Burning Ditches

Burning ditches has caused much damage to expensive power poles over the years. Please be careful. If you do accidentally burn poles, please let us know so that they can be replaced.

October is Cooperative Month

As we move into the October harvest, it reminds us of the role cooperatives play in our lives, particularly in rural America. Cooperatives operating today in the U.S. number over 20,000 in many different business and service sectors. Cooperatives have thrived in part because the concept is so fundamental. People banding together to form an independent business entity to serve the needs of the collective membership. Cooperatives hold dear to solid core values, which are not present in most other business models. These values are geared for the members and by the members we serve. Every member is part owner of this company. As a member-owner you have a say. The board members you elect are your neighbors and conduct your business in your best interest. We are self-regulated and our rates are set to cover operating costs and produce a margin. All of that margin is eventually retired and returned back to you in cash. The employees of your cooperative are right here working and living in your community. When the lights go out, they are right here to do what it takes to get them back on as quickly as they safely can.

MARK YOUR CALENDARS

Caucus Meetings

Tuesday, February 9th, 2023

District 5: Darryl Bursack

- 10:30 AM at Clarkfield City Hall

District 7: Wayne Peltier

- 1:30 PM at Cottonwood Community Center

2023 Annual Meeting

Saturday, March 25th

Prairie's Edge Casino



Minnesota Valley Cooperative will be closed Friday, November 11th in observance of Veterans Day.





Manager of Operations

We made it halfway through September already. The rush is on to get our three months of backlogged work done. Minnesota Valley really appreciates your patience as we are doing our best to get to all the jobs that we can. I'm afraid

not all jobs will get done by the end of the construction year. This, of course, depends on how the weather holds out through the fall, as to how long services can continue. Storm cleanup also continues. A number of poles damaged from the May and June storms still need replacing. Please be aware of any damaged poles and clearances of overhead wires in the vicinity. Some poles are still temporarily set and overhead wires may be lower than normal.

Other annual work, such as OCR (Oil Circuit Reclosure) maintenance, has also started. These are taken out of service after five years of being installed or when they have reached a maximum number of operations. EIR Testing and Maintenance from Northfield, MN picks them up and

services them. They are returned to Minnesota Valley stock for the next rotation to be installed. Approximately 100-120 OCRs are sent in for maintenance every year.

On September 15th, the line department participated in switch training with WAPA at Appeldorn Substation. The training involves a lot of communication to WAPA dispatch in Watertown S.D., a detailed switching program put together by WAPA dispatch and operating breakers and switches in the substation. M four twenty zero two This training is held every two years and is very beneficial to both Minnesota Valley and WAPA to have line-men trained to operate this equipment.

Karian Peterson continues work for East River Co-op in the Blair Substation area north of Gary, S.D. The crews had to make some modifications to Minnesota Valley's transmission line to accommodate a new East River transmission line crossing over it. This work was completed by the end of September.

Energy Efficiency Tip of the Month

With winter weather on the way, now is the time to seal drafty windows. If you can see daylight around a window frame or if you can rattle a window (movement means possible leaks), the window likely needs to be sealed.

Most window leaks can be sealed with caulk or weatherstripping, which come in a variety of compounds and materials. Visit energy.gov/energysaver to learn how and where to seal air leaks.

Source: Dept. of Energy



Comparative Report

	Jan-Aug 2022	Jan-Aug 2021	Jan-Aug 2002
Kwh Purchased	154,011,045	135,807,595	94,051,137
Kwh Sold	145,928,384	127,185,477	84,512,103
Cost Of Purchased Power	\$7,578,941	\$6,459,517	\$2,538,967
Patronage Capital Margins	\$708,426	\$1,509,004	\$336,696
Reserve For Taxes	\$171,336	\$176,667	\$179,024
Cost Per Kwh Purchased (mills)	49.49	47.56	26.99
	August '22	August '21	August '02
Total Plant	\$90,600,370	\$83,258,868	\$34,618,063
Number of Active Services	5,325	5,340	5,222
Avg. Residential Bill	\$203.58	\$213.81	\$99.48
Avg. Residential Kwh Consumption	1,552	1,628	1,414
Avg. Kwh Usage All Consumers	3,025	2,780	1,913
Peak Kw Demand (Peak Load)	34,038	30,435	21,929

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!**



If both location numbers are claimed in a month, the recipients will split the credit. Once claimed, it will start again at \$10. If you find your number, call 320.269.2163 or 800.247.5051.

FIND YOUR NUMBER AND CLAIM BY THE 25TH OF OCTOBER TO RECEIVE:





Member Services Manager

Driving Behind Farm Equipment: Do Your Part

Spring planting and fall harvest are busy times. Farmers and workers have big

equipment and implements on the road. Navigating roadways can be dangerous for farm equipment operators and auto drivers who follow behind them.

According to the National Institute for Occupational Safety and Health, 410 farmers and farm workers died from work-related injuries in 2019. Transportation incidents, which included tractor overturns, were the leading cause of death for these farmers and farm workers.

Follow these safety tips to make it safer for everyone involved.

EQUIPMENT OPERATORS:

- 1) Make sure all flashers and lights are operational.
- 2) Drive as far to the right side of the road as possible when going around a curve.
- 3) Pull over and allow vehicles to pass when traffic builds up behind you.
- 4) Take care at railroad crossings.
- 5) Avoid traveling during busy traffic times.
- 6) Be mindful of the height and width of machinery, watching power lines, bridges and other hazards.
- 7) Along with turn signals, use hand signals.
- 8) Stay rested; do not drive when you are too tired or hungry.
- 9) Keep a first-aid kit in case of accidents.

AUTO DRIVERS:

- 1) Think about how long it will take to get to your destination and add extra time for busy farm roads.
- 2) Give farmers plenty of room on the road. L three zero three zero four If a piece of equipment takes up the entire road, pull into a driveway or area and wait for them to pass.
- 3) When passing, be sure you do so in a passing zone and that there is clear visibility around farm equipment. Watch for oncoming vehicles.
- 4) Go slow. Farm operators often stop or turn into fields. In addition, cars going at or over the speed limit can catch up to farm machinery quickly, since farmers in equipment move slowly.
- 5) Do not assume that a farmer can move over in narrow areas; it is not always possible.
- 6) Honk or motion when passing farmers, they may not see you or know you are there; their equipment is big and noisy.
- 7) Do not tailgate; the farmer often cannot see you.
- 8) Do not pass and then slow suddenly in front of equipment with implements behind it or farm trucks full of grain. They cannot stop quickly.
- 9) Farmers make very wide turns; give them plenty of time and room.

These are a few tips to make the road safer for equipment operators and auto drivers—and to provide a more pleasant drive for all.



Farm season means sharing the road with large farm equipment. Farmers must move slowly in large equipment, but public roads are often the only available routes.

When you find yourself following or meeting large farm equipment on the road, do the following to keep everyone safe:

1. Be alert and cautious and give large farm equipment and other slow-moving vehicles space.
2. Do not pass if you are in a "No Passing Zone" or in any area where it is not safe to do so, such as intersections, bridges and railroad crossings, among others.
3. Be careful when you do get the chance to pass. Oftentimes, farmers will move their equipment over when it is safe to do so.
4. Do not tailgate.
5. Make sure the tractor is not trying to make a left turn before you pass on the left.

Share the road with care. Farmers are just trying to get to and from their job, too.



Safe Electricity.org
Source: Texas Table Top (Texas Farm Bureau)

Office Hours

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

24-Hour Telephone Answering

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