Minnesota Valley Co-op News
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Manager's Message // Pat Carruth

General Manager

Board Approves 2025 -2028 Construction Work Plan

This past month, the board approved the next Four-Year Construction Work Plan of almost $39 million. This new plan has more dollars and scope than some of our previous work plans as of late. About $14 million of this new construction work plan will be replacing aged transmission line. We have about 150 miles of our 243 miles of transmission that we plan to replace over the next 20 years because it is simply getting old and problems are starting to show up. We want to replace this transmission line over a period of years to keep rates relatively stable. Obviously, we will begin with sections of line that are in most need of rebuilding.

It takes a lot of preparation, planning and several different groups of people with different skill sets working together to get a construction work plan together for board consideration. Most of the initial work is on the engineering side. Our contract engineering firm is *Power Systems Engineering*. Doug Joens, of Power Systems, is still our professional engineer who oversees our system. Doug is mostly retired now but has agreed to stay on as our electrical engineer of record. Doug was a lineman for Minnesota Valley in the 70s and has been our electrical engineer for about 30 years. He has always done a great job and truly understands our system and the needs of the member-owners it serves. A great deal of the input for the construction work plan comes from the people working here at Minnesota Valley. Most of that, of course, comes from the Operations Department that deals directly with keeping the lights on here at Minnesota Valley day after day. Especially important is the input from the long-time people in the Operations Department who have the experience and knowledge of where the weak points are and what needs upgrading.

(Manager's Message continued on page 2)

Lightning Safety Tips

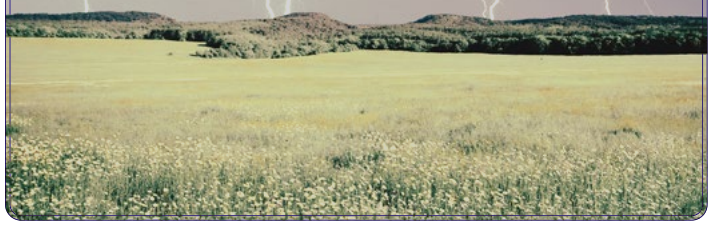
If you are outside when a storm arrives, immediately take cover. If there is not shelter around, find a low-lying, open place that is a safe distance from trees, poles or metal objects. Squat low to the ground, in a tucked position and try to touch as little of your body to the ground as possible.

If you feel your hair stand up on end during a storm, then electric charges are already rushing up your body from the ground toward an electrically charged cloud. Remain in the tucked position with as little contact as possible with the ground to minimize injury.

If you're inside when a storm is approaching, be sure to unplug all appliances prior to the storm hitting. Lightning can cause power surges and can damage your appliances. Call Minnesota Valley's office to learn how you can protect your belongings with surge protection devices.

Stay off corded phones, computers and other electrical equipment that puts you in direct contact with electricity. Metal also conducts electricity. Because metal pipes run to our sinks and bathtubs, these areas should also be avoided during thunderstorms.

As a final reminder, ***always stay clear of any power lines downed during a storm***. If you come across a downed line, call 911 and notify Minnesota Valley. Remember, you don't need to be touching the line for an electric shock accident to occur. It is impossible to tell if a line is live just by looking at it, so it's always best to exercise caution.



Manager's Message (continued from page 1)

Of course, we need a lot of access to credit to put a construction work plan of this magnitude into play. We borrow money through Rural Utilities Services, the Cooperative Finance Corporation and CoBank. Rural Utilities Services (RUS) is our primary lender. They typically will finance 90% of the initial construction work plan and our supplemental lenders pick up the balance. RUS, being the primary creditor, obviously provides most of the lender oversight on our construction work plan. They also require extensive long-range financial forecast to assure them that we can repay the loans and keep the system operating with reasonable rates and reliable service while repaying our loan. Most of this work is done by our Office Manager who is our financial person, Jill Rothschadl. Jill does a great job with financial modeling and really understands what the numbers mean. Our typical construction work plan will be initially financed over 35 years. Most of the components in our construction work plan will last well over 35 years, so it makes sense to spread those costs over a long period of time versus increasing rates for our current members to pay for improvements that will benefit other members many years into the future.

Anyway, there is still much process to be followed through before we have these funds available for use. We expect everything to be complete and have the money available to draw on sometime in the first quarter of 2025. Most of the time, as a matter of practicality, we procure material and begin construction on these projects long before the financing becomes available. We have to make hay while the sun shines. The process of long-term financing in our business can take up to 18 months or longer to get in place where you can actually draw the cash for a construction work plan. We are fortunate to have a great group of people with different skill sets working together to get a Four-Year Construction Work Plan ready for board consideration and approval.

As always, call or stop in if you have any questions or concerns. Have a great rest of the summer!

Engineering & Operations Report // Summer Pole Treating Crew Members

The *Pole Treating Crew* started the annual program of testing power poles on June 3rd. This will continue into mid-August. D three three three zero three There will be two white pickups with crews digging around the poles, then testing the poles and filling the dirt back in. So, if you happen to notice them, that is what they are doing.

Pictured below is this year's summer crew (left to right): *Alex Rodeberg, Axton Weckwerth, Noah Erickson, Carter Malstrom, Isaac Moravetz and Carson Spray.*

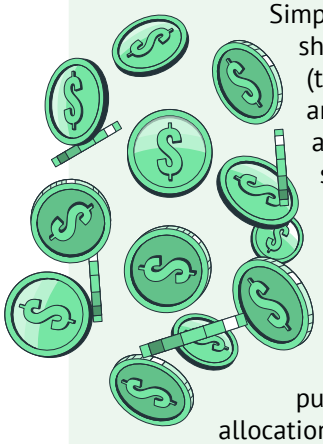
Business Office // Jill Rothschadl

Office Manager

Understanding Capital Credits and Allocations at Minnesota Valley REC

What Are Capital Credits?

As a member of Minnesota Valley REC, you're not just a customer—you're an owner. One of the unique benefits of cooperative membership is the allocation of capital credits. But what exactly are capital credits? Simply put, capital credits represent your share of the Cooperative's margins (the difference between our income and expenses) for a given year. They are a reflection of your ownership stake in the Cooperative.



How Capital Credits Work

Each year, after covering operating costs and other expenses, any remaining margins are allocated to members based on their electricity purchased throughout the year. This allocation process is known as capital credit allocation. Here's a step-by-step overview:

1) **Determine Margins:** At the end of the fiscal year, we calculate our total revenue and subtract operating and other expenses. The remaining amount is our margin.
2) **Allocate Margins:** Minnesota Valley allocates to members in proportion to their electricity purchased during the year. If you used more electricity, your allocation will be larger. We do not consider any purchases made through our Member Services department when calculating this. The number is based on electricity purchased only.
3) **Notification of Allocation:** Each member receives an annual statement (usually on your May billing statement) indicating their share of the capital credits. This statement shows how much has been allocated to your account for the year.

Retiring Capital Credits

Capital credits are retained by the Cooperative for a period of time to ensure financial stability and to fund essential projects and improvements to our infrastructure. When financial conditions allow, the Board of Directors may decide to "retire" (or pay out) a portion of these credits to the members. Here's how the process works:

1) **Board Decision:** The Board of Directors evaluates the Cooperative's financial health and future needs to determine if capital credits can be retired.
2) **Member Payouts:** If a retirement is approved, members receive a check or bill credit for their share of the retired capital credits. This payment is based on a percentage of your total accumulated capital credits for the period being retired. We most recently retired the remainder of your balance from 2011.
3) **Ongoing Benefit:** Even if capital credits are not retired every year, they remain on your account as a financial benefit and testament to your ownership in the cooperative.
4) **Alternative Payouts:** Upon the passing of a member, it may be possible to cash out the remaining unretired years shown in your account. There are stipulations involved, and each situation should be discussed with our office to determine your options. Accounts held jointly with a surviving spouse are not eligible for this early payout.

Why Are Capital Credits Important?

Capital credits are a key part of what makes cooperatives unique. Unlike investor-owned utilities that return profits to shareholders, cooperatives return margins to their members. This practice underscores our commitment to serving you, the member, rather than generating profits for outside investors.

Find Your Location Number

If you find your location number in this newsletter, you will receive a $30 bill credit *(Operation Round Up participants get a $10 bonus)*. If no 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, we will start again at $10. If you find your number, call 320.269.2163 or 800.247.5051.

Comparative Report

	Jan-May 2024	Jan-May 2023	Jan-May 2004
Kwh Purchased	97,033,995	98,272,274	64,039,652
Kwh Sold	92,185,545	93,100,481	59,408,220
Cost Of Purchased Power	$4,714,003	$4,490,637	$1,602,699
Patronage Capital Margins	$402,724	$614,753	$265,909
Reserve For Taxes	$110,000	$120,000	$78,068
Cost Per Kwh Purchased (mills)	48.86	45.74	25.03
	May '24	**May '23**	**May '04**
Total Plant	$100,755,974	$93,874,338	$36,986,603
Number of Active Services	5,300	5,318	5,226
Avg. Residential Bill	$208.22	$207.26	$94.83
Avg. Residential Kwh Consumption	1,424	1,439	1,233
Avg. Kwh Usage All Consumers	2,824	2,717	1,744
Peak Kw Demand (Peak Load)	26,370	27,179	18,505

No one found their location last month, so we've rolled it into this month! If you find your number, claim by the **25th of July** to be eligible for:

MEMBER SERVICES // SCOTT KUBESH

Member Services Manager

Dehumidifiers and Summer Humidity

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 is the ideal humidity level, what does a dehumidifier do, and how much energy will a dehumidifier 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. 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 a dehumidifier?

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 $10 to $40 dollars 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. L one two nine zero two A 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.

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

24-Hour Telephone Answering
320.269.2163
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