

MINNESOTA VALLEY Co-op News

Volume 76 No. 2 • February 2014



MANAGER'S MESSAGE • PAT CARRUTH

General Manager



Great Response to EPA

To date we have 562 responses that have been forwarded to the EPA directly from you on the

www.action.coop website or by the postcards you returned to us. Thank you to all who took the time to register. By doing so you have noted your opposition to the EPA's continued march toward shutting down affordable coal as an option in the energy mix for the United States. There is still time for those of you who have not signed up to do so, just go to the website.

On September 20, the EPA proposed rules limiting CO₂ emissions from new coal and gas fired power plants, which they cannot meet. Restrictions on existing plants are sure to follow. If the administration and the EPA have their way, coal will be done in this country. Our precious coal will then, for all practical purposes, be shipped to China to be burned in their mills and power plants that have little or no emissions controls or scrubbers. Our affordable coal will be used by China to put us at an economic disadvantage.

Minnesota Valley Retires Capital Credit using FIFO Method

Minnesota Valley continues to retire capital today the same way we have since day one, on a strict First In-First Out (FIFO) method. The FIFO method was prescribed in our original bylaws. The membership took the decision as to how capital is retired out of the bylaws and put it into the hands of the board 18 years ago. This was during the early 90's. They were heady times in the electric utility industry, fueled by the notion of deregulation and the fortunes it could bring. At that time, everyone in the electric utility industry was trying to figure out what dereg-

ulation would mean to the end user and to their organization. For cooperatives, the question was how could we adapt and survive in a way that would be of value to our members. Minnesota Valley was no different. Even though we were opposed to deregulation we had to be prepared should it come to be. Being able to be flexible in the way we retire capital credits was considered at the time one of the tools we might need to try to keep members should they be able to choose electric utility suppliers.

During the early 90's, energy giant Enron was one of the biggest drivers of deregulation. Enron was big on paper in gas, electricity and water. Wall Street loved them and they were held up as visionaries as to how energy companies should operate. Enron wanted it all and they seemingly had the political power lined up to help them get it done through deregulation legislation. They and several other big players in the utility industry, as well as the state of California, were pushing hard. California went ahead and deregulated. Rates went high as big power companies played the state for huge profits. Enron by far was the biggest player in California gaming the new system for huge profits. Today, California is re-regulated for the most part and Enron is broke and gone. Enron would go down as one of the biggest business scandals of all time at that point with their "mark to market" accounting. They brought one of the largest and most respected accounting firms, Arthur Andersen, down with them. The deregulation experiment was put on hold for the time being.

Anyway, even though you, the members-owners of Minnesota Valley, gave the authority of how to retire capital credits to your board in 1996, the

board has not wavered from retiring capital credits using the FIFO method as the previous bylaws had prescribed. This means we continue to use the current members' cash to maintain and improve the plant. Then we retire the oldest capital within a reasonable amount of time. We realize the meaning of "reasonable" is highly subjective. With that in mind, we think 14 years out in capital credits retired in our particular kind of capital intensive business is very reasonable. Minnesota Valley is well above average on how much patronage capital we have paid out as a percentage of total patronage capital. We have retired over 42%. The national average for electric cooperatives is 24%.

Minnesota Valley is going to close the financials for 2013 with a very healthy margin. The total margin was more than we had planned on due primarily to heavy energy sales. This should put us in a financial position to retire more in capital credits than we had planned on.

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 Prairie's Edge Casino on Saturday, March 22nd. Registration and a breakfast buffet opens at 8:30 a.m.—meeting begins at 10:30 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 31st, 2014 Tim Velde, Secretary

Minnesota Valley Co-op's Annual Meeting: March 22nd



Office Manager

Members Committed to Their Communities: *Operation Round Up*

Nearly twenty-five percent of Minnesota Valley's members have elected to donate to Operation Round Up. This program has received over \$9,400 in donations in 2013 alone. This is one instance where pennies on the dollar can truly make a difference! These dollars are granted to organizations that promote and support our local communities.

Grants for 2013 have included Farm Rescue, Project Respect Council, and scholarship programs at various school districts to name a few. This program is funded by having your monthly energy bill rounded up to the next whole dollar. The maximum amount any member contributes to Operation Round Up in a year is \$11.88.

Operation Round Up is operated separately from Minnesota Valley in that the Trust Board is made up of volunteers from all seven districts who review grant applications from organizations that need financial assistance to promote their services. If you would like to give back to your com-

munity and be part of Operation Round Up, please call the Business Office at (320) 269-2163. Your participation truly makes a difference!

Year End Financials

At the writing of this newsletter, the audit for Minnesota Valley will be in its final stages. Total energy sales and net margins have surpassed our projections for 2013.

The extreme weather conditions of 2013 went out just like they came in, cold! As you know, the past few months' energy bills were above average. Between the fall harvest drying season and the unseasonably cold weather in November and December, kWhs sold have surpassed our projections for 2013. With that being said, net margins also exceeded our projections.

One of the many benefits of being part of a cooperative is that all margins are returned back to its members through capital credit retirements. This holds true here at Minnesota Valley. The 2013 margins will be allocated according to patronage back to its members. We are currently on a less than 15 year capital credit retirement cycle, which is well below the state and national averages!

**RENEWABLE ENERGY****NUCLEAR POWER****NATURAL GAS****CLEAN COAL**

America needs an **ALL OF THE ABOVE STRATEGY** to keep electric bills affordable

URGE EPA TO RECONSIDER ITS "ALL-BUT-ONE" APPROACH

TAKE ACTION
www.action.coop

Comparative Report

	Jan-Dec 2013	Jan-Dec 2012	Jan-Dec 1993
Kwh Purchased	222,186,046	207,646,135	135,567,419
Kwh Sold	210,501,463	196,277,559	125,968,795
Cost Of Purchased Power	\$10,762,023	\$9,497,432	\$4,567,154
Patronage Capital Margins	\$2,224,649	\$990,583	\$745,740
Reserve For Taxes	\$300,000	\$308,300	\$235,261
Cost Per Kwh Purchased (mills)	48.44	45.74	33.69
	December '13	December '12	December '93
Total Plant	\$62,075,561	\$60,672,802	\$22,828,755
# Of Members Receiving Service	5,253	5,245	5,155
Average Residential Bill	\$220.73	\$185.41	\$116.85
Average Residential Kwh Consumption	1,826	1,601	1,912
Average Kwh Usage All Consumers	4,412	3,915	2,304
Peak Kw Demand (Peak Load)	42,706	38,575	23,997

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.



Energy Saving Tip

Fireplaces are Energy Burners

Keep it shut. Traditional fireplaces are an energy loser - when in use they pull heated air out of the house and up the chimney. Nearly 80 percent of a traditional fireplace's heat is wasted through the chimney. Some modern versions of the fireplace have much better efficiency.

When not in use, make absolutely sure the damper is closed. Before closing the damper, make sure you don't have any smoldering embers. If you decide not to use a fireplace, then block off the chimney with a piece of rigid insulation that fits snugly into the space (dampers don't shut fully without some air leakage).

First Call Emergency Response System

If you or someone you care about is living alone and wishes to maintain the independence they want and yet need two twenty nine zero four A have the security you all need, First Call might be the answer.

First Call is a simple in-home emergency response system that is easily installed in any home and will summon help within minutes, day or night. With the push of a button on a pendant worn around the neck or on the wrist, you will be in two-way voice contact with the Cooperative Response Center (CRC). A trained dispatcher will talk to the caller or listen in at the residence through a high quality speakerphone built into the system and summon appropriate help immediately, no matter what the need may be. Hopefully, an emergency call will never have to be made, but if the need arises, everyone will have the peace of mind of knowing that you're never alone and that help is only a push of the button away.

First Call is available to anyone in Minnesota Valley's service area, whether or not they are a member of the cooperative. Call (320) 269-2163 or (800) 247-5051 for more information or to set up an installation appointment.

Non-Discrimination Statement

Minnesota Valley Cooperative Light & Power Association is the recipient of Federal financial assistance from the U.S. Department of Agriculture (USDA). The USDA prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability and, where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at 202.720.2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue S.W., Washington, D.C. 20250-9410, or call toll free 866.632.9992 (voice) or 800.877.8339 (TDD) or 866.377.8642 (relay voice users). USDA is an equal opportunity provider and employer.

Patrick C. Carruth, General Manager, Minnesota Valley Cooperative Light and Power Assn., P.O. Box 248 - 501 South 1st Street, Montevideo, MN 56265 • Date: 2-1-14

Cogeneration and Small Power Production Compliance Notification

In compliance with MN Adopted Rules Relating to Cogeneration and Small Power Production Chapter 7835, Minnesota Valley Cooperative Light and Power Association is required to interconnect with and purchase electricity from cogenerators and small power producers which satisfy the conditions of a Qualifying Facility. The Cooperative will provide information relating to rates and interconnection requirements to all interested members free of charge upon request. An application of interconnection is required for a Qualifying Facility to interconnect and operate in parallel with the Cooperative's distribution system and is subject to approval by the Cooperative. Any disputes between the Cooperative and its members over interconnections, sales and purchases are subject to resolution by the Minnesota Public Utilities Commission.

Members interested in obtaining further information should contact Patrick C. Carruth, Minnesota Valley General Mgr. at: 320.269.2163/800.247.5051

ENGINEERING & OPERATIONS • JOHN WILLIAMSON



Manager of Engineering & Operations

Crews are busy building/relocating some overhead power lines in the Big Bend area and will be moving to work on lines north of Dawson. We are also doing line patrol and replacing rejected poles from some of our inspections.

You may also see our crews in the Gluek area. Xcel is restringing their 115,000-volt lines in that area. When they cross our overhead lines they request us to put our equipment on one-shot operations for their protection.

Every once in a while, we need to do maintenance work on voltage regulators that hang on the power poles in various locations and also in our substations. Voltage regulators are capable of automatically raising and lowering the voltage 12 volts (plus or minus) depending on the load on the system at the time. The employee in charge of repairs on this equipment is Tim Bertrand, who is pictured replacing a motor inside one of these units in our shop area.



It has been a fairly quiet past month as far as outages are concerned. We do receive some calls about security lights going off and on during this very cold weather. With a little patience and warmer weather they usually will come out of this cycling on their own. Enjoy your winter and the white stuff—it isn't going anywhere soon!





Member Services Manager

Economical Electric Heat

Many of us will feel the pinch of this winter's heating bills. The extremely cold conditions we have experienced the past few months are unlike anything we've had for quite some time. Occasionally, we hear of consumers talking about how costly it is to heat with electricity, and sometimes it can be. One such occasion is when portable space heaters are used to heat areas that could be heated much cheaper with permanently installed electric heaters. Portable space heaters should only be used as a temporary heat source, and never as a main source of heat.

When heaters are installed permanently they can be operated on our electric heat rates and save you money. Minnesota Valley's heat rates are roughly comparable to heating with propane or fuel oil if those prices were about \$1.20 per gallon. With fossil fuel prices much higher than that, it is to your advantage to look at heating with electricity. If you have electric heat installed, but do not have it metered to take advantage of the cheaper rates, we strongly urge you to do so. The savings can be quite surprising. Contact the Member Services Department to find out how easy it can be to save by heating electrically!

Electrical Inspections

Sometimes in the winter, we undertake small remodeling jobs to help make the winter pass faster. With these small projects, come revisions or additions to your home wiring system. Please remember, by State Law, any wiring that is performed in any building by anyone needs to be inspected. Even if you do wiring on your own equipment in your own home, this wiring needs to be inspected by a Minnesota State Electrical Inspector. E three seventeen zero three For your own safety and to avoid issues in the future, have all new wiring inspected. Recently the local electrical inspectors have changed a bit and you will find their names, phone numbers and areas covered listed below.

Minnesota State Electrical Inspectors

Chippewa/Swift Counties	Bruce Haugen: (320) 354-2099
Lincoln/Lac qui Parle/Yellow Medicine Counties	Mark Senkyr: (507) 829-2993
Renville/Redwood Counties	Jeffery Bute: (320) 327-2545
Lyon County	Randall Maha: (507) 274-5261



Fossil Fuel Prices Are Spiking!

With fossil fuel prices escalating the heat source for a **geothermal heat pump** is still bountiful, and the price remains the same: **dirt cheap!!!**



Electric Heat is Clearly the Way to Go!

Electric heat comes in many shapes, sizes and applications. Whether you heat just one room or the entire house, electric heat can save you hundreds. Current Minnesota Valley electric heat rates would be comparable to purchasing LP at \$1.20 per gallon, or much less with a heat pump application. With the recent fossil fuel price spikes, electric heat is clearly the smart choice.

Electric heat is safe, clean and economical!

Contact your local contractor or the Member Services Department at (320) 269-2163 or (800) 247-5051 to find out more.

Address

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P.O. Box 248
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