

MANAGER'S MESSAGE • PAT CARRUTH



General Manager

Our Cooperative's Future Depends on Engaged Owners

Minnesota Valley came about just like every other cooperative. Minnesota Valley was formed to meet the defined needs of the members who put up the money and put it together on a firm foundation of cooperative principles. The defined need was and continues to be providing reliable and affordable electric power to our member-owners. Minnesota Valley has successfully met those member defined needs since being formed only because of direct member involvement. Over the past 77 years, the original incorporating owners have passed ownership rights, along with responsibility rights, over to you, our current member-owners. The only way this cooperative, that you own, will stay successful in the future is if you get involved and stay involved.

Member Communications

One of the important aspects of cooperatives is the value they put on communicating with their member-owners. We work hard at trying to let you know the how and why we are doing things the way we are at Minnesota Valley. We have the monthly newsletter, bill stuffers, annual reports, district meetings, annual meetings and a website. We are a phone call away if you have any questions about how or why we do things—from setting rates to charges for service upgrades. We hope you, as member-owners, find some time in your busy schedule to take in some of this information.

Communications are a two-way street. Your board and employees need to be attuned to what you are telling us about your perception of the cooperative's purpose is and if we are doing our jobs. Our employees in the field and in the office try to be good listeners when they are working with you. Our board members

October is Co-op Month

Cooperatives are businesses organized by people to provide needed goods and services. As an electric co-op, Minnesota Valley has been providing reliable electricity to our members for over 75 years. Your cooperative has an emphasis on service over profit and a business structure that gives the people the power. Our members benefit from the "cooperative difference."

Minnesota Valley will be closed on Tuesday, November 11th, 2014 in observance of Veterans Day. We would like to thank all who have served and are serving!

try to be good listeners when they are visiting with you about your electric cooperative's business. When there is a collective sense that we need to be doing something different or improve the way we are doing something, we will respond with the best interest of the entire membership. Let us know about questions or concerns you have so we can work through them. Take time to give us some feedback, good or bad.

Local Control

Successful cooperatives start with local control and make sure they hold on to it. Local control assures local accountability and good governance. Minnesota Valley has always been fortunate to have a good board. As member-owners, you can only expect this to continue if you stay involved in the process of choosing your director. One way this can happen for you is to take time to attend your local caucus meetings that are held in your district every three years. What does have us concerned is that each passing year we find attendance at these meetings continues to drop. District Caucus

Meetings are where you put candidates forth to represent you on your cooperative board. District Caucus Meetings are where you choose who will represent your electric power interests from the coal mine to the meter in your yard. They are where you get a chance to ask about and discuss any issues that are important to you, as a member-owner. They are held in your district every three years, usually in February. You will get plenty of notice, so please plan to attend and take part in your cooperative's governance.

Working with our Kind

Cooperating with cooperatives has always been the way things have been done at Minnesota Valley—from forming a power supply cooperative to providing for additional power, to poles and wire supply cooperative for material, to a financial cooperative for additional capital to finance our plant growth, to an insurance cooperative to protect our members power system. The names of

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cooperatives we own (along with other cooperatives) and do business with are Basin Electric Power Cooperative for power supply, Rural Electric Supply Cooperative for material, Cooperative Finance Corporation for capital and Federated Rural Electric Insurance for insurance. These are just to name some of the cooperatives we do business with and own part of.

When storms hit, all of the cooperatives in this region and across the country will work together if need be. It is an almost every year occurrence when we send crews to help other cooperatives restore power or we have crews from other cooperatives in here helping us restore power. We work with cooperatives first because we know at their core they operate under the same cooperative principles as we do and are owned and operated by their members. This means there is a high probability that there will always be a high level of mutual integrity in working together.

Autonomous and Independent

Working with other cooperatives and companies to help us better serve the defined needs of our member-owners has always been a way of doing business at Minnesota Valley. Being autonomous and setting our own rules based on the needs of our members has and always will help us remain focused on our members. Other ways of doing things at other cooperatives may work fine for them, but not necessarily for our situation.

Our members choosing what works best for them has a proven track record over the years. An example of this would be choosing to keep ownership and control over our transmission system. Over the years, many distribution cooperatives turned their local transmission facilities over to their power supplier or continued to have another utility provide their transmission service to them. Minnesota Valley, in the early days, had another utility provide our transmission service but decided to build and maintain our own. This decision has saved our members a lot of money and outage hours over the years. Local control over how we maintain and operate our transmission and distribution system has proven to be very beneficial to our members. It keeps the know-how and resources right here when we need them.

The 7 Core Principles

There are 7 cooperative principles that we operate under; voluntary and open membership, democratic member control, member economic participation, autonomy and independence, education, training and information, cooperation among cooperatives and concern for community. October is Cooperative Month. It is a chance for us all to look back and reflect on Minnesota Valley Cooperative Light and Power Association's purpose and success over the last 77 years. More importantly, making sure we are taking the right steps to assure the next 77 years of meeting the defined needs of our member-owners. Again, we can only do that with engaged members and we thank you for that.



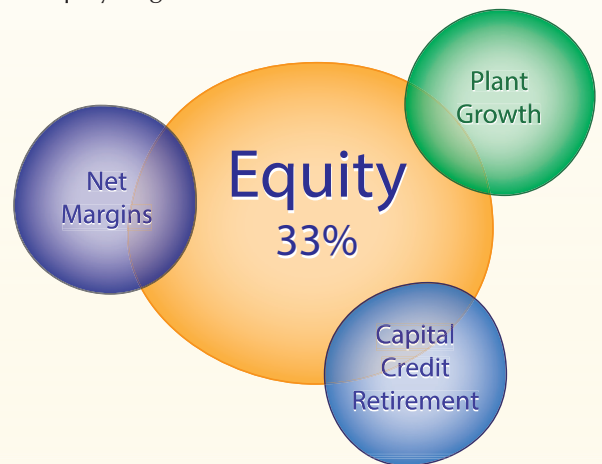
BUSINESS OFFICE • CANDICE JAENISCH



Office Manager

2015 Budget

The budget process is in full swing and will go to the Board of Directors in November. Minnesota Valley strives to maintain a 33 percent equity. This equity represents the amount of capital that is owned by the members. Plant growth of \$2.5 million is expected for 2015, along with net margins, to cover our debt service requirements of just over \$2 million and to meet our day-to-day operations. In addition to these items, management looks at a 13-14 year rotation of capital credits. These factors all influence our equity target.



Advantages of Being Part of a Member-Owned Cooperative

	Member-Owned Cooperative	Non-Member Owned Utility Company
Members own cooperative	Yes	No
Share in margins	Yes	No
Receive annual capital credit retirements	Yes	No
Right to vote	Yes	No
Local representation	Yes	No
Pay corporate income tax	No	Yes

Did You Know?

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.

*There were no winners from last month's issue.
Keep looking!*



ENGINEERING & OPERATIONS • JOHN WILLIAMSON



Manager of Engineering & Operations

It is "crunch time" in farm country! Yet, it is important to stay safe and keep track of electrical equipment and poles that may be in the area where you're harvesting. We expect the fall electrical demand to be greater than the past several year peaks. Co-op crews will be following behind farmers in some areas of harvested fields to replace rejected power poles and install underground facilities to complete some planned fall projects.

Thank you to all consumers in the Echo Substation area who were affected when we had to de-energize your power on the 10th of September for replacement of some equipment inside the substation. We appreciate your cooperation. Animals damaged this equipment and repairs were in a place that was unsafe to fix without the planned outage.

Minnesota Valley Tree Service is on our system cutting trees right now, so please let the crews cut what is necessary. We try to be on at least a 4-year rotation cycle before we return to cut again. Trees continue to give us problems with

Energy Saving Tip

Water heating can account for 10% to 15% of the energy consumed in your home.

Turn down the temperature of your water heater to the warm setting (120°F). You'll not only save energy, you'll lessen the risk of scalding.



blinks and outages. H two zero eight zero four A The line clearance may look okay to you in nice weather, but when the wind blows or ice hangs on branches everything is heavier. This added stress can cause them to break at the worst times, often during bad weather. We all want to stay warm!

On September 18th, we offered a full-time line-man position to Mitch Christensen and he accepted to stay on here at Minnesota Valley. Last year, Mitch enrolled in the lineworker program in Mitchell, SD and graduated in spring of 2014. He was employed with us as a 1,000-hour employee this summer and had been with us for several years previously on the pole treating crew. He has proven himself to be very reliable, a hard worker and will be a great addition to your co-op.



MINNESOTA VALLEY TREE SERVICE

Now Hiring

Now hiring: Chipper Operator/ Trimmer, year-round employment in Granite Falls, MN.

Benefits: Competitive wage (DOE), full-time work, paid vacation, paid holidays, 401k, medical insurance, profit sharing and overtime.

Please feel free to call for more information at 320.564.1899. Applications are also available online at [indeed.com](https://www.indeed.com).

We are a small tree service company in West Central Minnesota looking to fill chipper operator and trimmer positions. Candidates must be hard working, self-motivated and be able to deal with the elements as this is full-time, year-round work. Candidates must also be able to pass a pre-employment UA, physical and have a valid driver's license (CDL preferred) with a clean driving record. We are also looking for experienced trimmers where a CDL will be required.

Cold Weather Rule Protection

The Minnesota Cold Weather Rule protects residential utility customers during the cold winter months. Under this rule, your electric service will not be disconnected from October 15 through April 15 if you meet the Cold Weather Rule requirements.

Under this rule, your electric service will not be disconnected, provided you meet *ALL* of the following requirements:

- *The disconnection would affect the customer's primary heat source.*
- *You declare an inability to pay.*
- *Your total household, not individual, income is less than 50% of the state median income. You must provide the necessary documentation to support this condition.*
- *Your account is current for the billing period immediately prior to October 15.*
- *You mutually agree to a payment schedule with our Billing Department.*

If you do not qualify under this rule, you may continue to receive electric service if you call us to make a mutually acceptable payment arrangement.

We have several easy and convenient payment options available to help you get back on track and stay on track. If you have not contacted us to set up a payment plan, please call us at 320.269.2163 to find out what options are available to you.





Member Services Manager

Low Interest Loans

Minnesota Valley offers low interest loans for energy conservation practices like weatherization, installation of windows, doors and insulation. Conditions of the loan are that you must be a member of Minnesota Valley REC, have a good credit rating with Minnesota Valley and submit a credit application to our office. All applications are completely confidential and can be processed within a matter of days. A very reasonable rate of 5% simple interest is charged. Up to \$15,000 can be borrowed for a period of up to seven years. Over the years, these loans have enabled many people to do work to their homes at a very affordable rate.

In addition to energy conservation loans, Minnesota Valley also offers loans for the purchase and installation of electric heating and cooling products. The loan funds may be used for air to air heat pumps, ground source heat pumps, electric heating equipment and central air conditioners. P two zero one zero three Loan funds are available for equipment purchased and installed in member homes and businesses. Equipment may be purchased through Minnesota Valley or any heating, cooling or electrical contractor that you choose. With the ever increasing fossil fuel prices, the installation of cheap, clean and safe electric heat is looking better all the time.

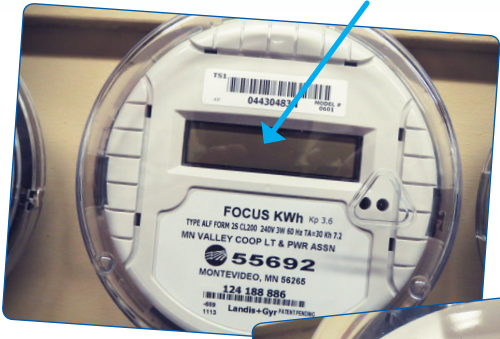
Wiring Upgrade Loans

Poor electrical wiring sometimes can be a contributing factor in fires in our homes. Loan funds are available through Minnesota Valley to replace old wiring that you may not feel comfortable with. Meeting the conditions of the weatherization and equipment loans can also qualify you for financing of the replacement of unsafe wiring. A qualifying member is eligible for any combination of the loans described above up to an aggregated total of \$15,000. Whatever loan you are interested in, please contact the Member Services Department for more information on these excellent programs. We can be reached during normal business hours at 320.269.2163 or 800.247.5051.

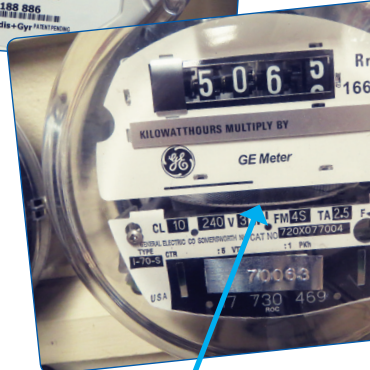
Your Heat may be on, but is your Meter on?

Minnesota Valley would like to remind all members on either our electric or dual heat rates that the breaker must be turned on for the meter to operate properly. If the meter does not have power, you will not be getting your heat usage at a discounted rate. Most electric heat installations have a separate breaker that powers our meter. If the breaker has been turned off, all of the KWhs that are used for heat will be at our higher general rate. Please turn on your electric heat and verify that your meter is operating. If you have a digital meter the electronic display will be lit up. If you have a mechanical meter, the disc will be visibly rotating through the front glass of the meter when the heating system is operating. Failure to verify that your meter is powered up may result in a higher electric bill than normal.

Make sure this display is lit up.



Make sure this disc is spinning.



Comparative Report

	Jan-Aug 2014	Jan-Aug 2013	Jan-Aug 1994
Kwh Purchased	142,646,864	139,729,223	90,292,446
Kwh Sold	135,305,301	132,687,107	82,684,365
Cost Of Purchased Power	\$ 6,526,572	\$ 6,521,933	\$ 2,909,173
Patronage Capital Margins	\$ 1,181,388	\$ 688,232	\$ 4,444
Reserve For Taxes	\$ 204,463	\$ 220,001	\$ 184,927
Cost Per Kwh Purchased (mills)	45.75	46.68	35.99
	August '14	August '13	August '94
Total Plant	\$ 63,392,575	\$ 62,007,381	\$ 24,116,962
# Of Members Receiving Service	5,271	5,254	5,169
Average Residential Bill	\$ 184.69	\$ 186.91	\$ 85.88
Average Residential Kwh Consumption	1,572	1,622	1,300
Average Kwh Usage All Consumers	2,840	2,897	1,764
Peak Kw Demand (Peak Load)	28,642	31,992	21,500

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