



MANAGER'S MESSAGE // PAT CARRUTH

General Manager



Enjoyable Annual Meeting

It was good to see many of the members and friends of Minnesota Valley at our Annual Meeting at the Casino. Again, this year, we served a breakfast buffet before kicking off the business part of the meeting at 10:00 a.m. The business part of the meeting lasted just over an hour, which included director elections, reports on the business, drawing for Basin Tour trips and door prizes. Please mark your calendar and join us for next year's meeting on Saturday, March 21st again at the Casino near Granite Falls. If you have never been to one, hopefully you will get to attend next year. It's your business and your meeting and we do our best to make it enjoyable for you.

No Canadian Hydropower for Minnesota Valley Members

We had several inquiries from members who were concerned about Canada cutting off hydropower to Minnesota. The only power Minnesota Valley could possibly get from Canada would be bulk market purchases as we buy and sell in the large power pools. Currently, we do not purchase any Canadian power outright. Wholesale market purchases, of course, would go through our Basin Electric who would buy and sell power for the entire Basin membership. Basin Electric buys and sells power into the bulk power market daily, it's just part of the business. Anyway, Minnesota Valley members won't be affected by anything Canada may do with its hydropower.

We have two wholesale power suppliers. We buy a fixed amount, 50 mega-watt hours annually, from the Western Area Power Administration or WAPA. WAPA is the federal marketing agency for the hydro-electric

[\(Manager's Message continued on page 2\)](#)

Planning a Yard Project? Don't Just Dig In

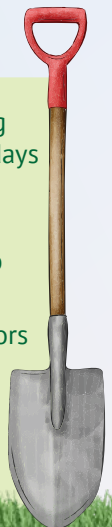
April is *National Safe Digging Month*. It reminds us all that as we begin beautifying our yards, we shouldn't just dig in. Whether it is a do-it-yourself project or you are hiring a professional, call 811 or make a request online at gopherstateonecall.org two to three days prior to starting any digging project to request that all underground utilities be marked. The service is free.

You may think it won't hurt anything to dig in an unmarked yard when landscaping, installing a fence, deck or mailbox or even "just" planting a small flower bed or bush, but damaging an underground cable can have serious consequences.

Hitting a line could result in serious injuries and disrupted service for you and your neighbors. It could also make a dent in your wallet for repair fees or other fines.

BEFORE DIGGING

- 1) **Notify** gopherstateonecall.org by calling 811 or making an online request 2-3 days before work begins.
- 2) **Wait** the required amount of time for affected utility operators to respond to your request.
- 3) **Confirm** that all affected utility operators have responded to your request and marked underground utilities.
- 4) **Dig Carefully** around the marks.



Manager's Message (continued from page 1)

dams on the Missouri River. They market the federal power to customers within the project area, which are called preference customers, of which Minnesota Valley is one.

The Reclamation Project Act of 1939 requires WAPA to give preference to certain types of nonprofit organizations seeking to purchase federal power. Those entitled to preference include cities and towns, state and federal agencies, irrigation districts, public utility districts and rural electric cooperatives. Minnesota Valley got its first chance to enter into a contract for cheap hydropower in 1957. Prior to that, we had purchased more expensive wholesale power primarily from investor-owned utilities such as Northern States Power.

Over the years, the contract has been amended to change with conditions of the operation of the Missouri River by the Army Corp of Engineers. The interests of flood control, irrigation, power production and recreation interest all must be balanced. Anyway, we get a fixed amount of capacity and energy each month from WAPA. This amounts to just over 20% of our annual power and energy requirements. Any other power we need has to come from somewhere else under what we call a supplemental power supplier. That supplemental power supplier for us is our Basin Electric.

When Minnesota Valley was getting their first hydro power allocation, they were also working on forming Basin Electric for additional anticipated power needs with other

cooperatives in this region of the country. They knew they would need more power than the dams could provide. Large scale thermal plants located along the Missouri River, next to coal fields, would prove to be the most economical answer for electric cooperatives in the region. Minnesota Valley is one of the original incorporators of the organization that would bring this additional power to us, our Basin Electric, by signing the papers in May of 1961. After the signing, the newly formed Basin Electric went to work and our first coal-fired unit went online on January 20, 1966.

Both the WAPA and Basin contracts have been amended and resigned over the years. Our present WAPA contract will take us through 2050. Our present Basin Electric contract will take us through 2075. The WAPA contract is what is called "Firm Electric Service" – a set amount of power and energy each month. The Basin contract is what is called an "all requirements" contract. This simply means we must buy all of our power needs over and above the WAPA contract exclusively through Basin Electric. This exclusivity allows Basin Electric to procure cheaper rates on capital required to construct additional power production facilities.

These are both long-term contracts which should help keep your retail power rates affordable for many years to come. Minnesota Valley will continue with its long tradition of being involved with both organizations to that end.

2025 SCHOLARSHIPS

The selection committee for the Minnesota Valley/Basin Scholarship met on Thursday, February 20th, 2025 and made a selection for the scholarship. Members of the committee were: Harvey Williamson, Barb Holien, Robin Olson, Vicki Sandberg and Gary Groothuis. Since the committee felt there were many exceptionally strong candidates again this year, they elected to split the scholarship and award \$500 to four students. The students selected are:



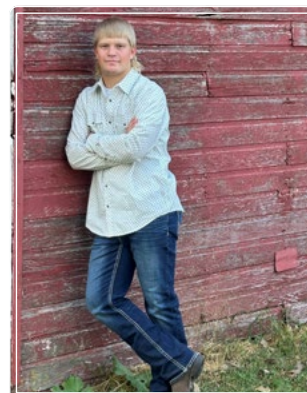
Aleeya Louwagie will graduate from the Lakeview Public School in 2025. Aleeya is the daughter of Jason and Lisa Louwagie. Aleeya will be attending SDSU where she will study Agronomy.



Elsie Wiebe will graduate from Dawson Boyd High School this spring. Elsie is the daughter of Tammy and William Wiebe. Elsie will be attending SDSU for Nursing.



Delaney Myers is the daughter of Amber Johnson and Troy Myers. Delaney will graduate from YME in 2025. Delaney will be attending Lake Area Technical College studying Practical Nursing.



Colton Schlenner is the son of Carla and Tim Schlenner. Colton will graduate this spring from the Lakeview Public School and will be attending Lake Area Technical College in Watertown, SD in the Diesel Technology Program.

ENGINEERING & OPERATIONS // TODD BOLKEMA

Engineering & Operations Manager



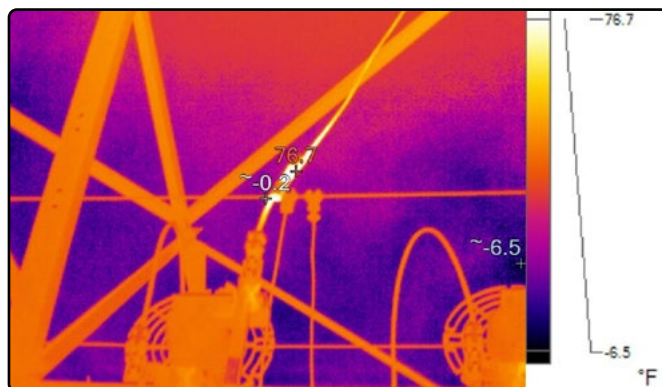
On Thursday, February 13th a transformer catastrophically failed at our western delivery point near Gary, South Dakota. The picture below has an arrow showing the split in the transformer case. This transformer stepped the voltage down from 230,000 volts to 69,000 volts to feed into our transmission system. We share the transformer with East River Electric Cooperative out of Madison, South Dakota. The outage that members experienced was just over an hour thanks to the Appeldorn delivery point installed in 2012, which allowed us to switch around our transmission system to restore power quickly and carry the high heating loads the next week without any voltage problems.



Our partners at East River have been working very hard on making the repairs. This involved cleaning up thousands of gallons of oil, locating a spare transformer, testing the transformer to be fit for service and moving it to the substation. Many thanks to them.

Construction of the Gluek Substation to future Torvik Substation overhead 69,000 volt line has begun. Q two zero nine zero one Our contractor, Karian Peterson, has been setting the large transmission poles along that route in the Maynard area. The poles are 60 to 70 feet tall and set up to 11 feet in the ground.

On the coldest week of the winter, our linemen were in the substations with a thermography camera. Days like that are the perfect combination of low temperatures and high electrical loads. Any compromised electrical connection will have resistance to that power flow and create heat that can be found using a thermography camera. In the case shown below, the bright yellow part was 80 degrees warmer than the ambient temperature. This is a possible future failure point and we are following up with repairs to the handful of problems that we found. These pictures taken on a frigid day may prevent your next power outage.



Minnesota Valley Cooperative will be closed on Friday, April 18th in observance of Good Friday. Have a Happy Easter!

Comparative Report

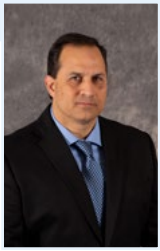
	Jan-Feb 2025	Jan-Feb 2024	Jan-Feb 2005
Kwh Purchased	49,027,495	44,590,166	30,759,003
Kwh Sold	46,821,375	42,357,365	28,678,126
Cost Of Purchased Power	\$2,484,012	\$948,076	\$769,370
Patronage Capital Margins	\$330,643	\$314,134	\$237,497
Reserve For Taxes	\$56,666	\$44,000	\$29,200
Cost Per Kwh Purchased (mills)	50.67	47.21	25.58
	February-25	February-24	February-05
Total Plant	\$108,599,871	\$100,612,048	\$38,134,541
Number of Active Services	5,312	5,305	5,213
Avg. Residential Bill	\$307.13	\$234.86	\$124.35
Avg. Residential Kwh Consumption	2,885	2,180	1,910
Avg. Kwh Usage All Consumers	4,165	3,471	2,440
Peak Kw Demand (Peak Load)	47,573	38,325	27,953

Find Your Location Number

If you find your location number in this newsletter, you will receive a bill credit that starts at \$10 (Operation Round Up participants get an additional \$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.

Congratulations to **Randy Bourne** who found his number last month and received \$20 (plus \$10 for being an Operation Round Up participant)! If you find your number, claim by the 25th of April to be eligible for:





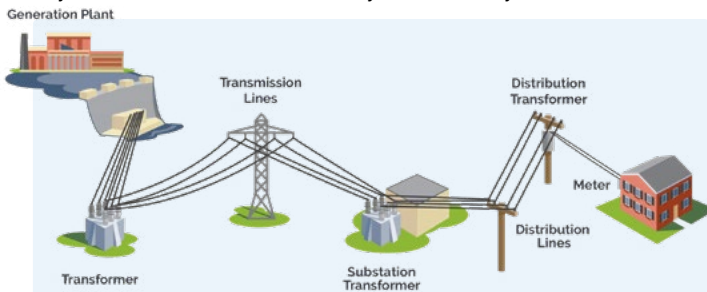
Member Services Manager

Why do I pay a Base (Fixed) Charge?

The **Base Charge** is designed to recover the basic cost of electric service, independent of how much energy is used. It accounts for Minnesota Valley Cooperative's investment in equipment like poles, wires and transformers, as well as labor to provide members with safe and reliable electric service.

It supports fleet, facility and customer service functions, such as line maintenance, right-of-way clearing, member service support and administrative responsibilities.

If you only use one kWh of electricity and your neighbor uses 1,000 kWh, Minnesota Valley Cooperative still incurs the same cost to build the line, maintain the distribution system and deliver electricity to both of you.



What are those monthly costs?

First, you've got **equipment**. Let's start at your *meter*. There is a monthly cost to own, maintain and read your meter. Next you have *transformers*. You've got your typical ownership and maintenance costs, but there are also operating costs—including keeping the transformer energized.

Following the infrastructure line, you can't forget the obvious — our *transmission* and *distribution lines*. In order to deliver electricity, we must have the wire and poles to reach across our service territory and back. Minnesota Valley Cooperative owns and maintains 243 miles of transmission line and over 3,300 miles of distribution line, all of which carry operating and maintenance costs. Beyond that, when storms cause damage, our lines need to be repaired or replaced. We also have to clear the right-of way around those lines. Over the years, Minnesota Valley Cooperative has installed a fair amount of underground cable. This cable doesn't require as much maintenance, but it is typically more expensive to install and more difficult and time consuming to locate problems and restore outages.

Next, we have a *substation* to step down the high voltage electricity from transmission lines to our 7,200-volt distribution voltage. Then we've got all our trucks, diggers,

inventory and tools. And don't forget about our buildings. As you can see, the expenses start to add up quickly.

Now let's talk about our **business functions**. There are costs to calculate your bill, send the bill and possibly costs associated with posting the payment. Costs related to our computer systems and telephone systems, costs related to accounting, financing, collections, dispatching, customer service and communication are all required to do business.

While the list of costs could go on and on, the important message here is that none of these costs change in regards to how much energy you or your neighbor use. The fixed charge is designed so that each member is paying a fair share of the cost to access electric service. The energy charge is just that — the purchase price for the energy you use.

Does the new \$35.00 *Base Charge* for residential accounts cover all our fixed costs? The quick answer is no. Minnesota Valley Cooperative periodically completes what is known as a *Cost of Service* study performed by a third party which determines how our costs should be allocated and recovered through our rates.

Our most recent study, completed in 2024, showed that if we were to recover all the costs that should be recovered through the *Base (Fixed) Charge*, the amount would be much higher, at \$98.44 per month per member. With that being said, our Board of Directors elected to increase the base fixed cost in 2024 from \$25 to \$35 to recover a small portion of this cost. The rest of the fixed cost was covered by the rate increase, thus meaning greater consumption equals more share of the cost burden.

When a member opts to install alternative generation (wind, solar, etc.) the cost burden is still billed through the fixed charge, but the majority of the costs recovered in the rate is lost. This also holds true with services that have minimal to no usage. The costs unrecovered then shift to other members through rate increases with the next *Cost of Service* study.

In summary, no matter how much or how little energy you use each month, there are certain costs that must be recovered. Our goal is to recover those costs as fairly as possible, which is why we have a monthly *Base (Fixed) Charge*.

Minnesota Valley Cooperative works hard to keep its electricity rates competitive. The bottom line is to have rates that are affordable and fair. We are committed to providing you with reliable and economically responsible electric service.

