



MANAGER'S MESSAGE • PAT CARRUTH



General Manager

Ending 2018 in Good Financial Shape

We closed out our books for the year 2018 in late January. We had a great year financially and operationally. We ended the year with \$3,494,868 in total margins. Some of the credit for this comes from the stable weather we had during the year. Outages and their associated costs were down to the lowest levels in years. We are hopeful that this will continue for this year. Also, energy sales were up for the year by over 3%. Additionally, we had all hands here working to keep costs, that we have some control over, down this past year. It all adds up and we were very fortunate to have another great year financially and operationally.

Annual Meeting

Please join us on Saturday, March 30th at Prairie's Edge Casino and Resort in Granite Falls for your Annual Owners' Meeting. We will be serving breakfast at 8:30 a.m. and get the meeting underway by 10:30 a.m. We will have director elections in Districts 2, 4 and 6. The business meeting and drawings for the Basin Tour and door prizes should be done by noon. The Annual Meeting is a great opportunity to come visit with your board and employees about your business. It is a good place to get more information as to how your business is doing. We look forward to seeing you there! We will be retiring the balance of 2005 and 25% of 2006 patronage for a total of \$1,571,611. Your check will be available to you when you are signing in for the Annual Meeting.

Minnesota Valley Retires Capital Credits 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 23 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 deregulation would mean to the end user and to their organization. For cooperatives, the question was if we could 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

(Manager's Message continued on page 2)

Save the Date

Minnesota Valley Light and Power Cooperative's Annual Meeting is Saturday, March 30th at Prairie's Edge Casino in Granite Falls. Breakfast starts at 8:30 a.m. and the business meeting starts at 10:30 a.m.

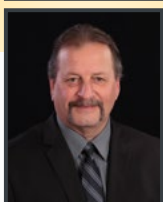
Mark your calendars!



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. If you are looking for a good read this winter get the book, "The Smartest Guys in The Room", which tells the Enron story.

Anyway, even though you, the member-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 First In-First Out (FIFO), method as the previous bylaws had prescribed. This means we continue to use 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 with how much patronage capital we have paid out as a percentage of total patronage capital. We have retired over 49%. The national average for electric cooperatives is 27%.

ENGINEERING & OPERATIONS • BOB KRATZ



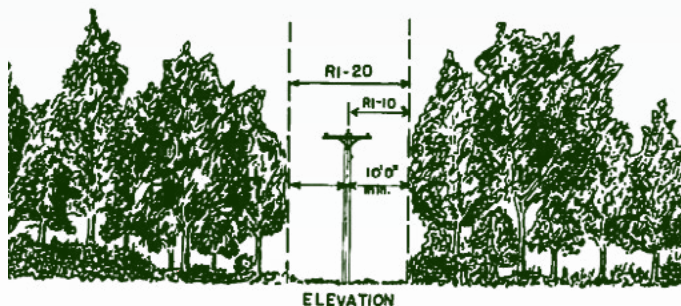
Manager of Operations

Outages have been minimal the last month and hopefully it stays that way. This winter has been pretty good for our crews, as they have been finishing up building the 3-phase line for the Clara City Fertilizer Plant northwest of Clara City. The crews have also been doing line patrol and fixing things they come across that could cause problems later on.

Now is the time of year when we look into ordering special equipment that we need for the upcoming year's construction projects. I just wanted to mention this in case you are looking into changes for your service – now is the time to give us a call to discuss it. C three twenty one zero one We want to make sure we have what you need in time to get your project done.

Minnesota Valley Tree Service continues cutting trees on our system so we can maintain the proper distances from

our powerlines. This helps us protect against outages and ensures public safety. Please let crews cut what is needed when they knock on your door. As a reminder, the diagram below explains the minimum distance that we would like to trim the trees back.



Don't forget your cooperative's Annual Meeting is on March 30th at Prairie's Edge Casino in Granite Falls. We hope to see you there this year.

Free Wood Chips

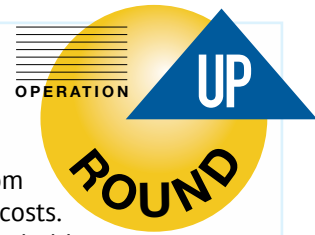
Call Jerrod from Minnesota Valley Tree Service at 320.226.7306 if you would like some wood chips.

Comparative Report

	Jan-Dec 2018	Jan-Dec 2017	Jan-Dec 1998
Kwh Purchased	226,886,274	215,973,097	141,245,748
Kwh Sold	213,586,208	204,647,013	131,186,158
Cost Of Purchased Power	\$11,197,278	\$11,501,026	\$4,475,078
Patronage Capital Margins	\$2,074,085	\$566,667	\$539,187
Reserve For Taxes	\$261,304	\$261,146	\$378,000
Cost Per Kwh Purchased (mills)	49.35	53.25	31.68
	December '18	December '17	December '98
Total Plant	\$73,684,463	\$71,470,940	\$31,499,761
Number of Active Services	5,283	5,271	5,199
Average Residential Bill	\$261.92	\$286.31	\$125.57
Average Residential Kwh Consumption	2,751	3,036	1,845
Average Kwh Usage All Consumers	3,765	4,229	2,340
Peak Kw Demand (Peak Load)	39,383	44,522	28,744



Operation Round Up Funds Help Support 'Reach Out for Warmth'



When temperatures drop outside, we turn up the heat to keep us safe and warm in our homes. For those who experience times where they need financial assistance in order to properly heat their homes, Minnesota has a statewide fuel fund called Reach Out for Warmth.

Reach Out for Warmth was developed to assist households below 60 percent of the state median income who have energy-related emergencies. Examples of qualifying emergencies include a pending disconnect or interruption of fuel because of medical costs, emergencies or abrupt loss of household income. Most of the time, these dollars are used to help people who are just over the fuel assistance guidelines.

"Reach Out for Warmth is a very important program. Without it, a lot of households could fall between the cracks," explains Nora Guerra, energy assistance program director with Prairie Five Community Action Council.

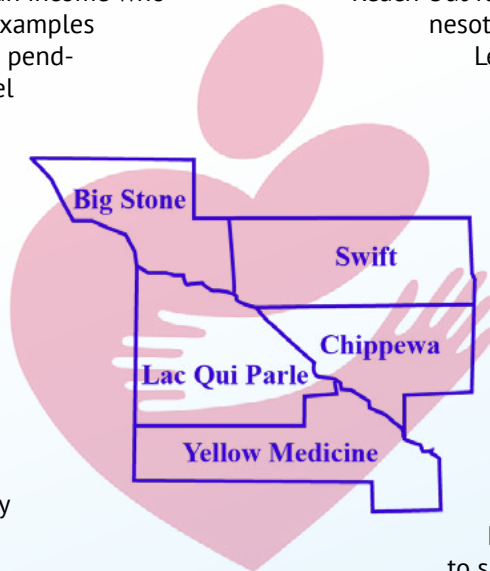
To help support the program's mission to keep people warm and safe in their homes, Minnesota Valley REC recently awarded Prairie Five C.A.C. \$1,200 through the cooperative's Operation Round Up Program. Three twenty one zero four This donation was possible because of the generosity of cooperative members who elect to participate in Operation Round Up and have their monthly energy bills rounded up to the next whole dollar.

"Sometimes the funds we receive from the state aren't enough to cover our costs. These extra funds help us serve households in our five-county area who need assistance," Guerra continues. "We experience low temperatures here and have a high demand for the program."

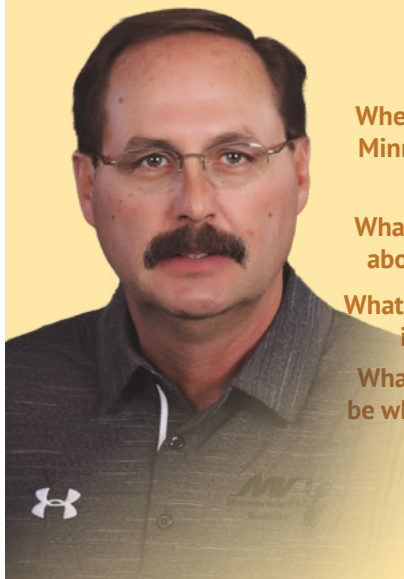
Reach Out for Warmth is administered by the Minnesota Department of Children, Families and Learning through local energy assistance programs. The program helps prevent utility disconnects and helps households with fuel oil and propane used to heat homes. Homeowners who qualify for Reach Out for Warmth, may also be eligible for up to \$300 in additional assistance specifically for energy-related repairs. Eligible repairs are limited to the primary heating system in the household.

Guerra encourages those who need assistance to contact one of Prairie Five C.A.C.'s five county offices and ask to speak with a staff member in the Energy Assistance Program. Prairie Five Community Action Council serves people in Big Stone, Chippewa, Lac qui Parle, Yellow Medicine and Swift counties. Learn more at: www.prairiefive.com.

If you would like to donate to this program, please call our office to have your bill rounded up to the next whole dollar.



Meet Your Employees



Name Scott Monson

Hometown Montevideo

Family Married for 21 years, three stepchildren, two grandkids

When did you start at Minnesota Valley and what do you do? December 4th, 1984 – Mechanic

What do you like best about working here? The people I work with. When you work with people for that many years, they almost become family.

What do you like to do in your free time? Fishing (walleye)

What did you want to be when you grew up? As long as I can remember, I have always wanted to be a mechanic. From the time when I was 15, I worked at a gas station that worked on vehicles. I had two years of auto mechanics in high school and two years of vocational training for truck diesel. Never thought of doing anything else.





Member Services Manager

Protect Pets from Electrical Dangers

My daughter and grandchildren came to visit last week and

every visit means we have their dog at the house. As Rigby was completely destroying something in my garage, it made me think just how dangerous it could be for our pets with the many electrical exposures we all have around. People's pets become part of the family and they, too, can be in danger with electrical hazards. Many long-time pet owners are accustomed to what they need to do to protect their pets, but what about new pet owners?



Many families will get a new pet this year. Bringing a pet into your home is an adjustment. If you are considering getting a pet or already have one, we encourage you to protect your pet from electrical hazards around the home by keeping these tips in mind:

- Some pets may find a cozy warm spot near electronics to stay warm. This is not safe. Discourage your pets from doing so and block off electronics if you must.
- Make sure all electronics are completely plugged in. A visible electric prong may attract the attention of a pet. A small nose or paw could fit in a gap between a plug and outlet.
- If you have an aquarium, make sure you create a drip loop on every electrical cord that enters the tank. This will prevent water from running down the cord and into the electrical outlet. To be sure the cord stays looped, stick a cord clip on the wall just below the outlet and thread the cord into the clip.

- If your pet shows an interest in cords, do something about it. Tuck cords where a pet cannot reach them or string them through PVC pipe. Cords could cause an electric shock or even kill a small pet.
- All appliances near sinks or bathtubs should be plugged into an outlet equipped with a Ground Fault Circuit Interrupter (GFCI). Playful pets can knock radios, curling irons and other items into the water, creating a dangerous situation. GFCIs stop the flow of electricity instantly if there is a problem and, when properly used, can save lives.
- Never let a pet sleep on top of an electric blanket.
- Pay extra attention to pet safety with household decorations. Your pets may confuse lights and decorations for new toys.

If you think your pet may have suffered an electrical shock, approach it with caution to keep from being injured by the same electrical danger and to keep from being bitten. Inspect the animal for injuries and get your pet to an animal care center as soon as possible.

Think spring!

Find Your Location Number for a Bill Credit!

This year we are changing the way our "Find Your Location" bill credit works. As we've done in the past, there are two hidden account numbers in this newsletter. If you find your location number, you will receive a \$10 bill credit (*Operation Round Up participants receive a \$10 bonus*).

New in 2019, if neither number is claimed before the 25th of the month, **the unclaimed amount rolls over into the next month!**

The bill credit will continue to roll over and accumulate until it is claimed. If both location numbers are claimed in a month, the recipients will split the credit. Once claimed, it will start again at \$10. The current running amount will be noted in each issue. Call the office at 320.269.2163 or 800.247.5051 if you find your number.

Congratulations to David Ulrich of Dawson who located his number and received a \$20 credit on his energy bill for being an Operation Round Up participant!



NEW RULES IN 2019!

Office Hours

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

24-Hour Telephone Answering

320.269.2163
800.247.5051

Minnesota Valley Co-op News

Published monthly by:
Minnesota Valley Cooperative
Light and Power Association

Website

www.mnvalleyrec.com

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Montevideo, MN 56265

