



**ANNUAL
REPORT
2022**



**Minnesota Valley
Cooperative Light &
Power Association**

85th Annual Meeting Notice

Saturday, March 25th at Prairie's Edge Casino Resort: Doors open at 8:30 a.m. We will be serving breakfast from 8:30 a.m. to 10:00 a.m. The meeting will be called to order at 10:00 a.m. There will be a *Kids Room* this year.

Capital Credit Refunds: We are retiring \$1,867,262, which is 100% of capital credits for 2010 and 50% of 2011. We will be mailing all capital credit checks prior to the meeting. We will not be handing out checks at the meeting.

Prize Drawings: We will be having prize drawings at the end of the business meeting, as well as a Basin Tour drawing.

Nominees for Each District:

District 5:

Darryl Bursack
Ruth Ann Karty

District 7:

Wayne Peltier



Photos from last year's Annual Meeting

Board of Directors



Don Fernholz
District 1



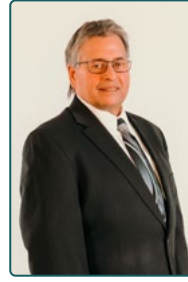
Gary Groothuis
District 2



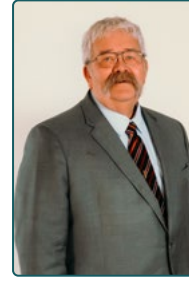
Mark Peterson
District 3



Steve Norman
District 4



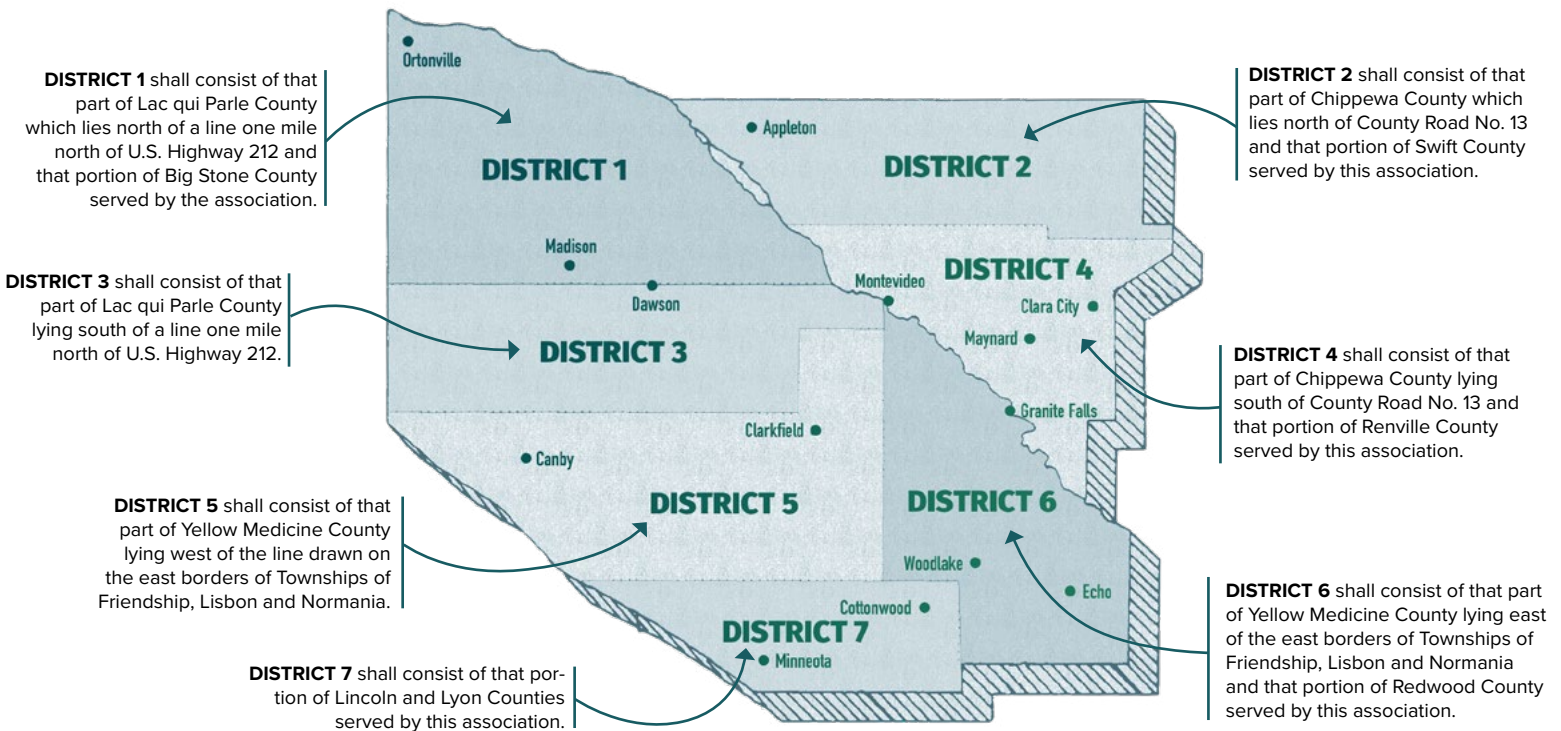
Darryl Bursack
District 5



Tim Velde
District 6



Wayne Peltier
District 7



Director's Responsibilities

According to information compiled by the National Rural Electric Cooperative Association (NRECA) in Washington, D.C., a director's responsibility consists of having the ability and knowledge to set policy and approve programs that are the basis for operating the association.

A director must have the time to attend monthly board meetings and other special meetings and seminars. These special sessions are necessary to keep directors informed on the various aspects of the cooperative and the electric utility industry. Other criteria of a board member as identified by NRECA include:

- ◆ Be an independent thinker, but a cooperator.
- ◆ Be capable of acquiring the knowledge necessary to cope with the issues of a modern electric utility, including finances, management and public issues.
- ◆ Possess the character and demeanor that will reflect favorable on behalf of the cooperative.
- ◆ Have the willingness to listen and learn.
- ◆ Be one who can accept and direct change.
- ◆ Be of sufficient stature to command the respect of management, employees, fellow board members, cooperative members and the public.
- ◆ Be willing to commit adequate time to the work of the board to be an effective member and properly discharge the duties of the board.
- ◆ Subordinate personal and other business interests to the needs of the cooperative when making a decision.
- ◆ Be willing to accept the unpleasant moments of a director's experience.
- ◆ Let management manage.

Board and Manager's Report to the Members

Back Row: Pat Carruth,
General Manager;
Mark Peterson,
Steve Norman,
Tim Velde, Wayne Peltier

Front Row:
Darryl Bursack,
Don Fernholz,
Gary Groothuis,
Matt Haugen, *Attorney*



We are pleased to report to you another year of financial success for your cooperative. Operationally, it proved to be a very difficult year to work through with all of the wind storms.

Financially, we ended the year better than expected in spite of the storms for several reasons. We were fortunate in that most of the storm expense of this past year, we expect to be reimbursed by the taxpayers through FEMA.

Aside from storm costs, overall expenses in general were pushed up this year by inflation and supply chain issues. For the most part, we had planned for this when budgeting for the year. Our energy sales for the year were up over 13%, which really helped produce a very good margin along with several other positive things. We had record energy sales for electric heat of almost 43 million kwh's. Over half of our members are on our electric heat rate.

Our Basin Electric was having a great year and passed on to us a power bill credit of about \$600,000 in November and an additional \$1.3 million in patronage allocations. We also added another \$700,000 to our margin from the after-tax profit of our Holding Company which is made up of Karian Peterson Powerline Contracting and Minnesota Valley Tree Service. Our Member Services Department added another \$218,000 to our total margin with all of the heating and cooling equipment and generators they have sold and installed this year. Anyway, we ended the year with a total margin of \$2,676,173 which includes an operating margin of \$2,475,516. Both are strong numbers for our cooperative. Of course, the important number is the operating margin. The operating margin tells us if this year's revenue is covering this year's expenses. Anyway, we ended the year in good financial shape, so the board approved retiring 2010 and 50% of 2011 capital credits of

\$1,867,262. This year all checks will be sent out in the mail just ahead of the Annual Meeting on March 25th.

Operationally, in spite of the late spring we were off to a pretty normal year, getting ahead on most of our distribution projects planned for the year and catching up on our transmission projects. Then there were the five wind storms in May and June that swept through our area. When the May 12th storm hit, it would be six days before all members would have power. Many homes and entire farm sites throughout the area were heavily damaged. These storms affected not only our entire service area, but widespread parts of several neighboring states.

For Minnesota Valley, in terms of widespread damage to our system, this is by far the worst in our history in terms of physical and financial damage. Our initial damage estimates are \$5.8 million from the two storms of May 12th and May 30th. Again, we expect to get some FEMA reimbursement and continue to work though

that arduous process for the next couple of years. We still have about 1,800 poles to straighten.

Anyway, we are starting to get back to our construction and maintenance projects that we dropped to make storm repairs and get the lights back on. We have a very busy construction plan for the next few years. Obtaining material and men to complete those will continue to be a challenge. For transmission projects, we plan to have the 15 miles of transmission from the Minneota Substation east to just northwest of Cottonwood completed by June and will then start on the Asbury to Gluek Substations 12 miles of transmission rebuild.

We will continue to rebuild and improve our transmission and distribution facilities including the substations each and every year going forward. All to provide you with not only the best quality power, but the most reliable. When we look at where we are as a state and a nation with our energy policy, we understand all of our efforts cannot thwart the rolling blackouts that are coming if we

continue to force the retirement of our national coal, gas and nuclear power generation fleet. The blind march toward so called carbon free generation will hit a wall one day.

This past year was a memorable one to say the least for all of us as members, board members and employees of Minnesota Valley and our associated companies Karian Peterson Powerline Contracting and Minnesota Valley Tree Service. Thank you for your patience and support as we worked through the storms to put your lights back on. We are proud to work with all of the dedicated employees in all of our organizations who came together to make repairs as quickly and safely as possible. We also need to recognize the work of our material supply companies that went out of their way to divert poles and equipment to us so we could get the lights back on.

On behalf of the board and employees, we want to thank you for your patronage and support this past year. We are looking forward to and are collectively working hard toward another successful year at your cooperative.

Sincerely,



Steve Norman
Board President

Steve Norman



Pat Carruth
General Manager

Pat C. Carruth

Balance Sheet

Assets (what we own)

	2022	2021
Electric Plant		
Investment in Utility Plant	\$90,504,957	\$85,792,950
Less: Accumulated Depreciation	(32,673,714)	(30,350,139)
Net Utility Plant	57,831,243	55,442,811
Investments		
Loans to Members (energy conservation, wiring, central air systems and electric heating)	194,670	225,660
Capital Credits from Basin	9,086,365	8,358,279
Memberships in and capital credits from other associated organizations	714,555	611,829
National Rural Utilities Cooperative Finance Corporation	1,696,932	1,696,256
Other Investments	4,172,411	4,414,173
Total Investments	15,864,933	15,306,197
Current Assets		
Cash and Cash Equivalents	3,424,068	2,589,064
Members/others owe us for electrical energy service, etc.	2,646,922	2,547,250
Contracts Receivable	351,935	642,301
Materials for line construction and maintenance	4,966,731	1,475,552
Prepaid Expenses and Accrued Assets	385,288	391,427
Total Current Assets	11,774,944	7,645,594
Deferred Debits	75,750	265,082
TOTAL ASSETS	\$85,546,870	\$78,659,684

Liabilities (what we owe)

Long-term Debt		
Rural Utilities Service & Federal Financing Bank	\$40,439,200	\$35,819,300
Cooperative Finance Corporation (CFC)	1,548,417	1,644,060
National Cooperative Service Corporation (NCSC)	260,218	157,065
Co-Bank	5,337,085	6,334,022
Current Maturities of Long-term Debt	(2,252,232)	(2,222,137)
Total Long-term Debt Less Current Maturities	45,332,688	41,732,310
Current Liabilities		
Current Maturities of Long-term Debt	2,252,232	2,222,137
Notes Payable	3,300,000	
Accounts payable (power, materials, etc.)	1,255,927	1,409,920
Other Current Liabilities	1,433,064	1,266,541
Security Deposits	71,120	54,520
Total Current Liabilities	8,312,343	4,953,118
Deferred Credits & Other Liabilities	1,902,232	2,133,471
TOTAL LIABILITIES	55,547,263	48,818,899
MEMBERS' EQUITY	29,516,089	29,653,497
Other Equities	483,518	187,288
TOTAL LIABILITIES & MEMBERS' EQUITY	\$85,546,870	\$78,659,684

Statement of Operations & Patronage Capital

	2022	2021
Operating Revenues		
Electric	\$22,430,942	\$20,663,806
Other	7,012,365	6,354,741
Total Operating Revenues	\$29,443,307	\$27,018,547
Operating Expenses		
Cost of Power	\$11,038,400	\$10,033,962
Transmission-Operations	143,550	30,331
Transmission-Maintenance	716,215	234,672
Distribution-Operations	1,614,348	1,690,071
Distribution-Maintenance	1,142,384	789,365
Customer Accounts	270,476	253,294
Customer Service and Informational	640,475	631,308
Administrative and General	2,636,188	2,377,423
Depreciation and Amortization	3,338,644	3,153,374
Interest on Long-term Debt	1,098,271	981,819
Other	5,729,377	5,703,104
Total Operating Expenses	\$28,368,328	\$25,878,723
Operating Margin	\$1,074,979	\$1,139,824
Generation and Transmission and Other Cooperative Capital Credits	\$1,400,537	\$439,930
Net Operating Margin	\$2,475,516	\$1,579,754
Non-Operating Margin		
Interest Income	\$195,013	\$328,165
Other	5,644	1,617,915
Total Non-Operating Margin	\$200,657	\$1,946,080
Net Margin	\$2,676,173	\$3,525,834
Patronage Capital- Beginning of Year	\$29,653,497	\$27,864,034
Retirement of Capital Credits	\$(2,813,581)	\$(1,736,371)
Patronage Capital- End of Year	\$29,516,089	\$29,653,497

Spring Storm Recap

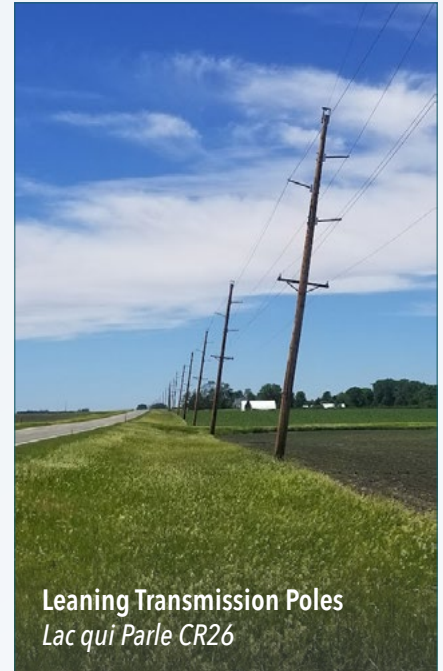
Minnesota Valley took a hard hit from Mother Nature this spring. Hailstones the size of tennis balls hit some of the area. Then, during the early evening of May 12th, 90+mph winds moved across the system. On Memorial Day weekend, yet another storm hit our region with a second round of damage. These two events caused some of the most damage the area has seen in years.

Although everyone in the service territory felt at least some disturbance from the storms, most of the damage occurred on the western half of the project. Transmission lines down all around the system left the entire project off for a while. Linemen patrolling out the line and making repairs enabled us to get some of the substations back on within a few hours.

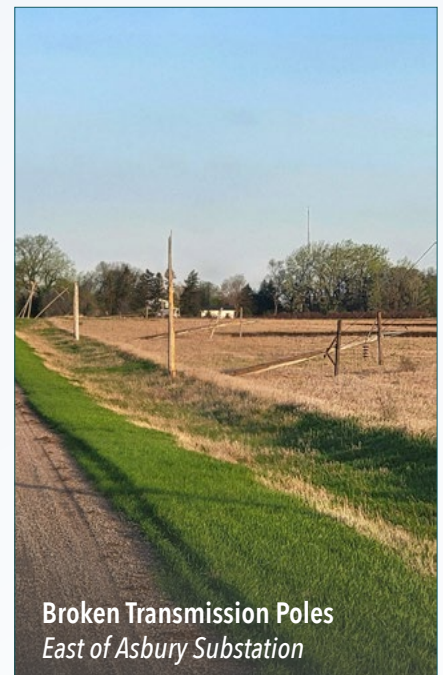
Karian Peterson was assembled to help with the rest of the down transmission poles in various parts of the system and to get the rest of the substations back on. Garfield, Madison and Rosen Substations were the last to be brought back online. Transmission poles down in the Canby, Marietta and Madison areas prevented any type of feed to these substations. This left the western and northwestern portions of the project off the longest.

Transmission poles down near Watson and Asbury also left us with no feed to the Watson, Rosewood, Gluek and Asbury Substations. Karian Peterson crews were again assembled to replace broken transmission poles near Asbury and Gluek to give us a source to feed these substations.

A number of broken distribution poles also added to restoration times. Most of these poles could be temporarily set or isolated and the line fed from a different source. This allowed us to get the power back on temporarily until permanent pole replacements could be done.



Leaning Transmission Poles
Lac qui Parle CR26



Broken Transmission Poles
East of Asbury Substation



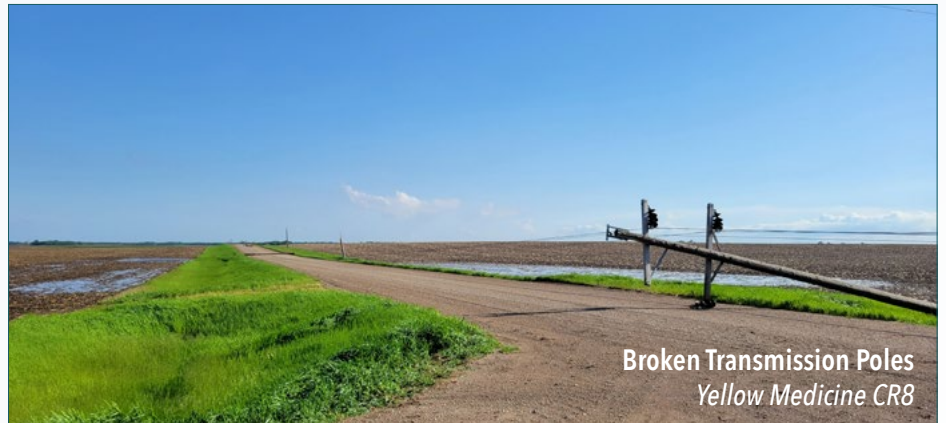
Single Phase Line Down, Damaged Barns
Garfield Township



Broken 3 Phase Poles
Chippewa CR9



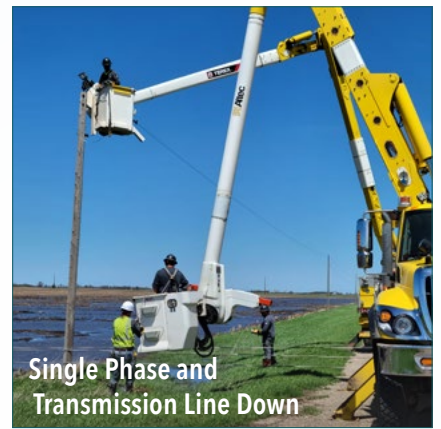
Damaged 3 Phase Service
Hazel Run Township



Broken Transmission Poles
Yellow Medicine CR8



Broken Transmission Poles
West of City of Madison



Single Phase and
Transmission Line Down

Employees

Staff



Back Row: Pat Carruth, Scott Kubesh, Eric Wollschlager
Front Row: Jill Rothschadl, Jill Sand

Operations



Back Row: Trevor Diggins, Brandon Bjelland, Don Snell
Front Row: Mark Sweno, Stacey Boike, Scott Monson

Office Services



Left to Right: Lacey Wintz, Tracie Peterson

Member Services



Back Row: Duane O'Malley, Jerrad Perkins
Front Row: Collin Kor, Logan Schmidt

Youth Tour

Dear MN Valley Co-op Light + Power,

I cannot thank you enough for this opportunity that you have given me by choosing me for this trip. I can honestly say it has changed my life. I have made so many new friends and I feel like this has been a great experience to bring me out of my shell. This was a once-in-a-lifetime experience that I am so grateful for that I can't even put it into words. Once again, thank you so, so much for this beautiful experience.

- Hannah DeLong



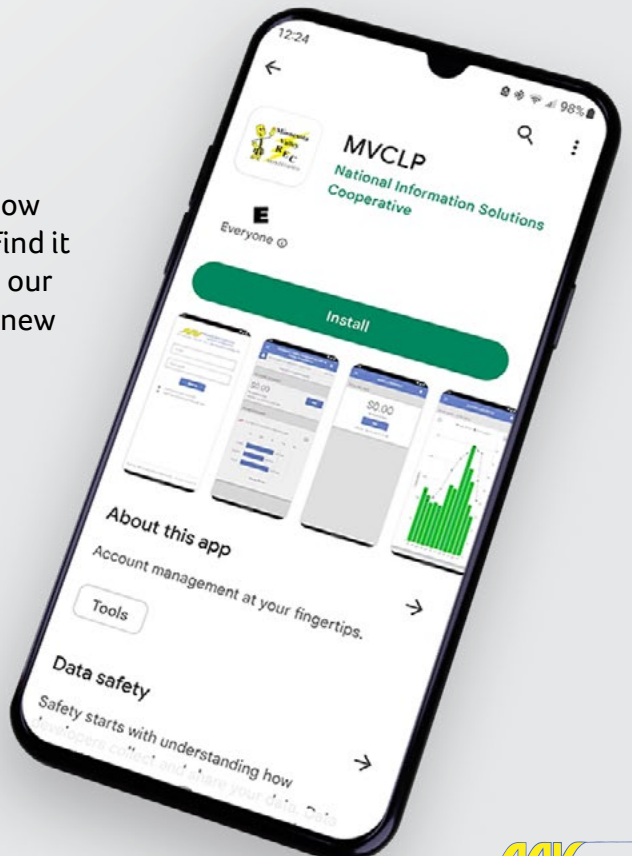
Linemen



Back Row: Andy Johnson, Kent Smith, Blake Lymburner, Tony Bednarek, Eric Landmark, James Hughes
Front Row: Brody Gimberlin, Cole Mertens, Tyler DeZeeuw, Mitch Christensen

New Minnesota Valley Cooperative Mobile App

There is a new Minnesota Valley Cooperative mobile app. It is now available for download on **Google Play** and **Apple App Store**. Find it using one of the two methods below. If you are currently using our mobile SmartHub app, you will need to make the switch to the new app by the end of March 2023.



Search *MN Valley REC* and look for our app's logo.



Scan one of the QR codes below with your mobile device for your app store.



Google Play Store



Apple App Store

Operation Round Up

Since 1995, co-op members, employees and directors have supported many projects, organizations, individuals and families in our area communities with their donations to Operation Round Up. If you have any questions about how to apply for funds, contact Minnesota Valley. Also, make sure to stop by the Operation Round Up booth at the Annual Meeting to sign up!



Operation Round Up Board

Left to right: Vonnie Severson, Terri Thostenson, Kelly Aalfs, Don Fernholz, Jon Kleven, Norman Viken, Janet Bossuyt and Karen Stegeman



Become a Participant!

By participating in Operation Round Up, members allow the cooperative to round up their monthly bill to the nearest dollar. For example, if your actual electric bill is \$72.40, we will round it up to \$73.00 and the extra 60¢ goes into the Operation Round Up Trust Fund.

It's easy to join. Call the office at 320.269.2163 or 800.247.5051 or send a note with your next energy payment telling us you want to start contributing.

Although your monthly contribution may not seem like much, the combined contributions of all participating members adds up to a big help for those in need. Join now to partner with us to help our area communities!