



MANAGER'S MESSAGE // PAT CARRUTH



General Manager

Rolling Blackouts Reach Minnesota Valley

Twenty plus years of failed energy policy has led us to where we are at today. Rolling Blackouts are becoming commonplace across the country and finally reaching us. This, of course, is because of government policy. For the past couple of decades plus, the federal government has been coercing the electric utility industry into forming larger and larger power pools. The purpose was to feather in more and more windmills into the generation mix at all cost.

Since the late 60s, we in this region have had our own highly reliable power pool called the Integrated System or IS. Hydropower, through the Western Area Power Administration (WAPA), and Basin Electric's mostly coal-fired electric generating facilities work together to provide reliable power through a jointly owned and operated transmission system—no matter the weather conditions. The IS was primarily the upper Missouri River Basin area of which we are a part of.

That was then, this is now. WAPA and Basin finally succumbed to federal government pressure. In October of 2015, our Basin Electric joined a power pool called Southwest Power Pool (SPP) along with WAPA. We, at Minnesota Valley, had unresolved reliability concerns and strenuously made them known to Basin and WAPA ahead of them joining SPP. Anyway, the premises of joining SPP was that Basin would have improved access to power markets in and out, as well as better

transmission access throughout the region in which they operate.

Now we are in a power pool, or region, in which WAPA and Basin operate in, that stretches all the way from the Canadian border into north Texas. This power pool is heavily reliant on green energy backed up by gas turbines to generate electricity when the wind doesn't blow. This is like ERCOT, the power pool in Texas.

Five years and five months after we joined SPP, a cold snap ran right through the midsection of the country. It created problems for Texas as windmills wouldn't operate. There was a demand spike on natural gas to run gas-fired electric generation to back up wind that was not running. Gas-fired electric generation couldn't keep up with demand. What was left of baseload coal-fired electric power plants couldn't pick up the slack. Then came rolling blackouts, permanent blackouts, freeze-ups and unnecessary deaths. It started in ERCOT before SPP. Then it started in our power pool, SPP.

On Valentine's weekend, as we were in the deep freeze, we knew our power pool, SPP, was strained. The cascading spiral which crippled Texas was now happening in our power pool. Windmills were dropping offline; gas line constrictions were limiting gas-fired power generation that was supposed to

2021 Annual Meeting Results & Photos

DIRECTOR ELECTIONS

Re-elected to 3-year terms



Don Fernholz District 1



Mark Peterson District 3



back up the windmills. What is left of our coal-fired fleet of power plants, along with our hydropower, could not keep up with the magnitude of demand for electric power in our power pool. Nebraska south to north Texas was sucking up our coal-fired and hydropower.

On Monday, February 15th, we were in meetings with fellow distribution cooperatives and our power suppliers, including WAPA, being appraised of the situation and discussing collective steps being taken to avoid rolling blackouts or worse yet. There was a real possibility of crashing entire sections of the power pool. As we left the call, we were wary but somewhat assured by WAPA during the call that we were seeing light at the end of the tunnel. WAPA would be the entity responsible for throwing the switches should the SPP power pool need to shed load. We were worried and talked about mitigation steps we would take at Minnesota Valley if we got a heads up on rolling blackouts coming our way from our control area operator, WAPA.

The heavy load on our pool is about 5 a.m. to 8 a.m. About 6:40 a.m. on February 16th, four of our distribution substations went dark. We never got a call from WAPA. We quickly figured out WAPA flipped the switch that feeds those four substations out of their Granite Falls Delivery Point Substation north of Granite Falls. We were given no advance warning. We were stunned.

We are fortunate to be located adjacent to another power pool. We are also fortunate to own and operate our own transmission system. We were able to bring everyone back up in less than an hour. Our guys manually threw a switch to connect to the power pool to the east of us called MISO who fortunately at the time had available capacity for some of our load. After making some calls, we got WAPA to stop randomly throwing switches on our system. They had planned to have rolling blackouts on our system in 45-minute increments throughout the day and possibly the next day. We lobbied them to leave the switch open that they had initially threw. We told them that load had been moved to another power pool that was currently stable. Furthermore, we pointed out that we had borne more than our share of the load shedding burden. They relented. Fortunately, better weather allowed our SPP situation to improve over the next few days.

This should be a wake-up call. But it won't be. Government, state and federal, will continue to demand more renewable energy and continue the faux race to zero carbon. Make no mistake, if that cold band down the center of the country would have moved 100 miles further east, Minnesota would have had the rolling blackouts in most of the state.

When the next massive deep freeze covers a huge swatch of our country like what happened in Texas and in our power pool, it will happen again. It will go as weather conditions drop deeply subzero.

- 1) Wind power generating capacity will drop to near zero because of mechanical problems or lack of wind.
- 2) Gas-fired generators meant to provide electric power when the wind power goes away will keep up for a while.
- 3) What is left of gas supplies to those generators will be choked off because of the suddenly astronomical demand for gas for things such as home heating. Government has not allowed enough pipelines to be built to get enough gas to gas-fired power generators spread throughout the country. Gas-fired generators will then start to shut down.
- 4) People will use more gas for heating to keep up with the cold, straining the gas supply system beyond its capability. As gas is constricted to homes, people plug in electric heaters to stay warm, further straining the electric grid.
- 5) What is left of coal-fired electric generators and hydro powered electric generators will run at full capacity, but will never be able to keep up with the electric demand.
- 6) Grid operators will be forced to initiate rolling blackouts to keep the system from burning down. If they don't, major components such as large transformers on the bulk transmission system will burn out. Blackouts will occur. Power in some areas could be out for months. Under normal conditions, a large transformer will typically take 8 to 16 months to get.
- 7) Unfortunately, what just happened to us and other parts of the country is a vivid and cold reminder of where we are today with our electric grid in most regions of the U.S.

What needs to be done going forward? For starters, the power pools are too big. They expose everyone to regional disturbances and accountability gets washed out with too many players in the pool. Why should we have to send our power down south when we need it here? We also need to have more "spinning reserves". Currently, 12% is what our power pool requires. It should be closer to 20% and should be coal-fired or nuclear, something always reliable. We should stop overflowing power pools with unreliable and costly wind and solar energy.

We currently don't have the political will to address the fallacies of the zero carbon and continued green energy push. We don't have the political will to get done what it will take to keep the lights on reliably as in days past. It will take more rolling blackouts and probably long-term permanent blackouts before the reality of our decades of failed energy policy are truly realized and effectively dealt with. We are just starting to see the economic costs calculated of what happened in Texas and the rest of the country from this event. We know the economic costs will be staggering, but also know they will be distorted and politicized too. Furthermore, we lest not forget the at least 39 unnecessary deaths caused by our failed energy policy.

Green energy did this to us. More green energy will do this to us more often.

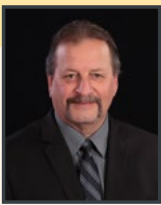


Meet Your Employees

Name	Tyler DeZeeuw
Hometown	Montevideo, MN
Family	Mom: Janelle; Dad: Jim; Brother: Adam
When did you start at Minnesota Valley?	March, 2020 as a Lineman
What do you like best about working here?	We do different tasks each day and you get to be outdoors
What do you like to do in your free time?	Ride snowmobile, side by side and going to the lake with family and friends
What did you want to be when you grew up?	A mechanic



ENGINEERING & OPERATIONS // BOB KRATZ



Manager of Operations

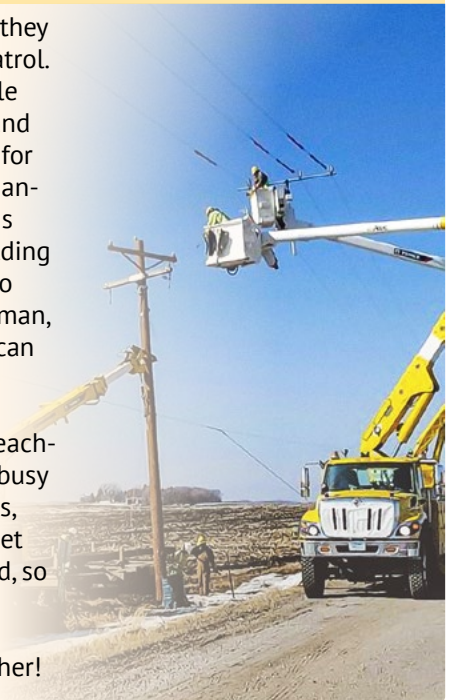
The crews finished up with a single phase to three phase line conversion east and south of the Echo Substation. This was another line upgrade to help out with the load in that area for now and the future. The next 2021 Work Plan project they just started is also a single phase to three phase conversion south of the Vallers Substation. The nice early spring weather in March has helped the crews continue on these jobs without much delay.

Besides patrolling line during this time of year, the linemen have been changing out Oil Circuit Reclosers, which are sent in to a maintenance and repair company to be gone through. This is done on a rotation of 5-7 years to keep them functioning properly when needed. Otherwise, the

crews have been replacing poles that they rejected when they were doing line patrol. N one fourteen zero four One such pole was one that some consumers north and east of Wood Lake were de-energized for about an hour and a half to get the changeout complete. Pictured to the right is lineman, Tommy Lee, in the bucket holding the energized three phase line away so the new pole can be set in place. Lineman, Blake Lymburner, in the other bucket, can be seen helping direct the pole.

We hope that before this newsletter reaches you, the underground plow will be busy installing cable for consumer upgrades, new services, etc. It is always nice to get some cable in before crops are planted, so we minimize crop damage.

Enjoy the much awaited warmer weather!



Comparative Report

	Jan-Feb 2021	Jan-Feb 2020	Jan-Feb 2001
Kwh Purchased	42,132,016	43,180,949	27,879,106
Kwh Sold	39,761,038	40,541,539	25,610,780
Cost Of Purchased Power	\$1,532,737	\$1,870,355	\$715,664
Patronage Capital Margins	\$628,807	\$222,035	\$133,499
Reserve For Taxes	\$44,167	\$44,167	\$38,840
Cost Per Kwh Purchased (mills)	36.38	43.31	27.19
	February '21	February '20	February '01
Total Plant	\$82,479,372	\$77,826,165	\$33,212,845
Number of Active Services	5,316	5,273	5,203
Avg. Residential Bill	\$266.96	\$244.98	\$131.92
Avg. Residential Kwh Consumption	2,861	2,629	2,047
Avg. Kwh Usage All Consumers	3,775	3,635	2,421
Peak Kw Demand (Peak Load)	42,483	41,816	26,829

Find Your Number!

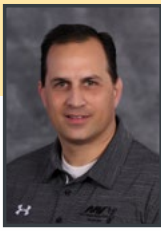
There are two account numbers hidden in this newsletter. If you find your number, call 320.269.2163 or 800.247.5051 to receive a bill credit. The bill credit starts at \$10, but if neither number is claimed before the 25th of the month, the unclaimed amount rolls over to the next month! If both numbers are claimed, the recipients split the credit, then it starts again at \$10.



CLAIM BY THE 25TH OF APRIL TO RECEIVE:

\$20





MEMBER SERVICES // SCOTT KUBESH

Member Services Manager

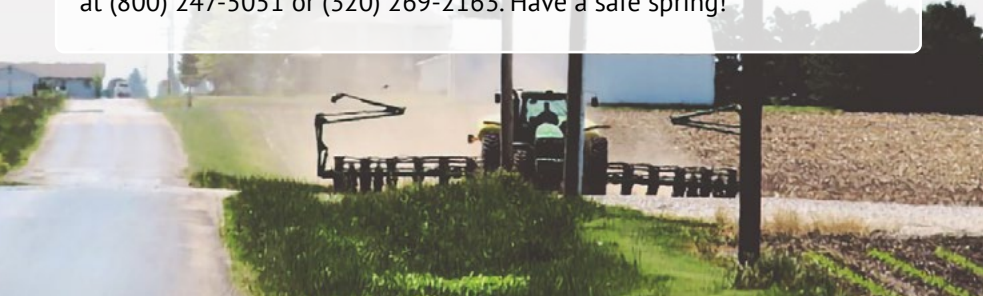
Have a Successful Planting Season Rooted in Safety

As days become warmer and farmers make plans to return to their fields for spring planting, Minnesota Valley Cooperative urges farm workers to be particularly alert to the dangers of working near overhead power lines.

- Always be aware of the location of power lines and designate pre-planned routes that avoid hazard areas.
- Be aware of increased height when loading and transporting tractors on trailer beds. Many tractors are equipped with radios and communications systems that have very tall antennas extending from the cab that could make contact with power lines. Avoid raising the arms of planters or cultivators or raising truck beds near power lines. Never attempt to raise or move a power line to clear a path.
- Simply coming too close to a power line while working is dangerous as electricity can arc or “jump” to conducting material or objects, such as a ladder, pole or truck. Remember, non-metallic materials such as lumber, tree limbs, tires, ropes and hay will conduct electricity depending on dampness, dust and dirt contamination.
- When guy wires (a grounded wire used to stabilize utility poles) are broken, these normally neutral wires can be anything but harmless. G two zero two zero three If you hit a guy wire and break it, call the utility to fix it. Do not do it yourself. When dealing with electrical poles and wires, always call the electric utility.
- If your equipment does come into contact with power lines, stay in the cab and call for help. Warn others who may be nearby to stay away and wait until the electric utility arrives.
- If leaving the cab is necessary, as in the case of fire, the proper action is to jump—not step—with both feet hitting the ground at the same time. Hop to safety, keeping both feet together as you leave the area. Once you get away from the equipment, never attempt to get back on or even touch the equipment before the power has been shut off.
- Be aware of power lines in your own farm yard and the height of your lines when moving equipment or getting equipment ready for your spring planting.

Farmers should make sure full-time and seasonal workers are educated on these safety precautions. Danger areas need to be thoroughly identified and labeled.

We encourage you to let us know if you come across any damage to poles, cross arms, lines or any other electrical line hazards you see while performing your spring farming tasks. You can report your findings to us at (800) 247-5051 or (320) 269-2163. Have a safe spring!



2021 Scholarships

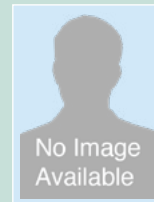
The selection committee for the Minnesota Valley/Basin Scholarship met on Thursday, February 18th and made selections for the scholarships. Members of the committee were: Harvey Williamson, Diane Dieter, Barb Holien and Don Fernholz. Since the committee felt there were many exceptionally strong candidates again this year, they elected to split the scholarship and award \$400 to five students. The students selected are *Elly Stratmoen, Kaitlynn Bott, Caleb Johnson, Kailey Hinz* and *Bailey Wolff*.



Elly Stratmoen will graduate from the Dawson-Boyd High School in 2021. Elly is the daughter of Jon and Stacy Stratmoen. Elly will be attending *NDSU*, studying Nursing.



Kaitlynn Bott will graduate from Lakeview this spring. Kaitlynn is the daughter of Chad and Stephanie Bott of Minneota. Kaitlynn will be attending either the *University of South Dakota* or *South Dakota State University*, studying Nursing.



Caleb Johnson is the son of Ed and Kathy Johnson of Boyd. Caleb is home schooled and will graduate this spring. Caleb will be attending *Minnesota West Community and Technical College* in *Canby*, pursuing his degree to become an electrician.



Kailey Hinz is the daughter of Benjamin and Jennifer Hinz of Wood Lake. Kailey will graduate this spring and will be attending *MSU in Moorhead*, studying Speech Language and Hearing Science.



Bailey Wolff is the daughter of Jonathan and Stacy Wolff. Bailey will graduate this spring and will be attending *Lake Area Technical College* in *Watertown, SD*, studying Livestock Production and Management (Agriculture).

Office Hours

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

24-Hour Telephone Answering

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