



ANNUAL REPORT 2023

Established 1935



WELCOME TO THE **2023** ANNUAL REPORT

Welcome to the 2023 McLeod Co-op Power Annual Report. We are proud to present the highlights of the past year and renew our commitment to serving you with dependable electricity to power your lives.



CEO MESSAGE

BY RON MEIER,
CHIEF EXECUTIVE OFFICER

In 2023, Mcleod Co-Op Power continued to provide our members with safe, dependable, and reasonably priced electricity. It's a balance that we always seek as time goes by.

We managed our finances carefully, ending the year in a decent financial position. Our income from operations and patronage capital totaled \$21.8 million, covering our \$18.7 million in operation and maintenance costs. With help from Great River Energy's (GRE) strong capital credits and margin rebates, plus an Employee Retention Credit we received, our non-operating margin was just over \$387 thousand, surpassing our budget of \$197 thousand. We also returned \$205 thousand in capital credits to our members.

Our operations and engineering team made significant improvements. They converted over 17 miles of overhead lines to underground, and installed an additional mile of underground cable, while being busy with upgrading other sections of lines and meeting specific member requests. We connected 52 new services while retiring 25, resulting in a net increase of 27 services. We began upgrading our Bell Substation south of Hutchinson, an investment for the future to be completed by summer 2024. Due to these investments along with our ongoing focus on tree trimming and no major storms, we continued to see less outages to our members compared to previous years.

While we work hard to minimize outages, we understand they still happen, so we offer generators to our members. We installed 11 standby generators and performed numerous annual maintenance visits through our service contracts. We also provided over \$90 thousand in rebates for energy-efficient efforts, with over half of them being for air source heat pumps.

We stayed engaged with our community through Operation Round Up, granting funds to local

organizations. Supporting local youth is another big initiative for us as we work with local schools, to share the story of electricity safety, energy awareness and career opportunities. There's also the Co-op's scholarship program for graduating high school seniors who are pursuing a career as line workers.

As part of our member engagement efforts, we also had an open house at our facility here in Glencoe this past fall and were quite pleased with the turnout. Speaking of our members, we love seeing all of you and we encourage you to stop at our headquarters when you're in Glencoe.

In 2023, Minnesota mandated carbon-free electricity delivery by 2040. While we did not have a choice in this decision, we worked with other cooperatives to advocate for flexible methods to meet this mandate. While this will be challenging, our strong partnership with GRE will help us succeed. Speaking of our wholesale energy provider, GRE continues to evolve its energy portfolio with the addition of large wind contracts while enhancing their fleet of peaking plants to support the electrical system for the days when the winds don't blow.

Our success at Mcleod Co-Op Power depends on our dedicated team continually improving how we deliver safe, reliable, and affordable electricity to you, our members. I am pleased to say that our team is working hard to meet this expectation.

Cooperatively,



OPERATIONS REPORT

Chances are you don't think about how we build, repair and maintain our power lines; you only think about the peace of mind that comes from having power when you need it. But a lot goes into making that happen. From repairing a broken line in the middle of a storm, controlling load when energy demand is at its highest, to exploring new technologies, we work hard to anticipate the needs of our system. Every year, McLeod Co-op Power spends countless hours and millions of dollars working to maintain the grid that brings electricity to our local homes and businesses - all to ensure your power is flowing 24 hours a day, 365 days a year!

Maintaining a dependable system entails extensive planning, maintenance, inspections, and upgrades annually. We consistently prepare for both scheduled maintenance outages and unforeseen disruptions beyond our control. Our commitment extends beyond reliability alone; we strive to balance it with affordability and member expectations. This necessitates a continuous improvement mindset and proactive anticipation of future needs.



CONSTRUCTION

Crews installed 137,496 feet of underground cable and 489 feet of overhead wire. In addition, they retired 116,383 feet of overhead wire and 9,223 feet of underground cable.



MAINTENANCE

Crews changed out 244 poles, tested 109 transformers, and changed out 157 inefficient yard lights to LED lights. In addition, crews inspected overhead lines and made necessary repairs. Preston Lake substation poles and New Germany underground equipment was inspected, and repairs were made as identified.



SAFETY

Safety on the lines is a priority at your Co-op. Line crews, along with all employees, had several safety trainings in 2023 focusing on a variety of topics. Crews and employees were once again able to visit local schools to share their safety messages with students.

Keeping the lights on is our mission. When the unforeseen happens, we are committed to getting the lights back on as quickly and safely as possible.



RELIABILITY

On average members experienced less than one outage in 2023 and the average length they were out of power was 109 minutes. The longest outage was for 8.25 hours during the August storm which came through our territory.

On average, members had power for 99.97% of the time. Throughout the year, crews and contractors completed required maintenance work and cleared vegetation within our right-of-way to proactively prevent outages and improve reliability.

POWER OUTAGES

MONTH	OUTAGES	MEMBERS	AVG.	LONGEST
January	20	35	121 min	293 min
February	26	33	80 min	415 min
March	61	128	68 min	178 min
April	76	536	118 min	369 min
May	91	328	76 min	273 min
June	70	350	58 min	263 min
July	97	476	105 min	415 min
August	75	531	110 min	505 min
September	54	198	78 min	183 min
October	69	166	110 min	229 min
November	47	62	91 min	277 min
December	26	100	111 min	186 min

WHAT'S CAUSING OUTAGES?



PLANNED
52.25%



MAINTENANCE
13.76%



ANIMALS
8.43%



WEATHER
8.01%



OTHER
7.87%



PUBLIC
7.44%



EQUIPMENT
1.83%



UNKNOWN
0.42%



EQUIPMENT SPOTLIGHT NEW DIGGER TRUCK

McLeod Co-op Power recently purchased a new digger truck as part the Co-op's vehicle replacement program in 2023, which aims to ensure that our fleet of vehicles is up-to-date and equipped with the technology needed to serve our members efficiently and effectively. The new truck will be a valuable addition to our operations. The old truck was sold to Minnesota West Community & Technical College Jackson Campus for their line worker electrical program.

BELL SUBSTATION

McLeod Co-op Power's 2nd largest substation, Bell Substation, was slated for replacement this past year. The goal of the project was to improve reliability and accommodate growth in our service territory. The existing substation, originally built in 1955, was constructed of wood materials which no longer meets modern electric infrastructure standards, making an upgrade necessary. The new substation was built just to the east of the existing structure on a 3.8-acre neighboring site near Hwy 15 in Hassan Valley Township. The substation was constructed of steel – which for obvious reasons stands up to harsh weather and is less prone to electrical fires.

The size of the substation was increased to a 10 MVA Power Transformer and includes five circuits serving Acoma, Hassan, Lynn, Collins, and Sumter townships. Distribution from this substation serves approximately 1,181 members through 177 miles of line and across 4,425 power poles. The additional capacity of this substation positions the Co-op for additional growth in these areas as well.

One of the notable features of the new substation is the installation of electronic breakers, which will provide more detailed information for tracking and outage management. Additionally, the expansion of the site provides a greater setback along State Highway 15, further reducing the risk of vehicle accidents and enhancing the overall reliability of the substation. The project has an estimated completion date of May 2024 and energizing will take place shortly thereafter.

The upgrade of the Bell Substation was a key infrastructure project in 2023 designed to meet the needs of future growth and deliver reliable service for years to come. The project also demonstrates McLeod Co-op's commitment to providing quality and dependable service to its members.



FINANCIAL REPORT

Delivering an affordable and reliable supply of electricity requires the foundation of financial strength to meet our members' needs both today, and well into the future.

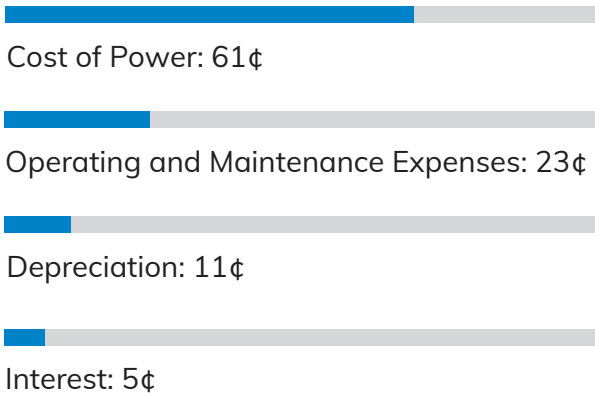
A defining feature of your Co-op membership, and a principle that guides us, is your economic participation. The partnership we have with you, as members of McLeod Co-op Power, rests on our commitment to wisely use the resources you provide.

ASSETS (THINGS WE OWN)	2023	2022
MCLEOD CO-OP PROPERTY		
Cost of System	\$63,618,979	\$59,997,970
Cost of our Office, Warehouse and Equipment	\$16,026,556	\$ 15,416,491
Construction Work In Progress	\$1,997,075	\$914,072
Depreciation	\$(20,375,416)	\$(19,162,019)
Book Value of our System	\$61,267,194	\$57,166,513
INVESTMENTS		
Great River Energy Capital Credits	\$10,865,154	\$10,507,981
Capital Credits from Other Cooperatives	\$1,338,488	\$1,380,631
Investments with National Rural Utilities Cooperative Finance Corporation	\$743,903	\$745,425
Investments with Associated Organizations and Other	\$663,603	\$528,621
Community Economic Development Loans	\$347,564	\$181,288
Total Other Property and Investments	\$13,958,712	\$13,343,946
CURRENT ASSETS		
Cash and Cash Equivalents	\$3,809,009	\$2,752,055
Great River Energy Temporary Investment Account	\$211,723	\$1,823,161
Members and Others Owe Us for Electricity	\$2,125,633	\$2,084,532
Members and Others Owe Us for Non-Electricity (<i>generators, materials, rebates</i>)	\$140,684	\$480,429
Materials and Supplies for Line Construction and Maintenance	\$1,885,354	\$1,757,351
Interest Receivable on Investments	\$8,856	\$8,872
Prepayments	\$22,838	\$36,501
Total Current Assets	\$8,204,097	\$8,942,901
Deferred Debits	\$735,364	\$833,163
TOTAL ASSETS WE OWN	\$84,165,367	\$80,286,524

LIABILITIES (WHAT WE OWE)	2023	2022
LONG TERM DEBT		
Rural Utilities Service (RUS)	\$7,070,400	\$2,400,717
Federal Financing Bank (FFB)	\$34,787,033	\$35,963,624
RUS Grant for Economic Development	\$300,000	\$300,000
National Rural Utilities Cooperative Finance Corporation	\$2,725,207	\$2,949,830
CoBank	\$1,256,503	\$1,332,428
Other	\$308,705	\$374,474
Total Long Term Debt	\$46,447,848	\$43,321,072
Power, Materials, Services, Taxes, etc.	\$4,107,050	\$3,932,458
Deferred Credits (revenue, construction, community solar, etc.)	\$1,785,106	\$1,771,462
TOTAL LIABILITIES WE OWE	\$52,340,004	\$49,024,993
NET WORTH		
Accumulated Patronage Capital	\$17,101,256	\$17,080,480
Other Equities (diversified services and others)	\$14,724,107	\$14,181,052
MEMBERS EQUITY IN THE COOPERATIVE	\$31,825,363	\$31,261,532
TOTAL COMMITMENTS	\$84,165,367	\$80,286,524

The accounts and records of McLeod Cooperative Power Association were audited by CliftonLarsonAllen, Rochester, Minnesota, as of December 31, 2023. The completed audit report will be presented to the Cooperative's Board of Directors and will be available for members to review at the Cooperative office.

HOW WAS THE MEMBER DOLLAR SPENT?



STATEMENT OF OPERATIONS	2023	2022
REVENUES		
Sale of Electric Energy to Members	\$21,019,888	\$22,424,722
Miscellaneous Electric Revenues	835,075	145,208
Total Revenues	\$21,854,963	\$22,569,930
EXPENSES		
Wholesale Power Paid to Great River Energy	\$13,685,967	\$14,150,978
Operating Expenses (distribution, administrative and customer service)	5,034,060	4,813,746
Depreciation of Utility Plant	2,336,013	2,238,783
Interest on Loans	1,220,117	1,169,548
Total Expenses	\$22,276,157	\$22,373,055
NET OPERATING MARGIN	\$(421,194)	\$196,875
NON OPERATING		
Non-operating and Other Income (interest income, generators, etc)	\$679,648	\$586,801
Non-operating Expenses	(361,342)	(390,651)
Patronage Capital from Great River Energy and Other Associated Cooperatives	901,755	380,097
TOTAL MARGINS (INCOME)	\$798,867	\$773,122

OPERATING REVENUE
\$21.8 M

COST OF POWER
\$13.6 M

TOTAL MARGINS
\$799 K

KWH'S SOLD
174 M

MEMBERS BILLED
7 K

AVG. RESIDENTIAL MONTHLY KWH USE
1.4 K

CAPITAL CREDITS RETURNED IN 2023

\$205,000

CAPITAL CREDITS

McLeod Cooperative Power continued with its strong operational and financial standing by providing members with a capital credit refund on their energy bill in 2023. McLeod Cooperative Power's board of directors had approved a capital credit return of \$205,000 to its members.

As a not-for-profit electric cooperative, McLeod Cooperative Power is not like other utilities—you, as a member and consumer, own a portion of the business. One benefit of that membership involves the allocation of excess revenue, called margins, in the form of Capital Credits. Electric co-ops operate at cost, collecting only enough revenue to run and expand the business, unlike investor-owned electric utilities, which are designed to make a profit for shareholders.

McLeod Cooperative Power assigns any money collected above the cost of operations to its members in the form of Capital Credits. When the Co-op's financial position permits, the co-op retires, or pays, a portion of these Capital Credits back to its members.

UNCLAIMED CAPITAL CREDITS

WE NEED YOUR HELP IN LOCATING MEMBERS WITH UNCLAIMED CAPITAL CREDITS.

Each year, funds that were not claimed or returned by the Post Office are sent back to the Cooperative. We need your help locating the members that these unclaimed Capital Credits belong to. We now have a handy searchable database online at <https://www.mcleodcoop.com/about/capital-credits/>. Members can use this database to search for friends and family members that might be on this list. Often it happens to be people who have moved or a former member who has passed away. Any information you can provide regarding the location of these members, or a close family member, is greatly appreciated. Those with information can call our office at (800) 494-6272.

PAYMENT OPTIONS

McLeod Co-op Power offers several ways to pay your bill, giving you the opportunity to choose the one that works best for you.

AutoPay

Payments can be made automatically through a checking or savings account.

SmartHub/Online

Register online or through the SmartHub app to make payments. This includes an option to set up recurring payments. Those enrolled can also view information on their energy usage, receive notifications, and manage their account while on the go. Pay Now: One-time payments can be made without a SmartHub account by clicking on the "Pay Now" button at the top of our website.

By Phone

Payments are now made through a secure automated phone system by entering the account holder's information. This service is available both during and after hours by calling the office at (320) 864-3148 and pressing #2 or calling the payment line directly (844) 937-1645.

By Mail

Payments can be mailed to:
McLeod Co-op Power, 3515 11th Street
East, Glencoe, MN 55336.

Drop It Off

Payments are accepted at the front desk of our office, Monday through Friday (excluding holidays) from 8:00 a.m. – 4:00 p.m.

A convenient drop box is also available 24/7 in the southwest corner of our parking lot. Remember to use a sealed envelope.



ECONOMIC DEVELOPMENT LOAN TO THE CITY OF WINSTED

McLeod Co-op Power is proud of our ongoing commitment to economic development in McLeod, Renville, Sibley, and Carver Counties. Through our Revolving Loan Fund, we aim to provide vital gap financing for business projects in the region. This program was made possible through a USDA Rural Development Grant obtained in 2005 following the devastating tornado in 2003 that ravaged Main Street businesses in Buffalo Lake.

An initial loan was made to the Buffalo Lake Economic Development Authority to rebuild a damaged grocery store. As the loan was repaid, the funds were granted to McLeod Co-op Power to establish a Revolving Loan Fund. This fund allows McLeod Co-op Power to extend economic development loans throughout the region whenever funding becomes available. To date, McLeod Co-op has supported eight projects, with loans totaling over \$1 million.

Most recently, the City of Winsted took advantage of McLeod Co-op's support by securing a \$200,000 loan in May of 2023. This funding will play a pivotal role in the construction of Industrial Drive, funding sanitary sewer and water main extensions as well as other storm sewer improvements. The completion of Industrial Drive will significantly expand Winsted's industrial park, creating ample space for business growth and attracting new ventures. Anticipated to be finished by the summer of 2024, this project showcases the transformative impact of the Economic Development Loan Fund.





COMMUNITY INVOLVEMENT

At McLeod Co-op Power, we believe in the power of community involvement. As vital as the power of electricity is to our community, it's far from the only connection we have to you. Commitment to community is one of our principles, and caring is the cooperative way.

At McLeod Co-op Power, we understand that our responsibility goes beyond just providing electricity. When we are able to go out into our communities, we get to focus on what really matters: people. We are here to serve, and that's what inspires us.

Whether it means providing financial and community resources or simply saving time and money for our members, we do our best to continually make our community a wonderful place to be and a great place to do business.

Community involvement isn't just a nice idea; it's essential for our success. By engaging with our neighbors, we gain valuable insights into their needs and priorities. This helps us make better decisions and provide services that truly benefit everyone.

SCHOLARSHIPS

The Ridgewater College Foundation awarded two \$500 scholarships on behalf of McLeod Co-op Power to students Brandy Welch and Stephanie Lopez Bartolon. Each year the co-op donates \$1,000 from its unclaimed capital credit fund to be used by the Foundation to support local students furthering their education. Congratulations to our recipients!

The co-op also was honored to award the 2023 Line Worker Scholarship of \$500 to Sam Ebert, son of Debbie and Joel Ebert. He is a graduate from Sibley East High School and currently attends Minnesota West Community & Technical College in Jackson, Minnesota. We wish Sam the best as he completes the Electrical Line Worker Technology program.

TWINS CLINIC

More than 120 local youth took part in a fantastic Youth Baseball Clinic at Arlington Baseball Park, organized jointly by McLeod Co-op Power and the Arlington Baseball Association. The event, held on July 8, aimed to cultivate young talent, and promote the love for baseball among children of all ages and skill levels.

The Youth Baseball Clinic at Arlington Baseball Park offered a fun and educational experience for the young participants. The event was made possible in part by the sponsorship of Great River Energy, McLeod Co-op Power's wholesale power provider. The clinic emphasized essential baseball skills such as batting, fielding, and pitching, while also teaching important life lessons like teamwork, sportsmanship, and discipline.

TOUCHSTONE ENERGY COMMUNITY AWARD

McLeod Cooperative Power awarded its 2023 Touchstone Energy Community Award to the United Way of McLeod County. This annual award recognizes a local non-profit or community group that had a positive impact within our service territory during the past year. United Way of McLeod County was recognized for its youth Scholarship Program.

This initiative provides financial assistance to deserving young individuals who are unable to afford various educational and extracurricular activities.

These activities have included sports leagues, art classes, music lessons, scouting programs, leadership development workshops, and STEM-related educational programs. During the past year, they awarded 115 scholarships ensuring that deserving youth in McLeod County can engage in activities that will positively impact their lives.

LOCAL HIGH SCHOOL FIELD DAY

McLeod Co-op Power hosted students from Sibley East High School in February at our headquarters providing an opportunity to learn more about the electrical industry and career possibilities as a line worker. In addition to highlighting aspects of working as a line worker, McLeod Co-op employees shared some important safety and electrical topics.

RURAL ELECTRIC YOUTH TOUR

This past June, 1,800 students from all across America took part in the Rural Electric Youth Tour. Thirty-four Minnesota students, including Marea Maki of Hutchinson, participated in this fast-paced, action-packed and unforgettable trip to Washington, D.C.

The Rural Electric Youth Tour, sponsored by local electrical cooperatives and coordinated by the Minnesota Rural Electric Association, is an all-expenses paid experience that offers young adults the opportunity to learn about the government and electric cooperatives, make friends, and visit famous landmarks.

Here's what Marea said about her experience. "I didn't know a lot about cooperatives before this experience. I did some research before we departed, but I really had no idea about the world of cooperatives. First, there is a sea of wonderful people working in co-ops across the country. While in D.C., I was surrounded by knowledgeable, kind, passionate, and caring people who wanted the best for their country, and communities. I also learned all about the Rural Electrification Act.

I was inspired by all my other delegates. It was amazing to see how passionate and knowledgeable my peers were, and I'm so glad to see that there are other people my age invested in our government, their communities, and our future. I want to extend my most heartfelt thank you. Truly this was a once in a lifetime trip, and I am beyond grateful for the opportunity."





2023 OPERATION ROUND UP® RECIPIENTS

Glencoe Historical Preservation Society	\$2,000
Hector Police Department	\$2,600
Olivia Hospital & Clinic Foundation	\$2,000
Hutchinson High School Robotics Team	\$1,000
Silver Lake Civic Association	\$1,000
New Auburn Fire and Rescue	\$2,600
United Way of McLeod County	\$2,000
Teuby Continued (DBA 2B Continued)	\$2,000
Wheel and Cog Children's Museum of Hutchinson	\$2,000
Lester Prairie Fire Department	\$2,600
Gibbon Fire and Rescue Department – City of Gibbon	\$2,600
Common Cup Ministry	\$2,500
Arlington Fire Department	\$2,600
Arlington Area Ambulance Service	\$2,600
Glencoe Fire Department	\$2,600
Brownston Fire Department	\$2,600
Norwood Young America Fire Department	\$2,600
Winsted Fire Department	\$2,600
Crow River Habitat for Humanity, Inc.	\$3,000
Renville County Food Shelf	\$3,000

OPERATION ROUND UP®

Through the Operation Round Up® program, McLeod Cooperative Power gives our members the opportunity to give back to the community. Each month the rounded-up funds (between 1¢ and 99¢) are placed in a trust fund and administered by the volunteer Trust Board.

In 2023, donations totaling \$46,500 were made to 20 local organizations. McLeod Co-op's Operation Round Up® program has awarded over \$230,000 thousand totaling 226 donations to local nonprofit organizations and community service programs since the program's inception in 2004.





OUR TEAM

Behind all the poles and wires are the great McLeod Co-op Power employees who serve our members. They are expected to make good decisions and provide service in a way that demonstrates and supports cooperative principles and values. Like you, they live here and have a dedicated and shared interest in helping our community prosper.

Emerson Brady, Operations Manager

Debbie Ebert, Operations Specialist/Safety
Coordinator

Dan Ehrke, Member Service Manager

Deb Goettl, Billing Coordinator

Kaylee Hansch, Billing Clerk

Curt Hanson, Staking Technician

Brad Hundt, Lineman

Steph Jakel, Manager of Finance

Peyton Jasken, Apprentice Lineman

Shannon Jerabek, Energy Management Specialist

Jordan Jungclaus, Executive Administrative Assistant

Jared Klein, Lineman

Justin Kohls, Energy Management Specialist

Kevin LaCourse, Lineman

Craig Marti, Foreman

Teri Martin, Accountant

Ronald Meier, Chief Executive Officer

Brady Miller, Apprentice Lineman

Gregg Nistler, Assistant Engineering Manager

Becky Schiroo, Customer Service Representative

Ryan Schuette, Foreman

Eric Sell, Information Services Manager

Robert Senst, Warehouse/Materials Technician

Robert Thomes, Assistant Member Service Manager

Nicholas Tritz, Lineman

Terry Underdahl, Foreman

**McLeod Co-op Power
is a democratically-
controlled business,
meaning we are
governed by local
people who are
elected by you.**

BOARD OF DIRECTORS

2023 ELECTION RESULTS:

The Annual Meeting was held on July 11, 2023, which included the Nominating Committee announcing the election results.

Kirk Newman in District 1, Joe Griebie in District 2, and Dave Resch in District 3 were elected to serve on the Board.

We extend our gratitude to all the members who participated in this year's election and cast their votes for the Co-op's Board of Directors. We also wish to express our appreciation to the other candidates, Joe Radtke, Marc Telecky, and Peter Gunness, for their involvement in this year's election and for their interest in serving the Co-op.



Pictured left to right: CEO Ron Meier, board members Doug Kirtz, Gary Burdorf, Keith Peterson, Joe Griebie, Allan Duesterhoeft, Dave Resch, Susan Anderson, Kirk Newman, Randy Hlavka, and Attorney Jason Thiemann.

2023 ANNUAL MEETING MINUTES

MCLEOD COOPERATIVE POWER ASSOCIATION MINUTES OF THE 88TH ANNUAL MEETING

July 11, 2023 | Crow River Winery

The Meeting was called to order by President Doug Kirtz at 10:00 A.M.

President Kirtz welcomed members to the 88th Annual Meeting.

President Kirtz declared the balloting closed and instructed the tellers to count the ballots for the director election.

President Kirtz gave the invocation.

The Pledge of Allegiance was recited.

A moment of silence was held for Oria Brinkmeier, a long-term Board of Director, who passed in January 2023.

A quorum was established and verified by President Doug Kirtz and Secretary-Treasurer Susan Anderson.

Secretary-Treasurer Susan Anderson read the "Notice of the Cooperative's Annual Meeting" and declared that the notice had been properly published in an official newspaper in McLeod County.

A motion was made and seconded to bypass the reading of the 2022 Annual Meeting minutes. Motion carried.

Secretary-Treasurer Susan Anderson called for a motion to approve the 2022 Annual Meeting minutes.

A motion was made and seconded to approve the Minutes of the 2022 Annual Meeting as printed in the Annual Report. Motion carried.

President Kirtz announced the Director Candidates in the following districts. District 1: Kirk Newman and Joe Radtke; District 2: Joe Griebie and Marc Telecky; District 3: Dave Resch and Peter Gunness.

President Kirtz also introduced the Directors in Districts 4-9.

CEO Ronald Meier provided a presentation highlighting 2022 for McLeod Co-op Power. Within the last year, 164 yard lights were converted to LED. Thirty miles of line were buried, and 285 poles were replaced. The Co-op invested \$435,000 in vegetation management.

CEO Meier also discussed outage performances, other programs offered by the Cooperative, challenges of the supply chain, EV's, carbon legislation, and efforts around safety and education of the Cooperative's employees and membership.

CEO Meier discussed Smarthub, the online program that allows members to view their account information and pay their bill online.

Great River Energy's, Vice President, Eric Olson was the guest speaker and discussed the carbon-free bill.

Manager of Finance Steph Jakel presented the 2022 Financial Report. Compared to 2021, the operating margins were on track and overall, the year ended with a positive amount. Deferred revenue was a topic of discussion and will be used to reduce the rate pressure in 2023 and 2024. Tree trimming is the Co-op's largest expense and approximately \$500,000 is spent on it each year. The Co-op is slowly working on moving lines underground which is an expensive transition that will progress over time. Patronage capital is the current memberships equity in the Co-op and is returned over time with capital credits. Approximately \$420,000 was returned to the membership. Two storms were declared a disaster in Renville County in May of 2022 and FEMA claims were submitted and the majority of costs were reimbursed.

Manager of Finance Steph Jakel also reminded members to visit the Co-op's website to help locate past members who may have unclaimed Capital Credits.

Operation Round Up Trust Board Member, Cheryl Bielke announced that since Operation Round Up began in 2004 the program has awarded nearly \$230,000 to local organizations. This year 25 applications were received. Twenty projects received funds for a total of \$46,500.

President Kirtz introduced the 2023 Nominating Committee.
District 1: Mavis Weber, Larry Kassulker, Kari Berg
District 2: Randy Kirchoff, David Aul, Gary Krcil
District 3: Betty Witthus, Charles Mathews, Doug Ernst

Nominating Committee Chairman Mavis Weber read the results of the Director Election and declared Kirk Newman elected from District 1, Joe Griebie elected from District 2, and Dave Resch elected from District 3. Each director elected will serve a three-year term.

President Kirtz stated there was no Unfinished Business. President Kirtz then asked for New Business with none being received.

CEO Ron Meier responded to several questions from the Members.

With no further business, a motion was made, seconded, and carried to adjourn the meeting at 11:21 a.m.

Attendance prizes were awarded.

Following the meeting, Chef Craig served approximately 300 members with a meal.

Dated: July 11, 2023



MISSION:

To enhance the quality of life for our members through effective, safe, and innovative solutions.

VISION:

Exceed members' expectations for reliable energy and services.

3515 11th St. East, Glencoe, MN 55336 | (320) 864-3148 | (800) 494-6272

www.mcleodcoop.com | mcpainfo@mcleodcoop.com

