

OCTOBER 2024



McLeod Cooperative Power is preparing to implement a general rate increase after a recent Cost of Service Study and careful budget review. Below is a summary of what is being considered.

When will this change go into effect?

After careful consideration of the recently completed Cost of Service Study, we have verified that there is a need to increase overall revenue and are currently finalizing a rate increase proposal. It's anticipated that the new rates will be approved in October and take effect on January 1, 2025.

Why are changes to the rates necessary?

The costs to provide power have continued to increase. One of the biggest factors is the increased costs of purchasing power from our wholesale energy provider, Great River Energy.

The cost of purchasing power is roughly 60% of McLeod Co-op's entire budget, so even a modest increase in wholesale power costs has a significant impact. McLeod Co-op also is seeing continued inflation pressures for materials, fuel costs, and various other aspects of our operations. Additionally, for several years, the cooperative was fortunate to be able

to utilize deferred revenues from previous years, which ultimately delayed the need to increase rates. Since these deferred revenues are no longer available, the loss of revenue plays a part in the projected rate increases.

When was the last time the Co-op had a general rate increase?

In 2024, the cooperative implemented a rate increase that raised overall revenue by roughly 3.5%.

Why are we seeing consecutive years of rate increases?

A multi-year approach was planned as early as 2023, utilizing a modest increase in 2024 and then another increase in 2025. This phased strategy allowed time to complete a thorough Cost of Service (COS) study. The COS study provided an in-depth analysis of revenue forecasts and rate modeling for each rate class, which is being utilized for the proposed rate adjustments. Specific details for each rate class will be shared in the November newsletter following the October board meeting. Stay tuned for further information, and as always, thank you for being a valued member of McLeod Co-op Power.

WINTER CONSTRUCTION CHARGES

McLeod Co-op Power reminds members that additional winter charges will apply if they are planning to run electric service between November 1 and April 15. Additional charges apply due to the cost of construction during winter related conditions. You can avoid winter construction charges by having your site ready for service installation and having an electrical inspection completed prior to October 15. Please contact our **Engineering Department** for more information at (800) 494-6272.







HARVEST WORKERS URGED TO TAKE TIME TO REAP A SAFE HARVEST

The culmination of a season of hard work can be an exciting and exhausting time. However, the rush to harvest can also yield tragic outcomes.

Each year, dozens of farm workers are killed and hundreds are injured in accidents involving power lines and electrical equipment. Things people see every day can fade from view and in the busyness of harvest time, it's easy for farm workers to forget about the power lines overhead. Failure to notice them, however, can be a deadly oversight.

Review the farm activities that take place around power lines with all workers. Inspect the height of farm equipment to determine clearance. Keep equipment at least 10 feet away from power lines above, below and to the side – a 360 degree rule.

Always lower grain augers before moving them, even if it's only a few feet. Variables like wind, uneven ground, shifting weight or other conditions can combine to create an unexpected result. Also use extreme caution when raising the bed of a grain truck.

Farm workers should take these steps to ensure a safer harvest season:

- Use care when raising augers or the bed of grain trucks around power lines.
- Use a spotter when operating large machinery near power lines.
 Do not let the spotter touch the machinery while it is being moved anywhere near power lines.
- As with any outdoor work, be careful not to raise any equipment such as ladders, poles or rods into power lines. Remember, non-metallic materials such as lumber, tree limbs, ropes and hay will conduct electricity depending on dampness, dust and dirt contamination.
- Never attempt to raise or move a power line to clear a path.
- Don't use metal poles to break up bridged grain inside bins. Know where and how to shut off the power in an emergency.
- Use qualified electricians for work on drying equipment and other farm electrical systems.

Farm equipment operators must know what to do if their vehicle contacts a power line: stay on the equipment, warn others to keep away, and call 911. Only get off when utility crews say it's safe. If there's a fire risk, jump clear with your feet together, without touching the vehicle and ground at the same time, and shuffle away. Never try to get back on the equipment after dismounting.

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MANAGER'S MESSAGE

October is a special month for McLeod Co-op Power and electric cooperatives across the nation. Known as Cooperative Month, it's a time to reflect on our shared values, celebrate our history, and look toward the future. This year, McLeod Co-op celebrates its 89th anniversary of proudly serving our members.

McLeod Co-op was incorporated as a cooperative on October 3, 1935, during a transformative time in rural America. Electricity was a luxury in many urban areas, but farms and rural communities remained in the dark. That was until groups of neighbors came together, determined to bring the power of electricity to their homes and farms. From those early days, McLeod Co-op has provided dependable, affordable power to our members in southcentral Minnesota.

Much has changed over the past 89 years. Today we serve over 6,000 members including farms, homes, and many businesses. The bulk of our membership still are rural consumers; however, in recent decades we have started serving portions of several municipalities as these communities expand into our service territory. Since our founding, technology has advanced, our membership has grown, and the way we deliver power has evolved. But our commitment to our members remains the foundation of everything we do.



DAN EHRKE

As we celebrate this milestone, it's a fitting time to reflect on the core principles that guide cooperatives like McLeod Co-op that can be found on page 6. We encourage you to spend a few minutes reflecting on the uniqueness of our cooperative model, and why these principles matter as much today as they did in 1935.

As we celebrate Cooperative Month and McLeod Co-op's 89 years of service, we are reminded of the cooperative spirit that drives everything we do. The landscape of the energy industry may continue to change, but our dedication to our members remains unwavering. Here's to many more years of powering our region and serving our members with the same commitment and care that has defined McLeod Co-op since 1935.

Cooperatively





SEPTEMBER 2024 BOARD MEETING HIGHLIGHTS

The Regular Meeting of the Board of Directors of McLeod Cooperative Power Association was held on September 26, 2024, at McLeod Coop headquarters. Eight board members, attorney, CEO Ron Meier, and department managers participated in the meeting.

Highlights of the meeting included:

- Ben Bratrud, rate and financial consultant from PSE, joined the meeting and led a discussion on the cost-ofservice study and pending rate increase.
- The outage report for the month of August 2024 was provided with a total of 87 outages, affecting 1,049 consumers.
- It was reported that phase 2
 of the Load Management radio
 receiver changeout program
 has begun, which involves
 securing subcontractors to
 replace approximately 2,300
 units by the end of 2025.
- A motion was carried to approve Resolution 2024-09-01 General Retirement of Capital Credits.
- A motion was carried to approve Resolution 2024-09-02 Uncashed Checks.
- A motion was carried to approve Resolution 2024-09-03 Write-off Uncollectible Accounts – Electric.
- A motion was carried to approve the appointment of Jeff Kosek to fill the vacant director position for District 2 until the next annual meeting of the members.



Notice to members who are behind in your bill payments: the Cold Weather Rule may not protect you! Make plans now to avoid being without electricity this winter.

The Cold Weather Rule, which is part of the Public Utilities Act, prohibits utilities from disconnecting a residential customer for nonpayment during the coldest months of the year if the customer has met the requirements under item 1 below. Your Cooperative strictly adheres to that law and offers sources of help for those unable to pay their bill. The law reads as follows:

An electric cooperative must not disconnect and must reconnect the utility service of a home between October 1 and April 30 if the disconnection affects the primary heat source for the residential unit and all of the following conditions are met:

- Your total household income is less than 50 percent of the State Median Income.
- You have contacted McLeod Co-op, have set up a payment arrangement, and are reasonably current with your scheduled payments.

If all of these items are not satisfied the electricity may be shut off due to nonpayment.

Before disconnecting service to a residential member during the cold weather months, McLeod Co-op will provide a disconnect notice, statement of member rights and responsibilities, a list of local energy assistance providers, and available payment plans or options to the affected member. Inability to pay forms are available upon request.

If a residential member is disconnected during the cold weather months they can either pay their outstanding

balance or set up a mutually acceptable payment arrangement in order to be reconnected.

The Cooperative will not disconnect service to a residential member who has not responded to a disconnection notice without first investigating whether the dwelling is occupied. If the unit is found to be occupied, the cooperative will immediately inform the occupant of his or her rights under this policy.

Involuntary disconnections between October 1 and April 30 will not occur on a Friday or on the day before a holiday.

Members have the right to a hearing with the Cooperative's Board of Directors in the event of a dispute over a residential member's inability to pay for service, income eligibility, the reasonableness of payment schedules, or any other issue related to the Cold Weather Rule. Both the cooperative and the member will have the right to present evidence and be heard in person at that hearing which will be followed by the Board of Directors' written decision within 10 days. No disconnection will occur while a dispute is pending.

To learn more about the EAP program or to apply for assistance:

- Visit the Minnesota Department of Commerce Energy Assistance website, https://mn.gov/commerce/ consumers/ consumer-assistance/energy-assistance/, for more details and to access the application portal.
- Contact your county EAP service provider for additional information and assistance.



ENERGY ASSISTANCE PROVIDERS

KANDIYOHI, MCLEOD & MEEKER COUNTIES

United Community Action Partnership (800) 992-1710 Willmar: (320) 235-0850 Hutchinson: (320)587-5244

MCLEOD COUNTY AREA

McLeod County Social Service Center (320) 864-3144 | (800)247-1756 Hutchinson: (320) 484-4330

RENVILLE COUNTY AREA

United Community Action Partnership (320) 523-1842

SIBLEY COUNTY AREA

Sibley County Public Health & Human Services (507) 237-4000 | (866) 396-9963

> MN Valley Action Council (800) 767-7139 Gaylord: (507) 237-2981 Mankato: (507) 345-6822

CARVER COUNTY AREA

Scott-Carver-Dakota Community Action Agency (952)-496-2125

WRIGHT COUNTY AREA

Wright County Community Action (320) 963-6500



On control days, the recharging period for water heating and space heating is 10:00 p.m. to 6:00 a.m. from October 2, 2024, through April 30, 2025 during the winter season.

It should also be noted that the recharging period for electric vehicle charging is daily from 11:00 p.m. to 7:00 a.m.



GET WINTER READY WITH A DUAL FUEL CHECK

The winter heating season is approaching and we want you to be winter ready. If you have a Dual Fuel Heating system, now is the time to be sure your back-up heating system is prepared and that you have adequate fuel supply.

BE PREPARED:

- 1. Fill backup fuel tanks now, ahead of peak winter heating months.
- 2. Operate both your electric heating equipment and oil or propane system to be sure they respond to a "call for heat" from the thermostat.
- 3. Have your gas or oil furnace/boiler checked periodically by a professional HVAC contractor. For cold weather, there is nothing better than having peace of mind knowing your dual fuel heating system will work as it should.
- 4. If you wish to monitor the anticipated control periods of dual fuel through the heating season, visit your McLeod Co-op's website to view load control times at www.mcleodcoop.com.

THE COOPERATIVE ADVANTAGE: A MATTER OF PRINCIPLES

Cooperatives, such as McLeod Co-op Power, are owned and operated by the members they serve. This member-centric model is grounded in seven guiding principles structured with a framework that prioritizes the well-being of and active involvement in the community.

To celebrate National Cooperative Month, which is recognized each October, we are highlighting the foundational aspects that set cooperatives apart from other businesses and organizations.

THE SEVEN COOPERATIVE PRINCIPLES



1. Open and voluntary membership ensures that anyone can join the co-op without discrimination. This inclusivity fosters a sense of belonging and ownership among members as the co-op is open to all who wish to participate.



2. Democratic member control gives each member a voice in the co-op's decisions. Members vote on important issues, elect the board of directors and participate in annual meetings where they can influence the co-op's direction.



3. Member economic participation means profits are either reinvested in the co-op or returned to members as dividends. This model ensures the financial benefits of the co-op's operations are distributed fairly among its members.



4. Autonomy and independence highlights the co-op's self-governance. While co-op's may collaborate with other organizations, they remain independent and free from external control.



5. Education, training and information underscores co-op's commitment to informing and empowering their members to enable their communities to make better decisions.



6. Cooperation among co-ops leads co-ops to collaborate with one another to share resources, knowledge and support. Members often benefit from this cooperation, as it brings additional expertise and resources to our community.



7. Concern for community is at the heart of co-ops. Co-ops actively support local initiatives, from sponsoring community events to investing in infrastructure projects that enhance the community's quality of life.



SIGN UP FOR POWER OUTAGE ALERTS

Did you know SmartHub offers text and email outage notifications to inform you when your power is out or has been restored.

HOW DOES IT WORK?

Once the Co-op has been notified of an outage in your area, our system will automatically send a request to surrounding meters to predict the extent of the outage. If your service is predicted to be without power and you are enrolled in outage notifications, you will receive notification of the outage, as well as a notification when the outage has been restored.

SIGN UP FOR SMARTHUB AT
WWW.MCLEODCOOP.COM/ABOUT/SMARTHUB/





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STAY SAFE: HOW TO SPOT AND AVOID UTILITY SCAMS



Utility scams have been on the rise, and at McLeod Co-op Power, we want to ensure our members stay informed and protected. Scammers use various tactics to trick individuals into providing personal information or making unnecessary payments, often by impersonating utility representatives. Here's how you can avoid falling victim to a utility scam.

First and foremost, it's important to know that McLeod Co-op Power will never demand immediate payment over the phone or threaten to disconnect your service without prior notice. If you receive a call claiming your power will be shut off unless you pay immediately, hang up. Always contact us directly to verify the status of your account.

Be cautious of calls, texts, or emails requesting personal or financial information. Scammers often create a sense of urgency to pressure you into acting quickly. They might ask for payments through unconventional methods, such as prepaid cards, wire transfers, or cryptocurrency—methods that are difficult to trace. Remember, McLeod Co-op Power will never ask for payment in these forms.

It's also important to recognize that scammers can spoof our phone number to make it look like McLeod Co-op Power is calling. If you're unsure whether a communication is legitimate, hang up and call our official number directly. Never rely on caller ID alone.

We encourage our members to be vigilant and report any suspicious activity to us immediately. If you think you've been targeted by a scam, report it to local law enforcement and the Federal Trade Commission (FTC).

Your safety and peace of mind are our priority. By staying informed and cautious, you can help prevent falling victim to utility scams. If you have any questions, please contact McLeod Co-op Power for assistance.

OFFICE PHONE

(320) 864-3148 (800) 494-6272

24-HOUR OUTAGE PHONE

(800) 927-5685

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www.mcleodcoop.com

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mcpainfo@mcleodcoop.com

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Dan Ehrke and Fuller Creative

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District 2: Vacant

District 3: David Resch Vice President (952) 449-1793

District 4: Doug Kirtz President (320) 583-7673

District 5: Allan Duesterhoeft (320) 587-9134

District 6: Gary Burdorf Asst. Secretary-Treasurer (507) 964-5815

District 7: Randy Hlavka GRE Representative (320) 583-0037

District 8: Keith Peterson (320) 583-0997

District 9: Susan Anderson Secretary-Treasurer (952) 250-3109

McLeod Cooperative Power is an equal opportunity employer and provider.



ENERGY EFFICIENCY

If you recently made or plan to make energy efficiency improvements to your home, you may be eligible for federal tax credits. Homeowners can save up to \$3,000 annually to lower the cost of efficiency upgrades by up to 30%. A few upgrades covered through the IRA include new exterior doors, windows, insulation, heating/cooling equipment and other major appliances. Visit www.energystar.gov/federal-tax-credits to learn if you qualify for a tax credit.



3515 11th St. East Glencoe, MN 55336

WWW.MCLEODCOOP.COM

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TEST YOUR ENERGY EFFICIENCY KNOWLEDGE

Energy efficiency isn't just about cutting costs—it's about maximizing the value of the energy you use. Simple steps, like adjusting your thermostat, upgrading appliances, or improving insulation, can lead to noticeable savings on your utility bills. These changes also help extend the life of your home systems and improve comfort. By being mindful of energy use, you'll not only reduce costs but also maintain a more efficient and well-functioning home. Take this quiz to test your knowledge and discover new ways to improve energy efficiency!



- 1. True or False: Closing shades and drapes during the day helps keep your home cooler in the summer and warmer in the winter.
- 2. Set both the upper and lower water heater thermostats no higher than ___°F.
- 3. Decreasing your cooling system in the summer or increasing your heating system in the winter by one degree can increase your energy use by:
- a. 10%
- b. 0%
- c. 3-5%
- 4. True or False: It isn't important to change your furnace filter when dirty or by the manufacturer's recommendations.
- 5. An electric space heater can cost more than \$___ per month to operate.
- 6. True or False: Replacing incandescent light bulbs with LEDs can reduce energy consumption by up to 75%.

- 7. What percentage of a home's energy usage typically comes from heating and cooling?
- a. 20%
- b. 30%
- c. 50%
- d. 70%
- 8. How often should you have your HVAC system professionally serviced to maintain efficiency?
- a. Every year
- b. Every 3 years
- c. Every 6 months
- d. Only when it breaks down
- 9. Adding insulation to your attic can reduce heating and cooling costs by up to ___%.
- 10. True or False: Installing ENERGY STAR certified windows can save up to 12% on your energy bills.