

McLeod Cooperative Power NEWS

January 2017

In this issue...



Farm shop that has it all..... 4



Clothes dryers added to rebate list for 2017..... 7

Official publication of



Director candidates sought for 2017 elections

Districts 1, 2, and 3 have upcoming director elections in 2017. Those townships included in Districts 1 and 2 have changed this year with the redistricting plan to equalize the number of members in each district. District 3 is a newly-created district with no incumbent director so at least two new director candidates will be needed in this district to meet the election ballot requirements of the MCPA by-laws. Members residing in one of the townships listed below who are interested in being a director candidate, should complete a director application form and turn it in to the Co-op by January 17. Forms were in the November and December newsletters and are available at the Co-op office.

It is the job of the Nominating Committee to select the two names to appear on the ballot in each district. Additional members may also be candidates using the Nomination By Petition process which is explained on page 3 of this newsletter. Member involvement is an important part of the democratic process. Cooperative organizations being controlled by their members is one of the things that makes cooperatives unique.

Each member served by McLeod Cooperative Power Association and residing in the following townships will be registered for voting in the following assigned districts in 2017.

District 1: Hollywood Township in Carver County, Winsted Township in McLeod County, Victor, Woodland, and Franklin Townships in Wright County

District 2: Sumter, Hassan Valley, and Rich Valley Townships in McLeod County

District 3: Bergen, Helen, and Glencoe Townships in McLeod County

Change to energy rates approved for 2017

The McLeod Co-op Power Board of Directors approved a 2% increase to the energy rates for 2017 at their November meeting. The notice of this change appeared in last month's MCPA News. The increase will apply to

Rate 2 — Single Phase Farm & Residential Service,
Rate 5 — Three Phase Farm & Residential Service,
Rate 9 — Controlled Irrigation,
Rate 14 — Optional Peak Alert Rate,
Rate 18 — Large Power Seasonal Service,
Rate 19 — Large Power Service, and
Rate 20 — Industrial Service non-contract.

The change in energy rates will be applied to energy purchased after January 1, 2017 and will be used to calculate the electric bills mailed to members in mid-February. For details on why the rate change was needed to cover costs at McLeod Co-op Power, as well as how the power cost adjustment (PCA) is a separate pass-through for the cost of power from our various energy suppliers, see "Manager's Message" from Carrie Buckley on Page 8.

LED yard lights are replacing less efficient models as lights fail

LED yard lights use less energy than the older mercury vapor or high pressure sodium yard lights. It is the goal of McLeod Cooperative Power to utilize more efficient technologies such as LED lights. The Cooperative has been replacing existing yard lights with the LED lights as the old ones quit working or need repairs. In the past 18 months more than 400 LED lights have been installed. Member satisfaction with the new lights has been very positive.

It is also in the Co-op's work plan to change out old lights with new LED fixtures over the next several years. This will be done in an efficient and cost-effective manner, with lights scheduled to be replaced in one area of a township at a time. This way we can replace lights at a much lower cost per site. These change-outs will be scheduled during times when line crews are not busy with construction projects, pole replacements, or more critical work priorities.

Scheduling the light change-outs also allows us to contact members in advance of replacement of their rental light. Coordinating with members before service work is performed often helps the job go smoother, gives members the opportunity to confine any dogs which

might be inclined to bite a Co-op employee, and members just appreciate knowing that their light will be changed before it actually happens.

As much as we would like to accommodate individual member requests to have a light changed out to LED, it is just too costly to replace lights randomly at locations throughout our service area. The labor and truck costs to change one light that is working fine and does not need repair would not be good use of our resources. The cost per replacement is significantly lower when many lights can be changed in one day in a localized area.

The Cooperative will attempt to contact members by phone in advance of light replacements in their area. It may take several years to complete replacements in all 46 of the townships that McLeod Cooperative Power serves.

The Cooperative is working to convert all metered yard lights to unmetered, as the new LED lights are only installed as unmetered. Unmetered lights cannot be wired with a switch or turned off at will.

The Co-op will work with individual members who currently have metered lights on a safe and acceptable alternative.

Unmetered lights need to be located on the pole with the overhead transformer (looks like large grey can) or within ten feet of the pad mount transformer on an underground service, as the light is powered by the transformer. For safety reasons, members and electricians should never install or work on privately-owned lights or other equipment located on a transformer pole. Only certified and trained line workers should ever work with a yard light on a transformer pole.

The Co-op has yard light rental options available to members converting their service from overhead to underground or building a new underground service. Call the Co-op's Engineering Department for details.



Electric heating sales tax exemption

Homeowners who use electricity as their primary residential space heat (50% or more) may be exempt from sales tax for the heating months. If electricity is your primary heat source and you have only one meter for both general use and electric heat, your total bill is exempt from Minnesota sales tax on November through April usage. If you have an off-peak meter for electric heat, only the electricity going through that meter is exempt.

If you meet the requirements and currently have an exemption certificate on file in your Cooperative's office, you will not be billed the tax for November through April use. If you are unsure of your tax status or would like us to mail you an exemption certificate to complete, call us at 1-800-494-6272 or 320-864-3148. Once you have applied for the exemption, you do not need to reapply.

Members receiving a tax credit for electric heating when electric heat is not their primary source of heat are in violation of the sales tax law, so please contact the cooperative if you change from electric heat to some other primary heating source.

Operation Round Up donation applications are being accepted until March 1



Community and civic groups, emergency responders and other 501(c)3 non-profit organizations are welcome to apply to McLeod Cooperative Power's Operation Round Up Trust for donation assistance. The trust is able to donate funds to worthy local projects in McLeod, Renville, Sibley or Carver Counties. Funding is from the generosity of electric cooperative members who round up their electric bills.

Application forms are available by calling the Cooperative at 1-800-494-6272. Applications for funding must be completed and returned to the Cooperative by March 1, 2017.

November Outage Summary

During the month of November the Cooperative had a total of 120 outages, affecting 1,752 consumers. Most of those outages were during the November 18-19 winter storm. Three of those outages were transmission power supply outages during the storm, 88 were due to ice, sleet and frost.

The outages affecting the most members were due to the transmission line outages November 18-19. It caused outages to over 950 members. One outage not related to the storm was a dig-in to the Co-op's primary cable by a tiling contractor on

November 7. The outage was east of Buffalo Lake. It caused 113 members to be without power for just over an hour.

Most outages affect only one or two members. They are frequently caused by small animals, trees in the line, equipment failure, or motor vehicle/machinery accidents. Larger outages affecting hundreds of members at a time are usually caused by transmission outages, storms, equipment failure to substation equipment, or accidents. Restoration time on weekend and evening outages, when line crews are called out from home, usually take a little longer to get back on than outages when crews are already out working on the project.

A device to give seniors at home greater independence



Do you worry about your parents getting older?

Do you worry about mom or dad living alone?

The First Alert emergency pendant from McLeod Co-op Power may be just the thing they need to help you worry less while they live on their own. One press of the button will call the 24-hour medical dispatch center, which will send a family member, neighbor or police over to help.

The pendant allows them to work outside in the garden or go to the mailbox, and still summon help if they need it. Emergency pendants are reasonably priced and make a perfect gift. Call McLeod Co-op Power at 1-800-494-MCPA for more information.

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The McLeod Cooperative Power News is the official member publication of McLeod Coop Power Association and focuses on our members, programs and events.

All member story ideas and comments are welcome.
Send to Sue Pawelk at the address shown.

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McLeod Cooperative Power Association is an equal opportunity provider and employer.

Energy saving ways to supply fresh water to your livestock in winter

Adequate insulation around the tank helps keep water open

It's important that animals have a fresh supply of drinking water available at all times during the winter. Animals expend more energy combatting the cold. As a result, they eat more food to stay warm and their water needs go up. One Canadian study reported that a mature cow needs at least 10 gallons of water a day in the winter. When the only water source available was snow, both dairy cows and beef cattle consumed less and showed deterioration in condition and output.

If your watering tanks aren't insulated, keep the water open by adding insulation around them and taking advantage of the sun. Fiberglass and metal water tanks need extra protection to keep them from freezing. With the fiberglass tanks, you can build some dirt around them, and build a wooden structure above it with insulating material like styrofoam or straw. With steel tanks, it is recommended to use some styrofoam insulation, and an outer covering with wood. Painting the

exposed tank or covering with black paint helps absorb heat on sunny days.

Try to locate your tank out of the wind, either by building a wind fence around it or positioning it so that it's protected by a building or another structure. You need to try to reduce the amount of heat loss that you get from wind. Since most heat loss comes from the water surface, use an insulated cover over the tank with a hole for the animals to drink. Ideally, a water trough that is insulated, has the top partially covered and is located inside an insulated shed, is best. Operating a tank heater in a well-insulated tank in a shelter will dramatically reduce your energy use to keep the water flowing. Always make certain that there is enough space for multiple animals to drink so the weaker animals get their share of water too.

There are also outdoor insulated water tanks, stock tank heaters, or heated buckets on the market that



will keep the water supply flowing, but they will likely use more kWhs. You will want to make certain that the thermostat is working on any unit so it shuts off when not needed. Heaters that run 24/7 will run up your electric bill needlessly.

For water supply locations that are too far from electrical connections to use tank heaters, consider a solar heated tank. There are several on the market but you will need to do your research to make sure they will meet your needs.

Nominations by petition for director candidacy to be submitted by March 17

Cooperative members residing in Districts 1, 2, or 3 may petition to have their name added to the slate of candidates for the 2017 director election in their district. To have another name, in addition to the two candidate names selected by the nominating committee, on the ballot, you may file a nomination by petition.

The petition must be signed by 20 or more McLeod Cooperative Power Association electric members residing in your district and it must be submitted to the Cooperative secretary not less than 25 days prior to the Annual Meeting. The last day that a petition can be submitted is March 17, 2017.

The Cooperative secretary shall post at the Cooperative office the names of additional nominations and also persons selected by the nominating committee.

District 1 includes:

Hollywood Township in Carver County, Winsted Township in McLeod County, and Victor, Woodland and Franklin Townships in Wright County.

District 2 includes:

Hassen Valley, Sumter, and Rich Valley Townships in McLeod County.

District 3 includes:

Bergen, Helen, and Glencoe Townships in McLeod County.

How do capital credits work?

It PAYS to be a member-owner of McLeod Cooperative Power! Earning and receiving capital credits is one of the membership rewards for buying electric services from McLeod Co-op Power. It is a non-profit cooperative and every year margins are allocated back to the member-owners in the form of capital credits. This year McLeod Co-op Power's Board of Directors approved retiring and paying out approximately \$651,000 in capital credits to current and former

members of the Cooperative. McLeod Co-op Power has returned over \$9.3 Million in capital credits to members since 1998. Most current members with an active electric account received this as a credit on their bill in December. Members who no longer have active accounts were mailed a check in December.

MEMBER PATRONAGE

McLeod Co-op Power keeps track of how much electricity you purchase throughout the year.

ALLOCATION

After a year ends, McLeod Co-op Power distributes your share of the margins for that year to your capital credit account. Capital credits are not payable at the time they are allocated. This normally happens in March for the previous year. Allocation notice is printed on your bill in April.
(Margins = REVENUE - EXPENSES)

ALLOCATED CAPITAL CREDITS

Capital credits increase on your account over a period of time. McLeod Co-op Power uses the allocated capital credits as a source of equity to build and maintain our electrical system, which in turn helps keep your electric rates low.

YOU, a member-owner of McLeod Co-op Power, receive a capital credit refund!

RETIREMENT OF CAPITAL CREDITS

Each year, depending upon the financial condition of McLeod Co-op Power, the Board of Directors will decide to retire and pay capital credits to present and former members.



The 12,000 square foot farm shop and office is heated on the Co-op's off-peak electric rate. It utilizes three electric boilers that heat and circulate water at night from 11 p.m. to 7 a.m. on the Storage Heating Program. The 12" of sand beneath the cement slab stores enough heat to keep all areas of the shop and office warm 24 hours a day.



Krcil Family Farms is operated by (left to right) Mike, Gary and Mark Krcil.

Farm shop that has it all:

- Under-floor heating for maximum comfort
- Off-peak storage rate for low-cost electric heating
- LED lighting for reduced, high-efficiency energy use
- Office and kitchen area under the same roof

Krcil Family Farms needed to build a new shop on their farm; one that was tall enough to fit the combine inside. So father Gary Krcil, and his sons Mike and Mark, visited many new agricultural shops to get ideas on what they did and did not want to include in their new shop design. When they built their 12,000 sq. ft. shop and office in the fall of 2014, they made sure to get maximum comfort, convenience, high-efficiency, and low operating costs.

The Krcil's building north of Glencoe includes an 80' x 120' shop with wash bay, and a 30' x 80' office. It is heated by three 54 kW electric boilers. They operate as one unit via the use of a staging relay, even though they supply multiple heating zones that are set at different temperatures. The boilers were manufactured by Electro Industries in Monticello, Minnesota.

The electric boilers circulate hot water through the tubing below the cement floor. During construction, rigid foam insulation was installed in the excavated footprint of the building first. Then tubing was secured on top of the insulation, followed by one foot of washed sand. The concrete slab was poured on top of that. The boilers operate up to eight hours per night, as needed, from 11 p.m. to 7 a.m., heating up the sand storage medium and the concrete slab using low-cost off-peak electricity. The slab and heated rooms will stay warm 24 hours a day with the heat provided by the stored energy. The off-peak storage heating rate is less than half the regular electric rate and it has been a stable, low-cost source of heat for decades, especially compared to propane and oil which frequently go up and down in price.

The Krcil's have been able to heat their new 12,000 sq. ft. building the past two winters for just over \$2,000 per year. They keep the 2,400 sq. ft. of office area at 70 degrees F. and the shop at 55 degrees. They seldom open the large overhead doors in winter which helps retain heated air. Even when the temperature outside takes a dive, they are able to keep an even heat in the shop with less than a two degree difference.

When the power goes out, their building stays warm for a day or two before the temperature starts to drop. However, the Krcil's also know that you plan ahead if you want your room temperature turned up significantly. It takes a day or two to increase the amount of heat stored in the sand storage bed and concrete before the

room temperature will rise. An under-floor storage system delivers even, consistent heat but is not designed for quick response when additional heat is called for.

Why did the family choose electric heat? Grandma's house had forced air electric heat. Gary, and his wife Nancy, have some storage heat under the floor in their home. They installed it in 1989 along with a storage room unit and water heaters on the storage program. So storage space heating is a tried and true off-peak heating system that the Krcil's have had in their home for decades. Mike, Mark, and their sister Michelle, grew up in a house with off-peak electric heat. The Krcil's knew that off-peak electric heat would be an economical choice.

They did consider other options before choosing the under-floor hot water tubing system. They looked into doing a ground source heat pump. They talked with other farmers who had installed ground source heat pumps and found that they either loved or hated their systems, depending upon the quality of the installer. That type of system also would have cost \$50,000 more than their electric boiler system and no federal tax credits were available for business or farm buildings. Residential homes could apply for a 30% GSHP tax credit.

The office area also has an air source heat pump for summer cooling and high-efficiency heating in the fall and spring months. Air source heat pumps and boilers on the storage program qualify for rebates from the Cooperative.



The mechanical room contains three 54 kW three-phase boilers. The boilers are manufactured by Electro Industries. The boilers operate as one unit, even though they supply multiple heating zones that have different thermostat settings.

The Krcil's use their new shop for washing machinery, repairing their trucks and tractors, and keeping their equipment warm. They don't need to plug in the semi or diesel tractors when they keep them in the shop. That eliminates the winter kWh used by tank heaters. Cold and snowy machinery can be pulled into the warm shop and it thaws overnight. The Krcil's said they do more preventive work on their machinery now because they can work where it is comfortable. Even Gary and Nancy's grandchildren enjoy the comfort of the shop

for riding their bikes, trikes, and pedal tractors around.

Mike and Mark Krcil confirmed that in-floor heating is so much better than forced air heat because the in-floor system maintains a steady, comfortable temperature. They estimated it would take 60 degree F. forced air to feel as warm as the 55 degree F. in-floor heat, adding that when your feet are warm, you feel more comfortable.

When designing their building, the Krcil's also took advantage of an energy grant from the Co-op for installing energy efficient LED lighting. The payback for installing LED fixtures was short. The LED lights use a lot less energy than standard light fixtures, while giving off a lot of light. The shop is bright and well-lit even though the ceilings are high.



The interior of the shop utilizes eight-foot LED light fixtures that have six lamps each. The light fixtures are estimated to save about 42,000 kWh per year in electricity over standard lighting. Cost of the LED lights was just slightly more than standard fixtures after the rebate.

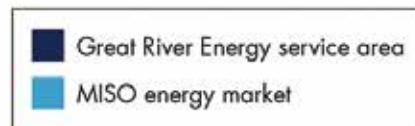
Gary joked, "I haven't used a trouble light in a long time". Unless they are working underneath a tractor or truck there is plenty of light to do their work. And so far the lights have been maintenance-free. LED's are designed to last many years before replacement.

Mark explained about the cost of LED fixtures, "With the rebate (from the Co-op), the cost was just slightly more to go with LED's. The payback is a no-brainer."

Members are encouraged to call the Co-op to discuss options for heating any new shop, home or business. It is best to find out your options before you finalize plans with your contractor. Rebates are available for storage heating, air source heat pumps, and other off-peak programs. Energy grants are available for many commercial and agricultural energy improvement projects and lighting upgrades.

Market redefines role of coal

*Work safely. Maximize output.
Minimize interruptions.*



Those three objectives have long served as an unofficial credo for Great River Energy power plant operators and engineers. By operating plants with as few interruptions as possible, electric service remained reliable, and generation resources were economical in the Midwest energy market.

Certain power plants are considered “baseload” resources, which means they are relied upon to meet the baseline demand for electricity demand every day. They were designed to run day and night at high outputs, and have historically been coal- and nuclear-powered.

“In the past, we wanted to park our power plants at the top,” said Great River Energy Vice President and Chief Generation Officer Rick Lancaster, referring to operating plants at their highest output. “In today’s energy market, there is added value for plants that can reduce output – flexibility is an enviable trait.”

A rise of smaller, dispersed and intermittent renewable generation resources – primarily wind energy – has had major market effects that are shaking up the economics of baseload plants.

Because there is more energy available, market prices have fallen. And, since the output of renewable resources swings up and down depending on the wind, there is a growing need for generation resources that can adjust their output.

“The roles of baseload and renewables have changed dramatically,” said Great River Energy President and CEO David Saggau. “Coal and natural gas power plants are now called on to be the steadying force in the market.”

While natural gas power plants are often designed to accommodate fluctuations in supply and demand, not all coal plants are designed to do that. To remain competitive in today’s power market, Great River Energy has charged its staff with adapting the Cooperative’s largest power plant, Coal Creek Station, to these new market forces. All generation resources now need to be supplemental to wind.

Employees answered the call and made a number of operational changes and minor modifications that will enable the 1,146-megawatt Coal Creek Station power plant to ramp down to less than 300 megawatts.

“By reducing production at the right times, we not only reduce costs, we also reduce our carbon dioxide emissions,” said Great River Energy Vice President and Chief Market Officer Jon Brekke. “There is significant – and growing – value in flexibility.”

Coal will continue to be important for an aspect of electric service that is often taken for granted: reliability.

“On a cold winter night, it’s really nice to have a coal pile next to the power plant,” added Lancaster.

Industry News

Interstate 94 designated an alternative fuel route

The Interstate 94 corridor from Detroit, Michigan, to the Minnesota and North Dakota border is one of 55 routes the Federal Highway Administration has designated nationally to promote alternative fuels and help drivers find vehicle charging stations nationwide. Under the Fixing America’s Surface Transportation Act, the new network covers 85,000 miles throughout 35 states.

The alternative fuel corridors designation will be used to promote electric, hydrogen, propane and natural gas vehicles by encouraging development of fueling and charging stations along the routes.

“Alternative fuels and electric vehicles will play an integral part in the future of Minnesota’s transportation,” said Charlie Zelle, Minnesota Department of Transportation commissioner. “MnDOT is excited to be a part of helping drivers identify routes that will help them refuel and recharge those vehicles. Designating the I-94 Corridor is a great place to start the process.”

Working in a partnership with Minnesota Pollution Control Agency, MnDOT submitted an application to designate I-94 as a ‘Zero Emissions Corridor,’ a type of alternative fuel corridor, to promote electric vehicle charging infrastructure.

“Interstate 94 from Minneapolis to St. Cloud has been designated as ‘signage-ready,’” said Tim Sexton, MnDOT’s Construction and Operations Section director. “The designation means there is an existing network of public fast-charging stations close enough to one another to reliably travel the corridor with today’s models of electric vehicles.”

~Fergus Falls Daily Journal

MISO incorporates first solar farm into wholesale market

In a MISO first, the RTO has integrated a solar farm into its day-ahead and real-time markets. North Star, a \$180 million, 100-MW solar farm outside of Minneapolis, joined MISO’s wholesale markets on Dec. 16. Xcel Energy will purchase power generated by the facility in a 25-year deal that helps the utility meet its 1.5 percent solar energy requirement in Minnesota.

The RTO said months of planning and testing went into the project to ensure a “smooth integration of solar power into MISO’s day-ahead and real-time markets.” MISO tapped forecasting firm Energy and Meteo Systems — the same firm already handling the RTO’s wind forecasting — to forecast day-ahead solar.

“This project furthers the integration of renewable resources into our markets,” said Todd Ramey, MISO vice president of system operations. MISO said that while several large-scale solar farms have been built in the footprint in the past few years, North Star is the largest in the Midwest, with more than 440,000 solar panels on 1,000 acres of former corn and soybean fields.

~RTO Insider

Replace your old water heater before it springs a leak or stops working

Lower your monthly bill and get a \$400 rebate

Are you considering a switch to the storage water heating program? Now may be a good time to take action. The Co-op has water heaters in stock. There is a \$400 rebate currently available when installing a new high-efficiency, large water heater on the ETS (electric thermal storage) water heating program. If you have been wondering how you can reduce your monthly electric bill, the Water Storage Program (with or without the Cycled Air Conditioning Program) can save you hundreds of dollars a year.

Over 1,300 members participate in the program. The Co-op has a satisfaction guarantee on the program. Interest-free financing of water heater is available to any member with good payment history. Payment by check or credit card are also accepted.

Call the Co-op's energy experts today to help you select the proper size tank for your family. Participation in the ETS water heating program is one of the best ways to significantly lower your electric bill every month of the year.

Plus you get:

- a more efficient water heater
- with a lifetime warranty against leaking
- free delivery to members
- \$400 ETS rebate
- ETS program has satisfaction guarantee



Experience Washington D.C.



Time for high school juniors and seniors to apply

High school juniors and seniors have until March 3, 2017 to apply for the Cooperative's Washington Youth Tour competition. One local youth will win an all-expense paid trip to Washington D.C. June 10-15, 2017 from the Cooperative.

MCPA News Ads – Free want ad service for members

Please limit your ad to nine words. Use the coupon printed here or available at McLeod Cooperative's front desk to submit your ad. Ads will be printed for one month only. Please submit a new ad if you want it published more than one month. Include your name and address, which will be used for identification purposes only. Ads must be received by January 27 to be included in the February issue. Thank you!

Please run this ad in the next MCPA News

Name: _____

Address: _____

Telephone number: _____

Please check ad category

- Giveaway
 For Rent
 For Sale
 Wanted

Remember to limit your ad to nine words!

1 _____ 2 _____ 3 _____

4 _____ 5 _____ 6 _____

7 _____ 8 _____ 9 _____

Clip and Send to: McLeod Cooperative Power, ATTN: Classified Ads
 P.O. Box 70, Glencoe, MN 55336

For Sale

- 7" Mora ice auger by StrikeMaster. Cuts well. \$15. 320-779-1000
- Abu-Garcia Veritas 7'6" MH casting rod. Excellent shape. \$35. 320-779-1000

Wanted

- 10-38"/11.2X38" tractor tires. Respectable condition. 320-587-8386
- 300-350 bushel grain cart. Good Condition. 320-864-3808

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Power Line Worker Scholarship Offered



Students accepted into one of Minnesota's three power line technology programs for the 2017-18 school term, may apply for a \$500 scholarship. The Cooperative will award one \$500 scholarship for a local student.

If you are graduating from a high school in McLeod, Renville, Sibley or Carver County or are a resident of one of those four counties, and have been accepted into the line worker program at Minnesota West in Jackson, Minnesota State in Wadena or Rosemount Technical College in Rosemount, you are eligible to apply. Applications and informative career brochures are available on the Co-op website www.mcleodcoop.com or by calling the Cooperative at 1-800-494-6272. Applications must be completed and returned by April 15, 2017.

Digital devices impact energy use

Ah, the Digital Age. We have gadgets galore, the ability to manage our homes in new and innovative ways, brilliant images and captivating sounds of modern entertainment options and of course, the internet. Clearly, digital devices reign supreme. Yet these cool new capabilities come with a couple of pitfalls; vampire loads and the issue of “technology reincarnation.”

Over the course of the Digital Age, appliances have become more efficient but consumers have more devices to power up. Families have multiple televisions. Computer prices have plummeted, meaning many homes now have multiple computers. Everyone in the family needs a cell phone. Gaming consoles and set top cable/satellite boxes satisfy our desire for entertainment.

Major appliances aside, most digital devices do not use 120-volt power, which is the standard voltage of a home outlet. They actually use a lot less. So, trying to plug your brand new smartphone directly into an outlet is going to lead to a fried device and lots of tears from someone. This is why low-voltage devices come with a power adapter. These “wall warts” as some term them, take the 120-volt electricity supplied by McLeod Cooperative Power and convert it to say, five volts. Unfortunately, most folks leave their adapters plugged in to make recharging easier. The problem with this approach is that the seemingly innocuous wall wart uses power even when it isn’t charging a device.

This invisible energy consumption is often called “vampire load.” Studies show that 5 to 10 percent of the average home’s energy use is from vampire loads. The only way to stop this is to unplug the power adapter when it is not in use or employ smart power strips. These look like the typical power strip but with a twist — only one socket gets power all the time. When the device or appliance connected to it turns on and starts using power, the remaining sockets receive power too. This is perfect for entertainment systems, computer set ups and a variety of other situations. (Be aware that using one with televisions or satellite set top boxes may not be convenient as they may launch into the reprogramming menu each time the unit is turned back on).

Technological advances have steadily increased energy efficiency and reduced purchase prices. On its face, this seems like a good thing. Unfortunately, when replacing a product at the end of its life, the tendency is to go bigger, or continue to use the



old tech. This is the second issue I noted — technology reincarnation.

For example, flat screen television prices have plummeted as technology has evolved — and so has the amount of electricity they use. Consumers wander into the big box store and are dazzled by walls of giant, brilliant televisions. What they used to pay for the paltry 32” model now might net them a 50” giant. And who doesn’t want to see their favorite show or sports event in near life size? But if you spring for the bigger TV, you won’t benefit from the increased energy efficiency of the newer technology. The bigger model uses as much juice as the older, smaller TV, which likely ends up in another room (reincarnated in another setting) still using power.

Or refrigerators. These are the showpieces of the evolution of smart appliances. Many new models include touchscreens and cameras; they communicate over the internet and probably even keep food cold and make ice. Yet what often happens is the old refrigerator ends up in the basement or garage, reincarnated as a dedicated beverage unit or overflow fridge.

I’ll offer a couple words of advice to help you avoid — or at least reduce — the effects of vampire loads and technology reincarnation.

- Invest in smart power strips or make a point to use outlets where you can conveniently unplug power adapters when not in use.
- Don’t oversize your replacement appliances and entertainment gear unless family needs dictate the larger capacities.
- And recycle the replaced appliances and equipment to stem technology reincarnation. You will enjoy the Digital Age for a lot less.

Tom Tate writes on cooperative issues for the National Rural Electric Cooperative Association.

Holiday Open House prize winner

Leigh Pikal of Brownton was the winner of the door prize at the Co-op’s Holiday open House Dec. 15. The prize was a \$25 MCPA electric bill credit. It was good to see the handful of members who came to visit and enjoy coffee, cookies and cider.

Rebate program for 2017

Electric Storage Water Heating*	\$400
Electric Storage Space Heating**	\$50/kW
Air Source Heat Pump	
14.5 SEER.....	\$480
15 SEER	\$580
16 SEER or higher.....	\$630
Ductless Air Source Heat Pump	
Delivered Fuels.....	\$300
Primary Electric Heat	\$500
Ground Source Heat Pumps (controlled or uncontrolled)	
	\$400/ton
ECM (fan motor)	\$100
Recycling of Old Refrigerator or Freezer	
with documented proof of recycling.....	\$75
LED Yard Light	\$60
ENERGY STAR Swimming Pool	
Air source heat pump	\$400
Variable speed pump	\$200
ENERGY STAR Dehumidifier	\$25
ENERGY STAR Clothes Dryer	\$75

* Marathon or equivalent energy rated heater that is being installed on the Storage Program.

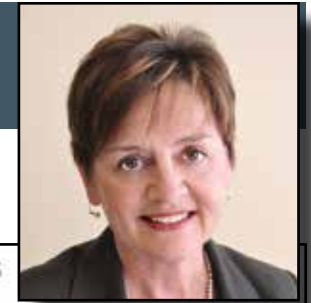
** ETS space heating rebate is exempt from \$2,000 per member maximum rebate limit.

There is a \$2,000 maximum rebate per member per year. Only Storage Space Heating rebate is not included in the \$2,000 cap. Rebates are always on a first come, first serve basis, so please turn in your paperwork promptly. Rebate forms are available for download from the Co-op’s website. Air source heat pump rebate forms should be completed by installing contractor. Rebates for high efficiency heat pumps will continue to require installation by a “registered contractor” which has been designated as a quality installer and is listed on the hvaceducation.net web site. A list of all “registered”



contractors in Minnesota is on our cooperative web site at www.mcleodcoop.com. There will be no rebates on central air conditioners in 2017. The Cooperative encourages any member replacing their air conditioner to upgrade to an ENERGY STAR rated air source heat pump.

Rebate forms must be received by December 20, 2017 to be eligible for rebate.



Looking Forward and Power Cost Adjustment —

The Cooperative's annual work plan and budget for 2017 were designed to continue the progress we have made on our three year strategic plan developed in the latter half of 2015. The 2017 budget, annual work plan and strategic plan build on our reputation for reliability, safety, and member services.

We work hard to prepare an annual work plan that ensures we control costs yet complete all of our required maintenance programs. A sturdy, well maintained distribution system provides the tools to achieve the best reliability possible given the weather events that we cannot control.

The 2017 plan continues to clear trees from our line at an aggressive rate since they are a significant cause of outages. Our work plan also includes approximately \$3 million in construction costs to convert overhead lines to underground lines. We are removing overhead lines underbuilt on transmission lines to reduce the risk of a transmission outage causing a concurrent distribution outage.

In 2017 we project we will sell 160.5 million kilowatt hours of electricity which is consistent with 2016. It is a challenge to operate with flat or declining sales.

One of our strategic goals was "Increased Efficiency". Department managers have scoured their budgets looking for ways to increase efficiencies. One of the biggest tools we have is utilization of technology. This year we will invite our software vendor, NISC, to audit our processes in billing and accounting to discover ways we can better use the software. We also continue to move forward with better field technology.

All approved expenses have been evaluated as to their contribution towards the continued excellent customer-oriented delivery of safe,

reliable, and reasonably priced energy, services, and products to our Members.

Meeting our financial goals and exceeding our mortgage requirements is another essential goal to maintain the Cooperative's financial health. Our operating margins are often weather dependent. As such, we must build in some flexibility to our operating margins to insure we meet the minimum requirements. As reported in last month's column, the Board has authorized a 2% increase to the Energy rate for 2017 to make sure we meet our financial obligations.

A Power Cost Adjustment was reinstated in October 2016 and will continue in 2017. The Power Cost Adjustment (PCA) does not add any margin to the Cooperative. It is a pass-through of varying power cost from Great River Energy (wholesale power supplier), Western Area Power Administration (provider of electricity from federal hydro dams in our region), and Distributed Generation (provided by MCPA members with solar or wind generations).

Of the approximately 12 cents per kWh you pay for energy, about 8.2 cents per kilowatt hours is for the base cost of power. When actual power cost is greater or less than the annual average cost of 8.2 cents, the difference is passed through to the member in the form of a PCA. It can be a credit or a debit. Since it is based on your usage of kilowatt hours, we continue to believe use of a PCA is the fairest way to pass on the varying cost of power. Overall, power cost will increase by about 1.6% in 2017. Although it may not seem like a lot, simply absorbing the increase, rather than passing it through as a PCA, would reduce our operating margins to an uncomfortable level.

An issue we often hear from



McLeod Cooperative Power Association Proposed Rate Schedule Effective January 1, 2017

(January usage, February billing)

Rate Description	Current Energy Rates: 2% Increase			
	Summer	Other	Summer	Other
Rate #2..... Farm and General Service Single Phase	\$0.1275	\$0.1175	\$0.1301	\$0.1199
Rate #5..... Farm and General Service, Three Phase	\$0.1200	\$0.1100	\$0.1224	\$0.1122

Rates in dollars per kWh

members is the volatility of the PCA. It might be a big increase one month and then the next month it is a big credit. To reduce the volatility of PCA from month to month, starting with November 2016 usage, we are adjusting the average base cost of power on a seasonal basis rather than simply using the annual average. Power cost inherently swings with the season. For instance, high demand for power in cold weather results in a higher cost per kilowatt hour from our power supplier.

A recent example is that the actual cost of power used in November was 7 cents per kilowatt hour but the seasonally expected cost was 7.24 cents, resulting in a slight

PCA credit of .24 cents per kWh. Had we compared the actual cost to the average 8.2 cents, it would have resulted in a big credit swing, likely to be reversed the following month. As I said earlier, our belief is it will result in lower swings throughout the year if the weather remains "normal".

I hope this explanation has answered more questions than it created. We know that even modest rate adjustments are felt by all McLeod Power members. Please know that your MCPA board of directors, management, and staff are working to maintain a financially healthy organization that reflects fair pricing to all members.