MCLEOD COOPERATIVE POWER
NEWS
FEBRUARY 2021

A HEAT PUMP BUILT FOR MINNESOTA WINTERS AND SUMMERS

Air source heat pumps (ASHPs) have been used for many years in nearly all parts of the United States but, until recently, were not common in areas with extended periods of subfreezing temperatures. However, in recent years, cold-climate ASHP (ccASHP) technology has advanced so that it now offers a legitimate space heating alternative in colder regions, like Minnesota.

A ccASHP can provide both efficient heating and cooling for your home. When properly installed, it can deliver up to three times more heat energy to a home than the electrical energy it consumes. This is possible because a heat pump moves heat rather than converting it from a fuel like combustion heating systems do.

A project recently conducted by the Center for Energy and Environment found that the efficiency of the newest generation of ccASHPs can operate down to minus 13 degrees Fahrenheit. The efficiency of these technologies in moderate climates is also two-to-three times more efficient than standard electric heating systems.

Since heat pumps provide heating in the winter and cooling in the summer, you should be aware of at least two heat pump energy efficiency ratings. The Seasonal Energy Efficiency Ratio (SEER) measures cooling efficiency over the cooling season, while the Heating Seasonal Performance Factor (HSPF) measures heating efficiency over the heating season. Given that we are in the depths of a Minnesota winter, let's further explore the heating aspect.

HSPF is a standardized rating used to compare energy efficiencies. HSPF is used by all heat pump manufacturers to indicate efficiency ratings. Like miles per gallon for your car, the higher the HSPF number, the more efficient the system.

When sized appropriately and installed correctly, today's ccASHPs can provide 100% of a home's heating needs down to temperatures as low as zero degrees, which is roughly 90% of all heating hours in Minnesota. If properly set, an ASHP can serve as your primary source for a good part of our Minnesota winters.

McLeod Co-op Power provides a variety of incentives and programs for heat pump technologies.

- Air Source Heat Pump 8.2-8.99 HSPF $400
- Air Source Heat Pump ≥ 9.0 HSPF $1,000
- Ductless Air Source Heat Pump $300
- Ground Source Heat Pump $400 per ton

Should you have any additional questions, feel free to contact an energy expert at (800) 494-6272. Be sure to continue looking for additional ways to improve the energy efficiency of your home, and take advantage of all the rebates we have to offer by visiting us at www.mcleodcoop.com.

SAVE THE DATE: 2021 ANNUAL MEETING

The McLeod Co-op Power Annual Meeting will take place on Tuesday, July 13, 2021. Watch for more details here in the newsletter as this important date approaches.

REMINDER: OPERATION ROUND UP OPT-OUT

McLeod Co-op Power is converting Operation Round Up to an opt-out program. Starting this month, residential accounts will be automatically enrolled, and your electric bill will be rounded up to the nearest dollar for the bills received in March unless the account has been opted-out. If you would like to opt-out of the program and haven't yet done so, please call (800) 494-6272 or complete the form available at www.mcleodcoop.com/services/operation-round-up/.

2021 REBATES

ENERGY STAR APPLIANCES

Energy Star Dehumidifier $25

Energy Star Electric Clothes Dryer $25

RECYCLING

Old Freezer or Refrigerator $25
(Proof of recycling required, limit of two per year.)

ELECTRIC VEHICLES

Level II EV Charging Station $500
(Level 2 charger installed on the co-op's Storage/Off Peak Program)

WATER HEATERS

Heat Pump Water Heater $500
(50-gallon minimum capacity)

Replacement Electric Water Heater $50
(40-gallon minimum capacity)

Electric Storage Water Heating Program $400

ENERGY STAR SWIMMING POOL

Air Source Heat Pump Pool Heater $400

Variable Speed Pump $200

ENERGY STAR LIGHTING

Energy Star LED Yard Light $60

HVAC

Wifi Thermostat $25

Central Air Conditioner or Air Source Heat Pump Tune-up $25

Electric Thermal Storage Space Heating $50 per kW

Air Source Heat Pump 8.2-8.99 HSPF $400

Air Source Heat Pump ≥ 9.0 HSPF $1,000

Ductless Air Source Heat Pump $300

Ground Source Heat Pump $400 per ton

ECM $50
(retrofit only, no new construction)

Maximum Annual Rebate Amount
The maximum annual rebate amount per member is $5,000. All rebates are on a first-come, first-serve basis while rebate funds remain available.

McLEOD CO-OP POWER
Your Touchstone Energy® Cooperative

LEADERSHIP MESSAGE

FINANCE MANAGER STEPH JAKEL

Budget! I know that word can come across two different ways to people. Some may say that coming up with a budget is cumbersome and time-consuming. Others (like me!) might say that developing a budget is a project that reminds them of a jigsaw puzzle that is enjoyable to complete. Regardless, the result of a budget is beneficial for the cooperative. It is a tool that can help guide a manager, team, and the entire employee group to make future decisions that will help keep the financials strong and improve our electrical service to the membership.

What does the process of developing a budget look like? Using the analogy of a jigsaw puzzle, we start with the corner and border pieces which are the employees that work for MCPA. They are the pieces that keep the puzzle together. Each manager within the cooperative reviews what each employee does and where they presume an employee will be spending the majority of their time in the next year. The other pieces that build the big picture include the kWh's sold to the membership (Operating Revenue), the kWh's purchased from Great River Energy, McLeod Co-op Power's Wholesale Power Provider (Cost of Power), costs to get the electricity to the members (Operating and Maintenance Expenses) and other costs such as depreciation, interest, etc. Once all the pieces are analyzed and put together, the big picture (Operating Margins) comes into focus.

As McLeod Co-op Power starts the new year, the management team can use the monthly budgeted amounts as a guideline to manage variable costs so that the operating margins continue to demonstrate financial stability. Besides looking at variable costs, McLeod Co-op Power continues to utilize the annual budget as a key tool for prioritizing improvements to the lines that provide electricity to our members. In 2021, seventeen miles of overhead line will be converted to underground line, 145 poles will be replaced, and numerous other work projects will be completed.

The McLeod Co-op Power management team came together and completed the 2021 budget. The Board of Directors reviewed and approved the presented budget at their December meeting. It is our pleasure to share the good news that the 2020 rates will carry over into the new year with no increases or adjustments.

Cooperatively,

JANUARY 2021 BOARD MEETING HIGHLIGHTS

The Regular Meeting of the Board of Directors of McLeod Cooperative Power Association was held on January 26th, 2021, at MCPA headquarters. All nine board members, the attorney, CEO Ron Meier, and department managers participated in the meeting.

Highlights of the meeting included:

- The monthly outage report for December 2020 was provided. The cooperative had a total of 53 outages, affecting 71 consumers.
- Star Energy Services recently completed pole inspection on the Bell Substation, with a total of 4,425 poles inspected and 145 poles being rejected.
- Eide Bailly is scheduled to start the co-op audit remotely the week of March 8.
- Finance Manager Steph Jakel presented the Operating Statement and Balance Sheet for December 2020 for review.
- A motion was made, seconded, and carried to approve the depreciation rates effective January 1, 2021.
- A motion was carried to approve Resolution 2021-01-01 Amend Revenue Deferral Plan.
- The board was informed that a cost-of-service study will be conducted in January 2022.
- The written report recapping January's Strategic Planning Session has been provided by National Rural Utilities Cooperative Finance Corporation. Staff will now work on developing goals to meet the Strategic Plan objectives for board approval.

WHERE DOES EACH **DOLLAR GO?**

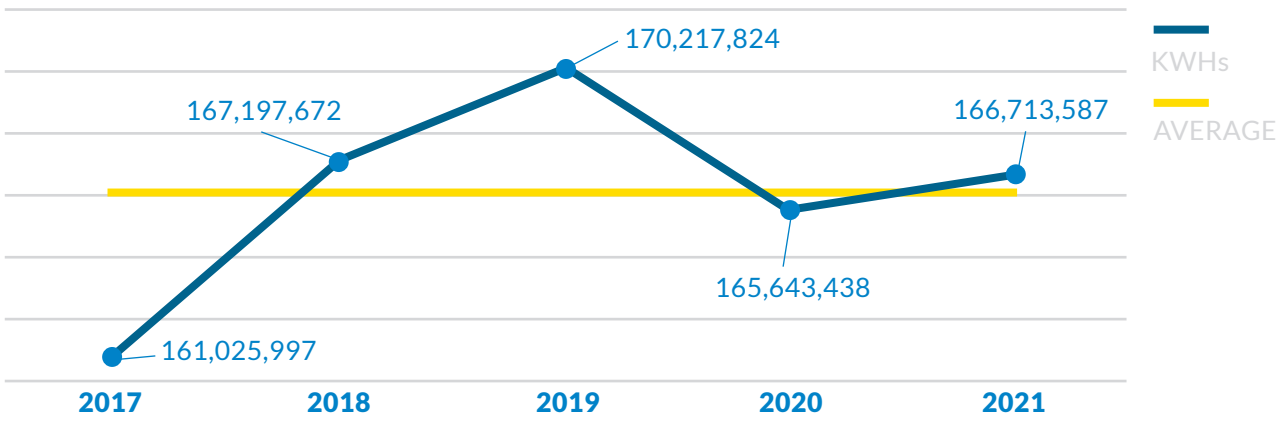
62¢ Cost of Power

21¢ Operating and Maintenance Expenses

11¢ Depreciation

6¢ Interest

KWHs SOLD



ECO ACT 101

In 2007, Minnesota's Conservation Improvement Program (CIP) was established, creating goals for all utilities to reduce their annual electricity sales by 1.5 percent and to spend at least 1.5 percent of revenues to achieve this goal each year. We are proud that we've consistently met or exceeded these goals.

When CIP started, select energy-efficient purchases were incentivized including Energy Star® rated appliances and LED lighting. Some of these items were just making their entry into the marketplace, and it was a win-win to encourage cooperative members to use these new products. Thanks in part to CIP, we've reached a point of saturation with many of the energy efficiency incentives introduced more than a decade ago and the electric power industry is the only segment of the economy that has exceeded its carbon reduction goals.

While CIP has been beneficial, it has become outdated, lacks an emphasis on innovation, and doesn't support many advancements that have positive environmental impacts. To modernize the program, Minnesota's electric cooperatives, along with other industry partners, drafted the Energy Conservation and Optimization (ECO) Act. This bill emphasizes total energy efficiency across many sectors – energy, transportation, agriculture, and others – to encourage diverse improvements.

Under the ECO Act, the goal to reduce electricity use by 1.5 percent annually will remain intact. However, a portion of this may be achieved with efficient electrification programs such as incentivizing electric vehicles (EVs). The 1.5 percent spending requirement would be eliminated unless the reduction in electricity use is not met. McLeod Co-op Power supports this bill because we believe it provides more long-term sustainable benefits for our members. The benefits include:

- *Allowing more flexibility to help us meet our energy savings goals by enabling us to count EV incentives, electric storage water heaters, and air source heat pumps toward a part of the goal.*
- *Helping the environment by reducing greenhouse gas emissions and fostering a more resilient grid.*
- *Encouraging innovation by supporting continuously advancing technologies.*

GREAT RIVER ENERGY MOVES ON RENEWABLE ENERGY TRANSITION

Great River Energy has secured energy resources to transition to a largely renewable power supply portfolio by 2023 with long-term agreements to purchase the output from four large wind energy projects.

Great River Energy has signed agreements with subsidiaries of NextEra Energy Resources to receive more than 700 megawatts (MW) of energy from four wind farms located primarily in southern and southwestern Minnesota.

- Buffalo Ridge Wind: 109 MW, Lincoln County, effective 2021
- Dodge County Wind: 170 MW, Dodge and Steele counties, effective 2022
- Three Waters Wind: 280 MW, Jackson County, effective 2023
- Timberwolf Wind: 150 MW, Fillmore County, effective 2023

"We are proud to serve our membership with low-cost energy from our own home state," said Great River Energy President and Chief Executive Officer David Saggau. "These projects are not only good for our cooperative member-owners, they are good for Minnesota's economy."

A University of Minnesota Extension economic impact study found the projects represent an $882 million investment and will contribute nearly $440 million of additional economic activity within the state, including $173.2 million in labor income. They will also support 2,590 jobs across all industries, including direct jobs at the construction sites and ripple effects.

"These projects will produce emission-free energy, lower electric rates and provide a much-needed boost as Minnesota's economy recovers from the effects of the COVID-19 pandemic," Saggau added.

Great River Energy plans to interconnect three of the four new wind farms to the electric grid through existing Great River Energy "peaking plant" facilities, which will continue to provide core reliability for the grid. Strong transmission at these sites makes them ideal locations for new renewable projects.

Great River Energy's fleet of fast-starting natural gas peaking plants provide year-round reliability services for members' electricity needs and the regional grid while enabling significant growth of the energy supply from renewable sources. These peaking plants also help protect consumers from high market prices while emitting relatively small amounts of carbon dioxide.

Great River Energy forecasts its power supply transition will significantly reduce power costs for its member-owner distribution cooperatives that purchase wholesale electricity from them, including McLeod Co-op Power.

"The decision to power our system with new sources of wind energy is in line with our mission to provide member-owners with affordable, reliable energy in harmony with a sustainable environment," said Great River Energy Vice President and Chief Power Supply Officer Jon Brekke.

PEOPLE BEHIND YOUR POWER

JARED KLEIN
JOURNEYMAN LINEWORKER

As a journeyman lineworker at McLeod Co-op Power, Jared maintains and upgrades the power system members rely on every day. Safety plays an integral role in every task he completes. His own reason WHY for working safely is to return home to his family each night.

The best safety advice Jared has for members is, "Stay clear of power lines or poles if they are broken."

Photo Credit: Jim Jordahl

ENERGY EFFICIENCY

Use wool or rubber dryer balls in the clothes dryer to reduce drying time and static. Wool dryer balls can also absorb extra moisture. If you prefer dryer sheets, scrub the filter once a month to remove buildup that reduces air circulation..

AUTOPAY MAKES PAYING YOUR BILL EASY!

AutoPay takes the worry out of paying your bills. Simplify your finances and enroll your account in AutoPay today. Your bill will be paid automatically each month on the due date.

SIGN UP FOR EASE AND CONVENIENCE

McLeod Co-op Power's AutoPay option is safe, secure, easy, and convenient. After the initial sign-up, you won't have to spend any time paying your bill each month.

You'll have peace of mind knowing you will never have to pay a late fee or worry about a misplaced bill. AutoPay is free and saves you the cost of stamps and checks, not to mention the effort of mailing your payments.

Members enrolled in the plan will still receive monthly statements showing kilowatt-hour usage and detailed charges around the 15th of the month. It will also read e the "BANK DRAFT - DO NOT REMIT" and the amount which will be deducted from your account. This will allow you approximately 13 days to review your electric bill and to call us with any questions, before the payment will be deducted from your bank account automatically on the 28th of each month.

To sign up for our direct payment plan visit www.mcleodcoop.com/i-want-to/pay-options/ and complete the authorization form.

Fill out your financial institution's name and information on the lines provided.

- If your payment is to be deducted from a checking account, enclose a blank check. Write VOID across it. DO NOT SIGN IT.
- If your payment is to be deducted from a savings account, enclose a withdrawal slip that has your account number on it.
- Sign, date and return the form to the Cooperative.

Please allow 3-4 weeks for processing your application. Continue your payment as usual until you see the "BANK DRAFT - DO NOT REMIT" line on your bill.

USPS 2220
PERIODICALS POSTAGE PAID
HUTCHINSON, MN

STAYING SAFE: DOWNED AND DANGEROUS

Accidents happen. Would you know what to do if your car crashed into an electric utility pole? Knowing what to do could be the difference between life and death.

IF A POWER LINE FALLS ON YOUR VEHICLE AND THERE IS NO FIRE: Your safest option is to stay inside your vehicle until help arrives. The vehicle acts as a path for the electrical current to travel to reach the ground. You are safe inside the vehicle, but if you get out, you could be electrocuted. Call 911 for help immediately.

IF A POWERLINE FALLS ON YOUR VEHICLE AND THERE IS A FIRE: Only attempt to leave your vehicle if it is on fire. To exit safely jump out of the vehicle, making sure NO part of your body or clothing touches the ground and the vehicle at the same time. Land with both feet together and in small, shuffling steps, move at least 40 feet away from the vehicle to reduce the risk of electrical shock.

Always consider power lines and other electrical equipment to be live and dangerous.

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