



# ANNUAL REPORT

## A LOOK BACK AT 2022





# WELCOME TO THE 2022 ANNUAL REPORT

Welcome to the 2022 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

When I look back to 2022, it was easy to see that our cooperative made it through the year in good order. We had our challenges, but the employees overcame them.

Financially, we closed the books for 2022 in a good position again, at the beginning it wasn't looking like that. With inflationary pressures slowly driving up our costs of doing business over the years, it was looking like we were going to need to raise rates for 2023. With some prudent management of our books, by the end of 2022, we determined that we would not need to increase rates across the membership and instead only a couple of our rates needed to be adjusted.

Our operating revenues of \$22.6 million were above our budget of \$21.3 million for the year. With the increase in revenues, we also saw the expected increase in Operation and Maintenance expenses. We had budgeted \$17.8 million, but with the increase of sales above our forecast, our year end O&M expense came in at \$18.9 million. Our total margins at the end of year were \$773,000, \$298,000 above our budget.

The engineers and linemen had a good deal of activity for 2022. We finalized the development of our next four-year work plan. Over the coming years we are looking to invest another \$12 million into our system. One of the big projects that we started working on was the upgrade of our Bell Substation, which is located south of Hutchinson. When this project is completed, the new substation will be ready for the next 30 years or more. We continue to bury our overhead lines along with trimming back the trees where the line is still overhead. This effort will continue over the coming years as reliability is an ongoing priority.



Our members service group also kept busy. In addition to keeping you informed and getting the bills processed, roughly 200 residential energy efficiency rebates were processed with a value just over \$100,000. We also sold and installed 21 stand-by-generators in 2022. While we strive to keep the lights on 24/7, there are times when they do go off. Equipment failure, storms and other incidents can thwart our efforts. This is why we offer stand by generators.

The successful year was only enabled by all the talented employees and board of directors that work here to serve you, our members. My thanks to all of them. It is my greatest pleasure to know we have some of the best people to be found in the electric cooperative world.

Cooperatively,

A handwritten signature in dark ink, appearing to read 'R1 PL' with a flourish at the end.







# OPERATIONS REPORT

Delivering quality electric service to our members can only be done with significant investment, proper planning and system maintenance.

Reliability isn't something that happens by chance. Throughout the year, distribution and transmission infrastructure – which includes things such as poles, wires, transformers and substations – is subject to many perils. On any given day, ice storms, high winds, tornadoes, squirrels and birds, and even distracted drivers, can interrupt electric service and cause a power outage.

Each year, maintaining a reliable system takes hundreds of hours of planning, maintenance, inspections and system upgrades. We are constantly preparing for the things we can control on our system, such as planned and routine maintenance outages, and for unexpected outages that are often beyond our control. We set high goals for the reliability and accessibility of the power we provide to you, our members. Equally important is our commitment to balancing reliability and affordability with member expectations, which requires a mindset of continuous improvement and looking ahead to anticipate your future needs.

## TOTAL FEET OF CABLE INSTALLED IN 2022

# 150,227

## TOTAL FEET OF CABLE RETIRED IN 2022

# 130,884

## Construction

Crews installed 150,172 feet of underground cable and 55 feet of overhead wire. In addition, they retired 125,443 feet of overhead wire and 5,441 feet of underground cable.

## Maintenance

Crews changed out 285 poles, tested 78 transformers, and changed out 164 inefficient yard lights to LED lights. In addition, crews inspected all our overhead lines and made necessary repairs. Brookfield substation poles and underground equipment was also inspected, and repairs were made as identified.

## Reliability

On average members experienced just over one outage in 2022 and the average length they were out of power was 315 minutes. The longest outage was for 20 hours during the May storm which came through our territory. On average, members had power for 99.94 % of the time. Throughout the year, crews completed required maintenance work and cleared vegetation within our right-of-way to proactively prevent outages and improve reliability.

## Safety

Safety on the lines is a priority at your Co-op. Line crews along with all employees had several safety trainings in 2022 focusing on a variety of topics. Crews and employees were once again able to visit local schools to share their safety messages with students.



# 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)	2022	2021
<b>MCLEOD CO-OP PROPERTY</b>		
Cost of System	\$59,997,970	\$57,264,257
Cost of our Office, Warehouse and Equipment	15,416,491	15,144,036
Construction Work In Progress	914,072	1,042,495
Depreciation	(19,162,019)	(17,718,832)
<b>Book Value of our System</b>	<b>\$57,166,513</b>	<b>\$55,731,956</b>
<b>INVESTMENTS</b>		
Great River Energy Capital Credits	\$10,507,981	\$10,530,570
Capital Credits from Other Cooperatives	\$1,380,631	1,434,827
Investments with National Rural Utilities Cooperative Finance Corporation	\$745,425	747,719
Investments with Associated Organizations and Other	\$528,621	466,043
Community Economic Development Loans	\$181,288	233,246
<b>Total Other Property and Investments</b>	<b>\$13,343,946</b>	<b>\$13,412,405</b>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$2,752,055	\$4,287,445
Great River Energy Temporary Investment Account	\$1,823,161	1,969,312
Members and Others Owe Us for Electricity	\$2,084,532	2,655,298
Members and Others Owe Us for Non-Electricity (generators, materials, rebates)	\$480,429	575,877
Materials and Supplies for Line Construction and Maintenance	\$1,757,351	903,614
Interest Receivable on Investments	\$8,872	7,625
Prepayments	\$36,501	19,987
<b>Total Current Assets</b>	<b>\$8,942,901</b>	<b>\$10,419,158</b>
Deferred Debits	\$833,163	\$1,190,575
<b>TOTAL ASSETS WE OWN</b>	<b>\$80,286,524</b>	<b>\$80,754,094</b>



LIABILITIES (WHAT WE OWE)	2022	2021
<b>LONG TERM DEBT</b>		
Rural Utilities Service (RUS)	\$2,400,717	\$2,528,665
Federal Financing Bank (FFB)	35,963,624	36,245,775
RUS Grant for Economic Development	300,000	300,000
National Rural Utilities Cooperative Finance Corporation	2,949,830	3,196,260
CoBank	1,332,428	1,406,304
Other	374,474	381,149
<b>Total Long Term Debt</b>	<b>\$43,321,072</b>	<b>\$44,058,153</b>
Power, Materials, Services, Taxes, etc.	\$3,932,458	\$4,017,672
Deferred Credits (revenue, construction, community solar, etc.)	\$1,771,462	\$1,787,635
<b>TOTAL LIABILITIES WE OWE</b>	<b>\$49,024,993</b>	<b>\$49,863,460</b>
<b>NET WORTH</b>		
Accumulated Patronage Capital	\$17,080,480	\$16,904,691
Other Equities (diversified services and others)	14,181,052	13,985,943
<b>MEMBERS EQUITY IN THE COOPERATIVE</b>	<b>\$31,261,532</b>	<b>\$30,890,634</b>
<b>TOTAL COMMITMENTS</b>	<b>\$80,286,524</b>	<b>\$80,754,094</b>

The accounts and records of McLeod Cooperative Power Association were audited by Eide Bailly LLP, Fargo, North Dakota, as of December 31, 2022. 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?

Cost of Power: 63¢

Operating and Maintenance Expenses: 22¢

Depreciation: 10¢

Interest: 5¢





STATEMENT OF OPERATIONS	2022	2021
<b>REVENUES</b>		
Sale of Electric Energy to Members	\$22,424,722	\$20,984,568
Miscellaneous Electric Revenues	145,208	306,629
<b>Total Revenues</b>	<b>\$22,569,930</b>	<b>\$21,291,197</b>
<b>EXPENSES</b>		
Wholesale Power Paid to Great River Energy	\$14,150,978	\$13,389,016
Operating Expenses (distribution, administrative and customer service)	4,813,746	4,507,203
Depreciation of Utility Plant	2,238,783	2,200,924
Interest on Loans	1,169,548	1,266,927
<b>Total Expenses</b>	<b>\$22,371,712</b>	<b>\$21,364,070</b>
<b>NET OPERATING MARGIN</b>	<b>\$196,875</b>	<b>\$(72,873)</b>
<b>NON OPERATING</b>		
Non-operating and Other Income (interest income, generators, etc)	\$586,801	\$1,052,763
Non-operating Expenses	(390,651)	(574,197)
Patronage Capital from Great River Energy and Other Associated Cooperatives	380,097	849,969
<b>TOTAL MARGINS (INCOME)</b>	<b>\$773,122</b>	<b>\$1,255,661</b>

**OPERATING  
REVENUE**

**\$22.6 M**

**COST OF  
POWER**

**\$14.1 M**

**TOTAL  
MARGINS**

**\$773 K**

**KWH'S  
SOLD**

**183 M**

**MEMBERS  
BILLED**

**7 K**

**AVG. RESIDENTIAL  
MONTHLY KWH USE**

**1.5 K**





# CAPITAL CREDITS RETURNED IN 2022

# \$370,000

## Capital Credits

McLeod Cooperative Power continued with its strong operational and financial standing by providing a capital credit refund to members on their energy bill in 2022. McLeod Cooperative Power's board of directors had approved a capital credit return of \$370,000 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, there are checks that remain uncashed or returned by the Post Office that 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 that 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.

## New Payment Options

Beginning in July of 2021, several new payment options were made available to Cooperative members. Some of these changes were made to ensure we are compliant with Payment Card Industry security standards. Others, like SmartHub and our online Pay Now platform, are for the convenience of our members as we attempt to make paying bills as easy as possible.

McLeod Co-op Power now offers the following payment options for our members:

### AutoPay

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

### 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.







# COMMUNITY INVOLVMENT

## Local High School Field Day

McLeod Co-op Power hosted 48 students from GSL and two from Sibley East at our headquarters on March 17th 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.



McLeod Co-op was honored to award our \$500 Line Worker Scholarship to Hunter Stearns. Hunter is from Gaylord graduating from Sibley East High School and is in his first year at Minnesota West Technical College. We wish Hunter the best as he completes his program!



## Touchstone Energy Community Award

McLeod Co-op Power is honored to award its 2022 Touchstone Energy Community Award to McLeod Food Shelf. This annual award recognizes a local business or community group that made a positive impact within the Co-op's service territory during the past year. McLeod Food Shelf is being recognized for its Mobile Outreach Program. The program experienced its first full year of service in 2021 allowing the organization to serve additional cities in McLeod County with its mobile outreach bus.



## Scholarships

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

The vehicle brings needed food and other supplies to those in need twice a month at seven locations throughout the county. This past year the program provided enough food to provide over 43,000 meals. Community members support the program through donations, but also by volunteering to stock the bus, drive it to various locations, and assist those that utilize the mobile program. The mobile program is now responsible for 25% of McLeod Food Shelf's total service to McLeod County.



## 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.

McLeod Co-op's Operation Round Up® program has awarded over \$180,000 to local non-profit organizations and community service programs since the program's inception in 2004. In March 2022, the Cooperative and Operation Round Up® contributed \$34,050 to 23 area organizations.

## 2022 OPERATION ROUND UP® RECIPIENTS

Brownton Bruins Organization	\$1,000
Buffalo Lake Ambulance	\$2,000
Buffalo Lake Fire Department	\$2,000
Gaylord Fire Department	\$2,000
GFW Dollars for Scholars	\$1,000
Green Isle Fire Relief	\$2,000
Hector Ambulance	\$2,000
Hector Fire Department	\$2,000
Hutchinson Area Women of Today	\$1,000
Mayer Fire Department	\$2,000
McLeod Alliance	\$ 300
McLeod Emergency Food Shelf	\$2,500
McLeod For Tomorrow	\$1,000
MN Amateur Baseball Hall of Fame	\$1,000
Minnesota K9 Search Specialists	\$1,500
New Germany Fire Department	\$2,000
New Germany Legion – Post 601	\$2,000
Sibley East High School Bowling Club	\$1,000
Silver Lake Ambulance	\$1,000
Stewart Fire Department	\$2,000
SWWC Foundation for Innovation in Education	\$1,000
United Community Action Partnership Fiscal Host of HOMES	\$1,000
United Way of West Central Minnesota	\$ 750



# TEAM MEMBERS

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Whether we're constructing a power line or recording your bill payment — and everything in between — we serve our members with professionalism, integrity, safety, and easy accessibility. It's our pleasure.

**Emerson Brady**, Operations Manager

**Debbie Ebert**, Operations Specialist/Safety Coordinator

**Dan Ehrke**, Member Service Manager

**Deb Goettl**, Billing Clerk

**Curt Hanson**, Staking Technician

**Brad Hundt**, Lineman

**Katie Ide**, Executive Administrative Assistant

**Steph Jakel**, Manager of Finance

**Peyton Jasken**, Apprentice Lineman

**Shannon Jerabek**, Energy Management Specialist

**Nathan Kelzer**, Lineman

**Jared Klein**, Lineman

**Justin Kohls**, Energy Management Specialist

**Kevin LaCourse**, Lineman

**Craig Marti**, Foreman

**Teri Martin**, Accountant

**Ronald Meier**, Chief Executive Officer

**Gregg Nistler**, Assistant Engineering Manager

**Patty Robb**, Billing Coordinator

**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





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

## BOARD OF DIRECTORS

### 2022 Election Results:

The Annual Meeting was held on July 12, 2022, which included the Nominating Committee announcing the election results.

Randy Hlavka in District 7, Keith Peterson in District 8, and Susan Anderson in District 9 were elected to serve on the Board.

### Board Leadership Changes:

In the organizational meeting held by the Board of Directors following the Annual Meeting, the Board leadership positions were elected. Doug Kirtz, President; Joe Griebie, Vice-President; Susan Anderson, Secretary-Treasurer; Dave Resch, Asst. Secretary-Treasurer; and Randy Hlavka, GRE Representative.

### With Deep Sympathy:

Board Member Oria Brinkmeier passed away Sunday, January 29, 2023. Mr. Brinkmeier joined the MCPA Board in 2005 and represented District 1 for 18 years.

Oria was a loyal and dedicated member of our Cooperative. He put great emphasis on his responsibilities. He was always well-informed on the decisions at hand and was an important voice advocating for the Cooperative's membership and employees. During his tenure on the Board of Directors, Oria served as the member representative on the Great River Energy's Board of Directors. He also represented McLeod Co-op's interest as a voting delegate for many state and national committees.

Our family here at McLeod Co-op would like to express our gratitude for his dedicated service and extend our sympathies to his family.



# 2022 ANNUAL MEETING MINUTES

## MCLEOD COOPERATIVE POWER ASSOCIATION MINUTES OF THE 87TH ANNUAL MEETING

**July 12, 2022 | Hutchinson Event Center**

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

President Kirtz welcomed members to the 87th 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 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.

Secretary-Treasurer Susan Anderson called for a motion to approve the 2021 Annual Meeting minutes.

A motion was made and seconded to approve the Minutes of the 2021 Annual Meeting as printed in the Annual Report. Motion carried.

President Kirtz announced the Director Candidates in the following districts. District 7: Randy Hlavka and Byron Bettenhausen; District 8: Keith Peterson and Mark Taylor; District 9: Susan Anderson and Jeff Caswell.

President Kirtz also introduced the Directors in Districts 1-6.

CEO Ronald Meier provided a presentation highlighting 2021 for McLeod Co-op Power. In the next 4-year Construction Work Plan \$13,001,000 will be invested into electric grid improvements. In 2021 the Co-op invested \$440,445 in tree trimming.

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

In 2021 the Co-op provided \$98,835 in energy efficiency rebates and returned to the membership \$460,000 in Capital Credits.

The COVID-19 Pandemic impacted the Co-op with not only higher costs for materials but also longer lead time on delivery of supplies in 2021.

Manager of Finance Steph Jakel presented the 2021 Financial Report. The total operating revenue increased by 3.2% in 2021. With higher revenue, the cost of power also increased. Total cost of electric service increased by 5%. In 2021 the Co-op had a 4.6% increase in kilowatt hours sold. This was due to the Polar Vortex in February, extreme heat May-August, and a very cold December.

Finance Manager Steph Jakel explained where an average \$100 residential electric bill is allocated with \$64 dollars going to the cost of power, \$20 dollars going to the operating and maintenance expenses, \$10 dollars going to depreciation, and \$6 dollars going to the interest on long term debt.

In 2021 the Co-op paid off four loans and refinanced two loans totaling over \$4-million dollars at a better interest rate. As a result, there will be a \$1.3 million dollars in interest savings over the lifetime of the loans.

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.

Member Service Manager Dan Ehrke led a panel discussion with several employees from the Operations Department. The panel included Foreman Craig Marti, Foreman Ryan Schuette, and Journeyman Lineman Brad Hundt. Topics discussed were safety, outages, day to day operations, and advice for anyone considering a career as a lineman.

Operation Round Up Trust Board Member, Cheryl Bielke announced that since Operation Round Up began in 2004 the program has awarded nearly \$184,000 to local organizations. This year 28 applications were received. Twenty-three projects received funds for a total of \$34,050.

President Kirtz introduced the 2022 Nominating Committee. District 7: Doug Hanneman, Bruce Svanda, Luanne Kucera. District 8: Judy Hahn, John Lipke, Jim Roebke. District 9: Virgil Stender, Dean Loehrs, Marlin Kohls.

Nominating Committee Chairman Doug Hanneman read the results of the Director Election and declared Randy Hlavka elected from District 7, Keith Peterson elected from District 8, and Susan Anderson elected from District 9. 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 non 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 11:23 a.m.

Attendance prizes were awarded.

Following the meeting, Chef Craig served approximately 200 members with a grab and go lunch.

Dated: July 12, 2022



**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

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