

MCLEOD COOPERATIVE POWER

NEWS

OCTOBER 2023

FACTORS THAT INFLUENCE YOUR ELECTRIC BILL



This month we are going to review the various components of your electric bill. We want to ensure members have a good understanding of what makes up your bill and how inflation is putting pressure on our current rates. Sounds a bit complicated, but don't worry; we'll make it easy to understand!

1. SYSTEM DELIVERY CHARGE (SDC) – KEEPING THE ELECTRICITY FLOWING

The System Delivery Charge (SDC) is a set (or fixed) amount that's on your bill every month, regardless of the amount of electricity that you use. It covers some of the costs for the materials (like wires, poles, and equipment) that bring power to your home, farm, or business. It also helps to pay for services like restoring power during outages. The SDC rates haven't changed since 2018.

2. ENERGY CHARGE – PAYING FOR WHAT YOU USE

The amount of energy you use is multiplied by a rate called the per kilowatt-hour rate. It covers our costs for buying the electricity that members require, and some of the costs for operating our system that are not captured in our system delivery charge (SDC). The last time we had a general rate increase was in 2017. Since then, our costs for buying the electricity you need and operating our system have continued to increase.

3. POWER COST ADJUSTMENT (PCA) – CHANGES IN ELECTRICITY PRICES

The PCA can either be a charge or credit on your bill. It's based on how much the cooperative must pay for the variability of the costs to purchase electricity from our supplier, Great River Energy (GRE), as they purchase and sell power in the market from month to month. In 2023, our members received a bill credit seven out of nine months.

DEALING WITH INFLATION

Whether it's the cost of gas, groceries, building materials, or many of the other purchases we make in our daily lives, many of the necessities we depend upon have increased over the past few years. McLeod Co-op Power has faced these same inflation pressures. Bottom line, the costs of running and maintaining our electrical system over the past couple of years have increased.

WHAT'S HAPPENING IN THE FUTURE?

We are recognizing a need for a rate increase in 2024. We are currently working on options. McLeod Co-op is a not-for-profit electric cooperative, and our rates will continue to be designed to cover the costs of providing electricity to our membership, and keeping our cooperative financially healthy for our members. As always, members will be notified in advance of any changes that are made.

So, there you have it! There's a quick summary of your electric bill as we look ahead to next year. Keep an eye out for further updates next month.

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.

KEEPING YOUR DATA SAFE

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MINNESOTA COLD WEATHER RULE

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WINTER LOAD CONTROL

On control days, the recharging period for water heating and space heating is 6:00 a.m. to 10:00 p.m. from October 1, 2023, through April 30, 2024 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.

METRO REGION SALES TAX – HOUSING & TRANSPORTATION

This past legislative session, the MN Legislature passed new sales taxes for the seven-county metro area. Beginning Oct. 1st, 2023, there will be an additional 0.25% sales tax on sales and purchases supporting housing projects and another 0.75% sales tax for transportation projects. This will impact members in Carver County and be shown as a separate line item on their bills.



CEO MESSAGE

Not sure if you heard, the Marines lost a fighter-jet back in September. The pilot had to eject, but the jet continued to fly for a while. This jet was an F-35 stealth fighter, making it extremely hard to track, and it took a while to find where it finally crashed. So, what does that have to do with running our cooperative? Well, lately I have been describing how we have been financially operating as being very similar to flying.

Over the past couple of years, we have been flying close to the ground, but we’ve been able to keep above the trees thanks to some proactive financial forecasting and by utilizing deferred revenue. With the deferred revenue just about exhausted, it’s time to get a little higher in the air.

We have been eyeing a rate increase for 2024 for some time now. At the last board meeting, we identified what we will need for that increase, right around a total revenue increase of 3.5% across all our rate classes. The last time there was a general rate increase was back in 2017. In addition to figuring out what the general revenue increase needs to be, we’re also looking at how that revenue will be collected through our rates.

We have different rates at the cooperative depending upon how someone will be using it. Larger commercial accounts behave and act differently than the home on the farm. We look for common patterns among the different types of members and put them into what we call a revenue class with its own rate. We look at the costs that are being incurred by each type of revenue class and attempt to design a rate to cover those costs as they are incurred.

When it comes to our basic Farm and General Service rate, we have two basic charges. An energy charge and our System Delivery Charge (SDC). The energy charge looks like how we purchase gas at the pump. Instead of gallons, we measure kilo-watt hours and charge our members on how many kWhs



they use each month. The SDC is a flat fee each month and it is there to recover some of the costs that are created just to have the electrical system ready to deliver electricity; regardless of whether you use it a lot or a little.

Determining how to price each of these charges is where it gets interesting. Our SDC needs to be higher according to our rate studies and depending on where we set that charge, it influences the kWh energy charge. This is where a lot of the considerations will be over the next month as we get closer to setting our rates for 2024.

We have been able to fly our jet close to the ground over the past couple of years, but it is time to get a little bit higher to address inflation pressures and ensure we remain financially stable. If everything goes according to plan, we will be determining our new altitude soon and then begin to roll out the new rates for 2024.

Cooperatively,

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SEPTEMBER 2023 BOARD MEETING HIGHLIGHTS

The Regular Meeting of the Board of Directors of McLeod Cooperative Power Association was held on September 26, 2023, at McLeod Co-op headquarters. Nine board members, the attorney, CEO Ron Meier, and department managers participated in the meeting.

Highlights of the meeting included:

- The outage report for the month of August 2023 was reviewed with a total of 75 outages, affecting 531 consumers.
- Manager of Finance Jakes reviewed the August financials.
- A motion carried to approve Resolution 2023-09-05 General Retirement of Capital Credits.
- Manger of Finance Jakes reviewed the need for a general rate increase. This included a discussion on Rate 2 and options for setting the energy and system delivery charge. Additional options will be brought to the board in October for all the rate schedules in 2024.
- A motion carried to rescind Policy 3-5 Travel and Expenses.
- A motion carried to approve Policy 2-4 Director Compensation.
- A motion carried to approve Resolution 2023-09-06 Approval and Acceptance of Offer to Amend Purchase Power Contract.
- A motion carried to approve Resolution 2023-09-03 Approval of Nextera Energy Resources.

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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/

FARM SAFETY:

A LIFESAVING PRIORITY DURING HARVEST AND BEYOND

In the midst of the demanding harvest season, McLeod Co-op Power urges farmers to prioritize electrical safety. It takes just a split second for anyone, from seasoned farmhands to family members and ag-related workers, to encounter the dangers of electricity on the farm.



Underscoring the significance of reviewing overhead power line locations and height clearance with all those involved is crucial to prioritize safety amidst demanding schedules and increased stress. To ensure year-round safety on your farm, consider these essential electrical safety guidelines:

- Educate everyone about the risks of both direct and indirect contact with overhead power lines or poles.
- Initiate daily safety meetings.
- Exercise caution when using grain augers near overhead lines, and load/unload materials away from them.
- Create a designated drop zone away from power lines.
- In the event of contact with a power line, instruct the driver to stay in the cab, call 9-1-1, and keep others at a safe distance. Educate on proper cab exit procedures in case of fire.
- Fold and unfold equipment well within the field to avoid power line proximity.
- Refrain from storing items like irrigation pipes and machinery under power lines.
- Be mindful of power line locations near grain bins and contact the cooperative for clearance information.
- Report damaged or downed power lines to McLeod Co-op for prompt attention.

Remember, safety always comes first, even during the busiest seasons on the farm. Your diligence can save lives and prevent accidents.



SAFEGUARDING YOUR DATA:

A PRIORITY DURING CYBER SECURITY AWARENESS MONTH

In today's digital age, where information flows seamlessly through the vast landscape of the internet, safeguarding your data has never been more critical. October, known as Cyber Security Awareness Month, serves as a reminder of the importance of protecting our digital assets and personal information. As we navigate this increasingly interconnected world, McLeod Co-op Power remains dedicated to ensuring the security of our member information.

Here are some essential tips to enhance your data security:

FORTIFY PASSWORDS:

- Use strong, unique passwords for each account.
- Incorporate a mix of uppercase and lowercase letters, numbers, and special characters.
- Avoid easily guessable information like birthdays or names.

ENABLE TWO-FACTOR AUTHENTICATION:

- Activate 2FA wherever possible to add an extra layer of protection.
- This typically involves receiving a one-time code on your phone to verify your identity.

KEEP SOFTWARE UP TO DATE:

- Regularly update your operating system, applications, and anti-virus software. Updates often include patches to fix security vulnerabilities.

REGULAR BACKUPS:

- Back up your data regularly to an external device or cloud storage. This ensures you can recover your information if it's compromised.



BEWARE OF PHISHING ATTEMPTS:

- Be cautious of unsolicited emails, especially those with suspicious links or attachments.
- Verify the sender's identity before sharing sensitive information.

PRACTICE SAFE BROWSING:

- Stick to secure websites (look for "https://" in the URL).
- Avoid downloading files or clicking on links from untrusted sources.

PROTECT PERSONAL INFORMATION:

- Limit the information you share online, especially on social media.
- Avoid posting personal details like your full address, phone number, or financial information.

REPORT SUSPICIOUS ACTIVITY:

- If you suspect a cyber security incident, report it immediately to the appropriate authorities or your service provider.

At McLeod Co-op Power, we take the security of your data seriously. Our cooperative has invested in many cyber security measures to safeguard member information. This includes robust firewalls, encryption protocols, and continuous monitoring to detect and mitigate potential threats. We also conduct regular employee training to ensure that our staff remains vigilant against cyber threats.

As we observe Cyber Security Awareness Month, remember that collective efforts to enhance data security can make our digital world safer for everyone.



ENERGY EFFICIENCY

Did you know using your dishwasher is more energy efficient than washing a load of dishes by hand? To maximize efficiency, wash full loads in the dishwasher and don't block the arms or other parts that move while the appliance is in use. For additional savings, turn on the "air dry" setting and use a rinse aid to help dishes dry faster without spotting and streaking.

YOU'RE INVITED: MCLEOD CO-OP OPEN HOUSE

Join us for the McLeod Co-op Power Member Open House as we celebrate National Co-op Month!

Stop by the McLeod Co-op Power warehouse on Tuesday, October 10th, from 9:00 a.m. to 11:30 a.m. for a morning of discovery and appreciation. Engage with our displays of trucks, equipment, and safety booths. Experience hands-on demonstrations showcasing how our dedicated crews work hard to keep the lights on. Displays will include generators, water heaters, heating equipment, and more. Don't miss exciting exhibits like the EGO booth featuring electric lawn equipment and pole climbing demonstrations (weather permitting). Coffee and cookies will also be available.



COLD WEATHER RULE & ENERGY ASSISTANCE PROGRAM NOTICE

Notice to members who are behind in your bill payments: the Cold Weather Rule may not protect you! Make plans now to pay your bill 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

IS YOUR WATER HEATER SAVING YOU MONEY?

Water heating is one of the largest energy expenses in a typical household. Electric thermal storage (ETS) water heaters are nearly 100% efficient and can save you up to 50% on your water heating expenses.

Get a \$500 rebate* when you enroll your water heater on McLeod Co-op Power's Storage Water Heating program. This controlled program heats your water during off-peak hours when electrical demand is at a minimum and stores the hot water for use when you need it. Offer available through December 15, 2023.

LEARN MORE AT:
www.mcleodcoop.com/services/off-peak-programs/

*To qualify installed units must pass the Co-op's Load Management inspection check-out.
*Rebates are processed on a first come, first served basis – once funds are depleted, rebates will cease for 2023.



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