

MCLEOD COOPERATIVE POWER NEWS

NOVEMBER 2023



MCLEOD CO-OP POWER BOARD AUTHORIZES \$205,000 CAPITAL CREDIT RETIREMENT

Members make investments in the Cooperative annually that are reflected through capital credit allocations. These allocations are based on the margin that the Cooperative made for the most recent fiscal year. The Cooperative then uses allocated capital credits over a period of time to maintain and operate the electrical system.

Ultimately, the Cooperative pays back members for their capital credit investments through a process called General Retirement. This is calculated through a retirement schedule where the oldest year in that schedule will receive the remaining balance of their investment and 20% from the last fiscal year. This means we are using 80% of your most recent allocation for roughly the next two decades before that year's allocation is fully paid out.

At the September meeting, the Board of Directors approved the general retirement of capital credits totaling \$205,000. This total breaks down to roughly \$146,500 from fiscal year 2004 and the remaining is from fiscal year 2022. This means that if you were a member in 2004, you will see your part of these retirements. Those that became members after 2004 will receive the 2022 portion of the retirement.

The refund will show up as a bill credit on your December power bill for active members. Please contact our office during regular business hours at (800) 494-6272 if you have any questions regarding capital credits.

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 member-owners of McLeod Co-op Power, rests on our commitment to prudently use the resources you provide. Capital Credits are quantifiable proof that as a member of McLeod Co-op Power, you are an owner of a successful, effective organization.

2024 GENERAL
RATE INCREASE

02

WINTER ENERGY
SAVING TIPS

04

HAPPY THANKSGIVING!

McLeod Cooperative Power Office Closed

McLeod Cooperative Power will be closed on Thursday, November 23, and Friday, November 24, 2023, in observance of Thanksgiving. Please call (800) 927-5685 in the event of an outage or emergency.

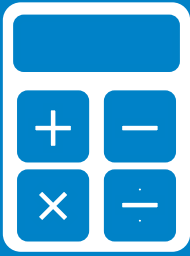
RATE INCREASE

To learn more about the upcoming rate adjustments and their impact, please refer to the comprehensive details available on page two and three. We've provided in-depth insights to address any questions you may have about these changes that take affect on January 1, 2024.

HOW CAPITAL CREDITS WORK



1. McLeod Co-op tracks how much electricity you use through the year.



2. Each year, after expenses are paid, McLeod Co-op calculates margins.



3. Margins are used to invest in the system and allocated to members based on their usage.



4. If financial conditions allow, McLeod Co-op retires (returns) capital credits to members.



CEO MESSAGE

Dear McLeod Co-op Power Members,

Beginning January 1, 2024, a rate increase will take effect to address inflation pressures that our Cooperative has faced in recent years. These adjustments are essential to ensure we remain financially stable, while continuing to provide reliable electricity service to our members.

For answers to common questions about this change, we invite you to review the Frequently Asked Questions section that is on page 3 of this newsletter. If you need further assistance or have concerns, don't hesitate to call, or visit our office.



Your support and understanding with the upcoming rate changes are greatly appreciated. Thank you for being a valued member of McLeod Co-op Power.

Cooperatively, *R1PL*

NOTICE OF GENERAL RATE INCREASE		
RATE SCHEDULES	CURRENT RATES	2024 RATES
FARM AND GENERAL SERVICE SINGLE PH (R2)		
System Delivery Charge (SDC)	\$36.00/mo.	\$41.00/mo.
Energy Charge: Summer (June-August)	\$0.13010/kWh	\$0.13100/kWh
Energy Charge: Other Months	\$0.11990/kWh	\$0.12100/kWh
INTERRUPTIBLE AND STORAGE ENERGY (R3)		
Energy Charge	\$0.06580/kWh	\$0.0680/kWh
FARM AND GENERAL SERVICE THREE PH (R5)		
System Delivery Charge (SDC)	\$56.00/mo.	\$61.00/mo.
Energy Charge: Summer (June - August)	\$0.12240/kWh	\$0.1257/kWh
Energy Charge: Other Months	\$0.11220/kWh	\$0.1149/kWh
CONTROLLED IRRIGATION (R9)		
System Delivery Charge (SDC)	\$70.00/mo.	\$73.00/mo.
Non-Coincidental Demand	\$5.90/kW	\$7.20/kW
Excess Demand Penalty: (June - August)	\$28.54/kW	\$35.64/kW
Excess Demand Penalty: (September - November and March - May)	\$21.71/kW	\$18.73/kW
Excess Demand Penalty: (December - February)	\$14.89/kW	\$15.86/kW
Failure to Control Penalty	\$5.00/kW	\$5.00/kW
Energy Charge	\$0.06390/kWh	\$0.06440/kWh
OPTIONAL PEAK ALERT (R14)		
System Delivery Charge (SDC)	\$127.00/mo.	\$137.00/mo.
Coincidental Demand: Summer (June - August)	\$29.21/kW	\$35.64/kW
Coincidental Demand: Winter (December - February)	\$22.22/kW	\$27.11/kW
Coincidental Demand: Other Months	\$15.23/kW	\$18.73/kW
Non-Coincidental Demand	\$5.90/kW	\$7.20/kW
Energy Charge	\$0.06390/kWh	\$0.0644/kWh
Excess Demand Charge	\$5.00/kW	\$5.00/kW
LARGE POWER SEASONAL (R18)		
System Delivery Charge (SDC)	\$127.00/mo.	\$137.00/mo.
Energy Charge: Summer (June - August)	\$0.14280/kWh	\$0.1475/kWh
Energy Charge: Other Months	\$0.13260/kWh	\$0.1370/kWh
LARGE POWER (R19)		
System Delivery Charge (SDC)	\$127.00/mo.	\$137.00/mo.
Demand Charge: Summer (June - August)	\$16.00/kW	\$19.20/kW
Demand Charge: Other Months	\$13.00/kW	\$15.60/kW
Energy Charge	\$0.06240/kWh	\$0.05100/kWh
INDUSTRIAL (R20)		
System Delivery Charge (SDC)	Contractual	
Coincidental Demand: Summer (June - August)	\$28.54/kW	\$31.37/kW
Coincidental Demand: Winter (December - February)	\$21.71/kW	\$23.04/kW
Coincidental Demand: Other Months	\$14.89/kW	\$14.86/kW
Non Coincidental Demand: First 2,000 kw/mo	\$3.45/kW	\$3.52/kW
Non Coincidental Demand: Next 2,000 kw/mo	\$2.30/kW	\$2.30/kW
Energy Charge	\$0.0599/kWh	\$0.06105/kWh
LIGHTS		
Street Light LED	\$13.00/mo.	\$13.50/mo.
Street Light 150 Watt HPS	\$21.50/mo.	\$22.20/mo.
Street Light 400 Watt HPS	\$27.60/mo.	\$28.50/mo.
Metered Yard Light	\$3.50/mo.	\$3.60/mo.
Unmetered Yard Light	\$6.60/mo.	\$6.80/mo.

OCTOBER 2023
BOARD MEETING
HIGHLIGHTS

The Regular Meeting of the Board of Directors of McLeod Cooperative Power Association was held on October 24, 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 September 2023 was provided was a total of 54 outages, affecting 198 consumers.
- Member Service Manager Ehrke stated that the clerk position is being advertised with the goal of hiring someone for the position by December 1st due to a planned retirement occurring within the billing department.
- Manager of Finance Jakel reviewed the September financials.
- A motion was carried to approve Resolution 2023-10-03 Adoption of 2024 Rates.
- A motion was carried to approve Resolution 2023-10-02 Revision of Policy 3-1 Schedule of Charges.
- A motion was carried to approve Resolution 2023-10-01 stating that MCPA does not support changes asked by GRE to their Articles of Incorporation and Bylaws.



ENERGY
EFFICIENCY

The holiday season is upon us, and that means we'll be using more energy in the kitchen! When possible, cook with smaller countertop appliances instead of the stovetop or oven. Smaller appliances like slow cookers, air fryers and Instant Pots consume less energy.

When using the oven or stovetop, match the size of the pot to the heating element and place a lid over the pot while cooking. The food will cook faster, and you'll use less energy.

NOTICE OF FEE CHANGES

An updated Schedule of Charges was approved by the McLeod Co-op Power Board of Directors at its October meeting. The increased fees will be effective January 1, 2024.

THE NEW RATES ARE LISTED BELOW:

Lineman Service Calls Per Trip Charge:
Monday - Saturday
7:00 a.m. to 3:30 p.m. \$370
3:30 p.m. to 7:00 a.m. \$555
Sundays and Holidays \$740

Electrician Service Calls Per Trip Charge: (1st Hour/Add'l Hours)
Monday - Saturday
7:30 a.m. to 3:30 p.m. \$135/\$100
After Hours & Saturdays \$205/\$155
Sundays and Holidays \$275/\$205

DG Interconnection Charge:
\$795

Labor Line Work:
Regular Time Rate per Man-Hour \$115
Overtime Rate per Man-Hour \$170
Double-Time Rate per Man-Hour \$220
Electrician Time per Man-Hour \$100

Vehicle Charges:
Aerial bucket \$100
Digger \$100
Plow \$110
Trackloader & Attachments \$150
Pole Trailers \$50

Installation of pole for member rented co-op yard light – billed at time and materials.

Estimating Fee for Line Crossings and Switching (Building Moves):
\$500

Reconnection of Non-Delinquent Account:
-In addition to the base reconnection fee, disconnects beyond 30 days will be assessed the equivalent to the monthly System Delivery Charge for the applicable rate sheet. This portion of the reconnection fee is limited to the initial 12 months that the account is disconnected and only applies to the account holder that requested the disconnection.

2024 RATE INCREASE FREQUENTLY ASKED QUESTIONS



HOW MUCH IS THE INCREASE? After careful consideration of the 2024 budget and financial forecasts, the rate increase approved at the October 2023 board meeting increases overall revenue by 3.5 percent. This overall revenue increase is spread throughout all rate classes. Members can refer to the table on page 2 to review the specific increases for each rate class.

WHY ARE CHANGES TO THE RATES NECESSARY? The costs of running and maintaining our electrical system over the past couple of years have increased. We have been facing inflation pressures in the cost of purchasing power, materials, fuel, and various other aspects of our operations.

WHEN WAS THE LAST TIME THE CO-OP HAD A GENERAL RATE INCREASE? The last time we had an increase across all rate classes was in 2017.

HOW WILL THE INCREASE AFFECT MY BILL? All rate schedules are seeing an increase, which includes an increase in the System Delivery Charge and a slight increase in the energy charge. As mentioned above, the table on page 2 includes a breakdown of the increases for each rate class. We also have an online bill estimator on our website (www.mcleodcoop.com) for Rate 2, our Farm and General Services rate, that can provide an estimate on the anticipated increase based on the account's monthly electrical use.

WHEN WILL THIS CHANGE GO INTO EFFECT? The changes to the retail rates are effective January 1, 2024, and will appear on the monthly billing statements received in February.

WHAT IS THE PURPOSE OF THE SYSTEM DELIVERY CHARGE? 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.

WHEN WAS THE LAST TIME THAT THE SYSTEM DELIVERY CHARGE INCREASED? The system delivery charge has remained at \$36 since 2018 (for Rate 2).

WHAT IS THE BASIS OF THE ENERGY CHARGE? 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).

WHAT CAN MEMBERS DO TO REDUCE THEIR ELECTRIC BILL? The most direct way that all members can influence their electric bill is by reducing the monthly electricity that is consumed by appliances, heating/cooling, lighting, and electronic devices. SmartHub is a key account management tool that members can utilize to help track consumption and manage their accounts. Enrolling in our load management programs can also provide savings in the form of either a reduced energy rate or monthly bill credit. Rebates offered by the Co-op for energy efficient appliances, smart thermostats, and other energy saving equipment can provide additional value.

We're encouraging members to contact us if they have questions about their electric bill or for advice on how to start saving today. Members can also visit our website for energy saving tips and to learn about the various load management programs (www.mcleodcoop.com).

HAS THE CO-OP'S NEW HEADQUARTERS CAUSED THE NEED FOR A RATE INCREASE? Although there are some depreciation expenses with the building, the new facility, completed in 2020, was largely financed using proceeds from the sale of the Co-op's Direct TV business. We are fortunate to not be carrying any debt on the facility.

SHOULD WE EXPECT A RATE INCREASE THE FOLLOWING YEAR? We are anticipating a similar increase in 2025; however, we only raise rates when it is necessary, and we will revisit future rates when it is deemed necessary.

HOW WILL THE RATE INCREASE AFFECT MCLEOD CO-OP'S PROFITS? We are a not-for-profit, member-owned electric cooperative. We exist to serve our member owners with reliable and affordable power. Any profits we receive are allocated back to you in the form of capital credits.

SHOULD I BE CONCERNED ABOUT THE COOPERATIVE'S FUTURE STABILITY? No, periodically the Co-op must raise rates to ensure we collect sufficient revenues to cover our costs. It is the responsibility of the Co-op's management team and Board of Directors to monitor co-op's financial stability-which they do monthly through our budgeting and financial forecast processes.

ATTENTION LOAD MANAGEMENT PARTICIPANTS:

McLeod Co-op Power has started a multi-year initiative of replacing the radio receivers that are utilized as part of load control events. Existing receivers are being replaced with models that integrate with our new load control system. These will be replaced at no cost to participating members. We appreciate everyone's assistance as we move ahead with the replacement process. If you have any questions or concerns, please contact the us at (800) 494-6272.



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www.facebook.com/McLeodCoop

THE NEW YEAR IS JUST AROUND THE CORNER GET YOUR CALENDAR!

McLeod Cooperative Power 2024 calendars are now available featuring scenic landscape photos from our service territory!

Stop by the office to pick up a copy today. Calendars are available on a first-come, first-serve basis while supplies last.



FIVE WAYS TO FIGHT THE WINTER CHILL AND SAVE ENERGY

We all have our favorite season. Some people love crisp, cool weather and bundling up under a favorite blanket, while others prefer the warm temperatures summer brings and all fun outdoor activities that go with it. But there's one thing we can all agree on: high winter bills are never fun. McLeod Co-op Power is here to help you find ways to manage your home energy use and keep winter bills in check.



Here are five tips to help increase your home's energy efficiency this winter:

- 1 Mind the thermostat. This is one of the easiest ways to manage your home energy use. We recommend setting your thermostat to 68 degrees (or lower) when you're home. When you're sleeping or away for an extended period of time, try setting it between 58 and 62 degrees; there's no need to heat your home when you're away or sleeping and less active.
- 2 Button up your home. The Department of Energy estimates that air leaks account for 24% to 40% of the energy used for heating and cooling a home. Caulking and weather stripping around windows and doors is another simple, cost-effective way to increase comfort and save energy. If you can feel drafts while standing near a window or door, it likely needs to be sealed.
- 3 Use window coverings wisely. Open blinds, drapes or other window coverings during the day to allow natural sunlight in to warm your home. Close them at night to keep the cold, drafty air out. If you feel cold air around windows, consider hanging curtains or drapes in a thicker material; heavier window coverings can make a significant difference in blocking cold outdoor air.

- 4 Consider your approach to appliance use. When combined, appliances and electronics account for a significant chunk of our home energy use, so assess how efficiently you're using them. For example, if you're running the dishwasher or clothes washer, only wash full loads. Look for electronic devices that consume energy even when they're not in use, like phone chargers or game consoles. Every little bit helps, so unplug them to save energy.
- 5 Think outside the box. If you're still feeling chilly at home, think of other ways to warm up—beyond dialing up the thermostat. Add layers of clothing, wear thick socks and bundle up under blankets. You can even add layers to your home! If you have hard-surface flooring, consider purchasing an area rug to block cold air that leaks.

If you're taking steps to save energy but continue to see major increases in your bills, give us a call at (320) 864-3148. McLeod Co-op Power's energy management experts can help identify areas and other factors impacting your home energy use and recommend next steps for savings like energy management programs and other efficiency upgrades.

Winter months often bring some of the highest energy bills of the year. By being proactive about saving energy, you can increase the comfort of your home and reduce monthly bills.

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SHUT OFF PROTECTION FOR MILITARY PERSONNEL

When a household member has been ordered into active duty, for deployment or for a change of duty station, some member-consumers may find it hard to pay their utility bills. Minnesota law protects these military personnel from shut-off if they cannot pay their utility bills in full.

HOW TO APPLY

Contact McLeod Co-op Power at (800) 494-6272 for an application, and to make and keep a payment plan.

PAYMENT PLANS

- If your household income is below the state median household income and you pay ten percent of your household's gross monthly income toward your gas/electric bill; or
- If you receive energy assistance and you pay ten percent of your household's gross monthly income toward your gas/electric bill; or
- If your household income is above the state median household income and you make and keep a payment plan.



3515 11th St. East
Glencoe, MN 55336

WWW.MCLEODCOOP.COM

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

24-HOUR OUTAGE PHONE
(800) 927-5685

WEBSITE
www.mcleodcoop.com

EMAIL ADDRESS
mcpainfo@mcleodcoop.com

CHIEF EXECUTIVE OFFICER
Ronald Meier

EDITOR
Dan Ehrke and Fuller Creative

BOARD OF DIRECTORS
District 1:
Kirk Newman
(952) 955-3319

District 2:
Joe Griebie
(320) 779-1101

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

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

District 5:
Allan Duesterhoeft
(320) 587-9134

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

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

District 8:
Keith Peterson
(320) 583-0997

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

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