

Red River Valley Cooperative Power Association

SPARKS

February/March 2022

Your Touchstone Energy® Cooperative 



People are the Purpose

Mail-in/In-person
85th Annual Meeting
March 24, 2022

On the cover: TAK Music Venue in Dilworth, Minn., is a great place to enjoy local and national acts.

See page 2



Photo courtesy of takmusicvenue.com

PEOPLE ARE THE PURPOSE

AT TAK MUSIC VENUE

Drummer in local bands, Todd Carlson took his passion for music to the next level when he and his wife Kirstin started TAK Music Venue in Dilworth.

“I was really interested in starting a place that focused on music first,” he said. “Not just a bar that has music once in a while.”

Since its opening in December 2018, many diverse acts have performed at the venue, located on the south side of Highway 10 (1710 Center Ave W). Acts have included local artists, tribute bands like Free Fallin – Tom Petty, KISS and rock band Saving Abel to name a few.

With a capacity of 525, TAK Music Venue is the perfect place to see acts up close with friends in an inviting atmosphere.

“I really enjoy the joy people have watching these bands,” Carlson said.

To see which bands and events are on tap, go to takmusicvenue.com.

SPARKS

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(USPS 509-300)

Rich Whitcomb
CEO & Editor

NOTICE OF ANNUAL MEETING

For the purposes of conducting the annual business of the cooperative, the annual meeting of Red River Valley Cooperative Power Association will be accomplished via **mail-in ballot** and a subsequent short in-person meeting at the **Legion Recreation Center** in Halstad, Minn., at 6 p.m. on Thursday, March 24, 2022, for the following purposes:

1. To pass upon reports of officers and directors;
2. To elect four directors of the cooperative;
 - a. Elections will be held for a three-year term for one director in District 1 and one director in District 2; a one-year term for one director in District 2; and a two-year term for one director in District 3. One candidate per open seat has been nominated via petition in accordance with the bylaws:

District 1	District 2	District 2	District 3
3-year term	3-year term	1-year term	2-year term
Roger Krostue	Marvis Thompson	Paul Baukol	Curtis Stubstad

Mail-in ballots are due in at the cooperative’s headquarters in Halstad no later than 10 a.m. March 24 in order to be counted. The mail-in ballot will also contain a voting request to approve the minutes of the 2021 annual meeting as presented.

Each member who returns a legitimate mail-in ballot will be counted toward the required quorum of 50 members, in accordance with the cooperative’s bylaws. No other nominations were submitted during the nominating process that ended February 18, 2022. The bylaws mandate that no nominations for director can be made from the floor at the annual meeting nor are write-in nominations accepted.

Given that there is only one nominee who properly petitioned for each open director position, the election of the four candidates to their respective open director seats will be moved upon at the annual meeting.

3. **All other matters, which may properly come before the annual meeting, or any adjournment or adjournments thereof.**

Trevor Sorby, Secretary
Dated: February 22, 2022



Roger Krostue
Chairman



Rich Whitcomb
CEO

FROM YOUR CHAIRMAN AND CEO

At its core, people are the purpose of your cooperative.

Red River Valley Co-op Power exists solely to serve its member-owners. Our core goals are to use people and technology to provide you with competitive rates, excellent service and strong reliability now and into the future. True to that purpose, important items of note from 2021 include the following:

- No rate increase in 2021
- Returned \$434,131 worth of capital credits to members
- Rebated \$53,620 to members who installed energy-efficient heat pumps, water heaters, Level 2 electric vehicle chargers and off-peak electric heat
- Completed 136 new service, upgrade and distribution projects designed to enhance reliability
- Blended residential rate less than state/national averages
- On average, members were with power 99.9% of the time
- Continued to enable technology that empowers employees and members alike

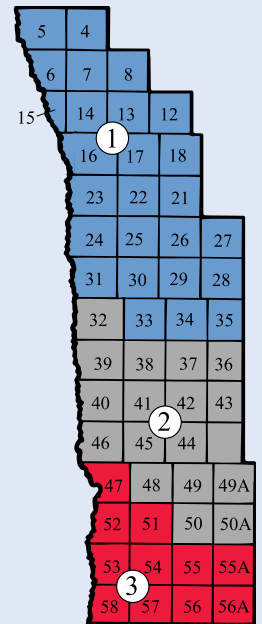
- Donated \$53,000 in unclaimed capital credits to area schools
- Continued planning for a new building to help this co-op grow into the future
- Launched an outage management system to help plan and respond to outages more efficiently
- Installed or replaced 25 miles of underground line, and replaced or installed 378 power poles

Current year rate forecast

For the first time in five years, your cooperative did make a small adjustment to two facility charges this January to help account for increased costs.

The facility charge for Rate 1 members was increased by \$1 per month and the facility charge for members with off-peak meters increased 75 cents per month. Changing those two components was based on a 2019 cost of service study.

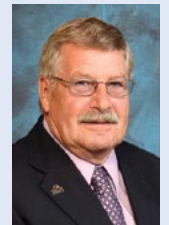
Sales have been volatile the last few years due to weather, agriculture and uncertain economic conditions. Please take a look at the graph on page 5 to see just how sales fluctuate from year to year.



BOARD OF DIRECTORS



Roger Krostue
Chairman
District 1
Fisher



Marvis Thompson
Vice Chairman
District 2
Perley



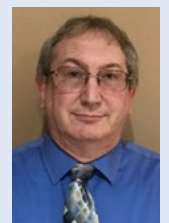
Trevor Sorby
Secretary-Treasurer
District 3
Glyndon



Paul Baukol
District 2
Hendrum



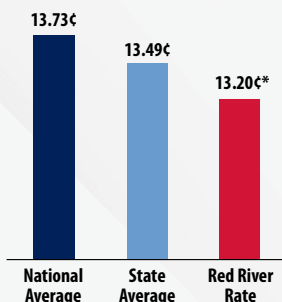
Bob Kinkade
District 1
Ada



Curtis Stubstad
District 3
Sabin

BLENDED RESIDENTIAL ELECTRIC RATE COMPARISON

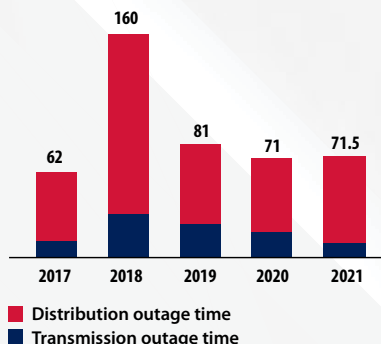
(EIA November 2021 – cents per kWh)



*Includes Red River's facility charge and off-peak kWh. National and state averages come from the Energy Information Administration.

AVERAGE TOTAL OUTAGE TIME PER MEMBER/YEAR

(Minutes)



Does not include planned outages or major storm events which are excluded from the official government calculation.

FROM YOUR CHAIRMAN AND CEO

At its core, people are the purpose of your cooperative.

While that makes budgeting challenging, 2021 did show promise with 70 new services built. We hope that continues, and we are making our own effort to help sustain and increase that number. Obtaining supplies for distribution projects has been increasingly difficult, but staff has done an excellent job ensuring that we have the poles, wires, transformers and other necessary items available to keep your system strong. Those challenges are expected to continue into 2022.

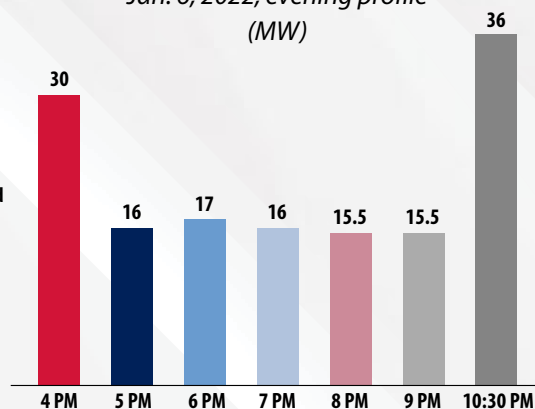
Finally, in January 2022, Red River Valley Co-op Power was able to refinance \$2.3 million in U.S. Treasury loans at a blended rate of 4.73% percent with a new loan at a lower rate of 2.76% percent. Not only will this provide some relief in interest expense, but it also shortens the loan length by about four years.

Reliability

Outage time per member in 2021 was on par with 2020 which itself was a good year and much better than national utility benchmarks.

PEAK LOAD SHED

Jan. 6, 2022, evening profile (MW)



On Jan. 6, your co-op peaked at 36 MW, but was able to shed about 19 MW during the peak pricing period, helping deflect \$1.5 million in wholesale power demand charges.

Inclement weather always plays an unknown hand, but strong efforts are made each year to reinforce the system. That will continue with a mixture of maintenance, upgrades, beefing up existing utility pole corridors and converting overhead to underground where it makes sense.

This year marks the beginning of our next four-year work plan of system improvements. The formal documents should be submitted to the Rural Utilities Service in early spring. Line projects planned for this year include converting up to 10 miles of overhead to underground, spending up to \$200,000 in pole replacements and finishing a house move corridor by converting overhead line crossings to underground along Highway 10. This will alleviate planned power disruptions to a segment of members when our lineworkers are required to provide a power safety escort.

Services

Convenience, value and a pleasant experience – that is what we strive for with every member interaction. Rebates continue to be a big part of our efforts to promote efficient kilowatt-hour sales. Likewise, off-peak electric heat can provide a money-saving hedge for members against volatile propane and fuel oil home heating prices, while allowing the cooperative to sell non-peak kilowatt-hours.

Finally, one of the key elements of our member offerings is the SmartHub free and secure weblink or app. SmartHub provides members with the following any time of day: view energy use, pay your bill, track energy, auto-pay, go paperless and more. SmartHub can be found at www.rrvcoop.com and by finding the app on your phone or tablet.

Facilities update

At its January meeting, the board approved accepting the low bid from TF Powers Construction for the rebuild and renovation of the Halstad main office and shop. The acceptance culminates 18 months of planning and study for the rebuild of the 73-year-old building and renovation of the 35-year-old addition. The project includes a larger and heated shop to actually fit the cooperative's equipment like digger/derricks and bucket trucks. Overall, the building will encompass about 16,000 square feet.

The budget for the whole project, including construction, soft costs and deferred maintenance budgeted in previous years but not spent, is estimated to cost between \$4.4 and \$4.6 million. Asbestos abatement and construction is slated to begin in April. The build is expected to take about 12 months. More information and the reasons why

the project is necessary can be found at rrvcoop.com.

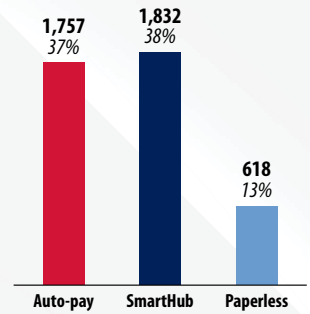
During construction, your cooperative will move to the Hendrum School and serve you in an effective manner like we always have.

Thank you/annual meeting

As always, we are grateful for our members. Please give us a call or send a note if you ever want to discuss anything energy or Red River Valley Co-op Power. Remember to cast your ballot via the mail prior to the in-person 85th annual meeting March 24 in Halstad. A valid mail-in ballot counts towards the quorum.

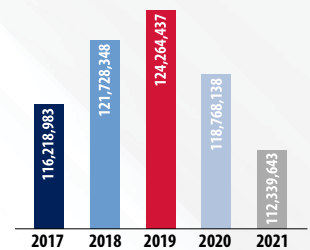
For members who cannot or choose not to attend the in-person function due to COVID concerns, please note that a video highlighting what will be discussed at the annual meeting will be posted on our website the day of the meeting.

AUTO-PAY, SMARTHUB & PAPERLESS USAGE



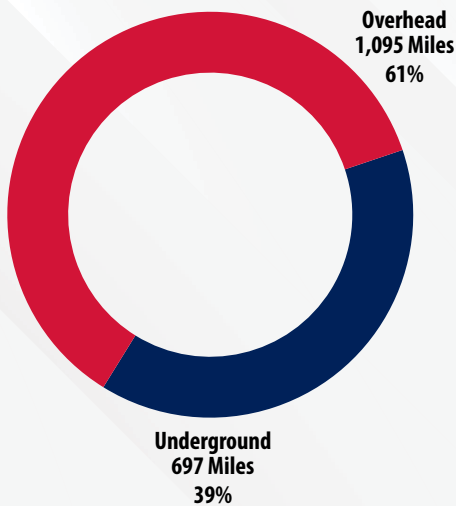
Members using these convenient services

ENERGY SALES (kWh)

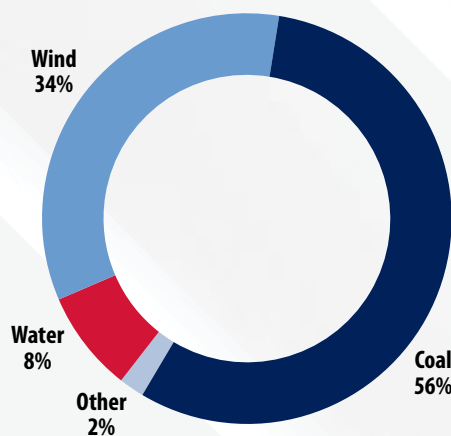


Weather directly affects energy use in the Red River Valley. You can see the fluctuations the last five years. New services and conservation also play a role in energy sales.

OVERHEAD TO UNDERGROUND POWER LINE MIX



MINNKOTA ENERGY CAPACITY RESOURCES



Red River Valley Co-op Power distributes a diverse supply of electricity generated from coal, wind and water.

2021 FINANCIAL REPORT

BALANCE SHEET

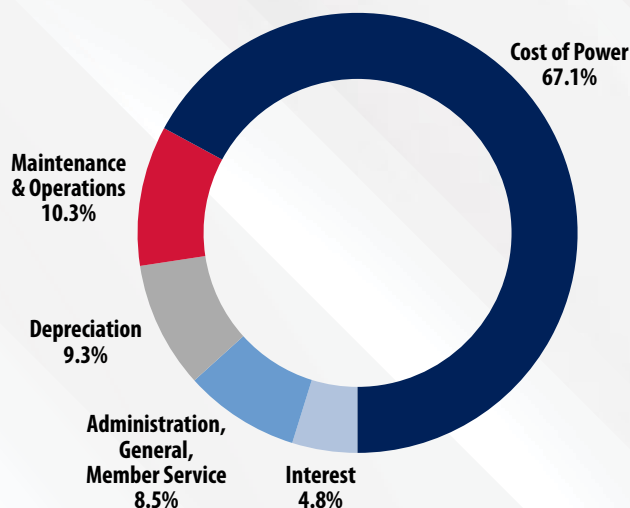
ASSETS

UTILITY PLANT	
Electric plant in service	\$53,793,213
Construction work in progress	1,082,573
Total	54,875,786
Less accumulated depreciation	(16,946,883)
TOTAL	37,928,903
OTHER PROPERTY & INVESTMENTS	
Invest. in associated organizations	2,217,497
Other investments	637,001
TOTAL	2,854,498
CURRENT ASSETS	
General cash & cash equivalents	1,474,976
Accounts receivable – net	1,701,184
Materials & supplies – electric & other	1,063,731
Prepayments	31,028
Other current & accrued assets	5,200
TOTAL	4,276,119
DEFERRED DEBITS	137,872
TOTAL ASSETS	\$45,197,392

EQUITIES & LIABILITIES

EQUITIES	
Patronage capital	\$10,531,853
Other margins & equities	8,257,526
TOTAL	18,789,379
LONG-TERM DEBT	22,195,950
CURRENT LIABILITIES	
Current portion of long-term debt	672,715
Line of credit	1,000,000
Accounts payable – purchased power	1,056,104
Accounts payable – other	89,372
Customer deposits	116,650
Other current & accrued liabilities	332,703
TOTAL	3,267,544
DEFERRED CREDITS	944,519
TOTAL EQUITIES & LIABILITIES	\$45,197,392

TOTAL COOPERATIVE EXPENSES



INCOME STATEMENT

OPERATING REVENUE	
Sale of electricity	\$14,518,438
Other	50,338
TOTAL	\$14,568,776
OPERATING EXPENSES	
Cost of purchased power	9,574,574
Distribution expense – operation	855,847
Distribution expense – maintenance	601,330
Consumer accounts expense	328,608
Customer service and informational expense	221,043
Sales expense	31,730
Administrative & general expense	614,681
Depreciation & amortization expense	1,325,078
Interest on long-term debt	686,412
Other deductions	22,303
TOTAL	14,261,606
NET OPERATING MARGINS	307,170
NONOPERATING MARGINS	
Interest income	43,883
Other nonoperating income	288,507
Other capital credits & patronage dividends	712,373
NET MARGINS	\$1,351,933

Red River Valley Cooperative Power Association

84TH ANNUAL MEETING OF THE MEMBERSHIP

Mail-in portion held March 12 and online session held March 18, 2021

The 84th annual meeting of the membership of Red River Valley Cooperative Power Association was held online via Your Live Event (YouTube) at Minnkota Power Cooperative, Grand Forks, N.D., at 4 p.m. March 18, 2021. As properly noticed in accordance with the Cooperative's Bylaws, the mail-in portion of the Annual Meeting to conduct the business of seating directors, and approving the 2020 Annual Meeting minutes was held via mail-in ballot, which were due back to the Cooperative's headquarters on March 12, 2021, by 4:30 p.m. In accordance with the Bylaws, the valid mail-in ballots were sufficient to establish a quorum for the Annual Meeting.

The Board of Directors determined that it was appropriate that the Annual Meeting be held in this format for safety reasons due to the ongoing COVID-19 pandemic.

CEO Rich Whitcomb welcomed the membership to the online information session at 4 p.m. where he introduced the session's format and agenda. He also introduced Board Chair Roger Krostue, Attorney Andrew Sorbo and Auditor Matt Laughlin.

CALLED MEETING TO ORDER & ESTABLISHED QUORUM – Chairman Krostue

Chairman Roger Krostue called the meeting to order at 4:05 p.m. He declared a quorum for the annual meeting based on the 328 valid ballots received at the Cooperative's headquarters via the mail and were opened the morning of March 15.

PLEDGE OF ALLEGIANCE – Chairman Krostue

Chairman Krostue led the Pledge of Allegiance and then turned the session over to Attorney Sorbo.

VALIDATING THE OFFICIAL NOTICE OF MEETING & MAILING

Attorney Sorbo stated that the Official Notice of the Annual Meeting was mailed on February 24, 2021, and that the Affidavit of Mailing of Notice of Annual Meeting is on file in the Cooperative's headquarters.

APPROVING THE UNAPPROVED MINUTES

Attorney Sorbo noted that the Cooperative received 312 timely, valid ballots in favor of approving the 2020 Annual Meeting Minutes and one timely, valid ballot not in favor as presented in the Notice of the Annual Meeting dated February 18, 2021. Accordingly, the 2020 Annual Meeting Minutes were approved as presented.

REPORT ON NOMINATING PETITIONS AND ELECTION OF DIRECTORS – Attorney Andrew Sorbo

Attorney Sorbo reported on the nominating petitions for the following candidates:

District 1 (3-year-term): Bob Kinkade (Incumbent)

District 3 (3-year-term): Neil Wieser (Incumbent)

Attorney Sorbo discussed the voting process and explained the Cooperative's Bylaws on director nominations and voting. Attorney Sorbo explained to the membership that both candi-

dates were properly nominated and were running unopposed. Attorney Sorbo stated that the Cooperative had received 315 timely, valid ballots in favor of electing Bob Kinkade, District 1, and 292 timely, valid ballots in favor of electing Neil Wieser, District 3, to the two open Director positions. Accordingly, Bob Kinkade, District 1, and Neil Wieser, District 3, were elected to the Board of Directors' two open Director seats.

INFORMATIONAL VIDEOS PRESENTED ON BEHALF OF MINNKOTA POWER COOPERATIVE AND RED RIVER VALLEY CO-OP POWER

Two informational and pre-recorded videos were shown to the membership commenting on wholesale power activities and activities of Red River Valley Co-op Power for 2020 and upcoming information for 2021. Topics included:

- No rate increase since 2017 and none planned for 2021
- Outage times better than state and national averages
- Reliability activities undertaken so far including overhead to underground conversions, pole testing and tree trimming efforts
- Upcoming implementation of the outage management system
- Update on the facilities project and planned renovation/rebuild of headquarters

FINANCIAL REPORT – Brady Martz

Matt Laughlin from Brady Martz presented the financial report of the cooperative for the year ending December 31, 2020. Mr. Laughlin reviewed revenues and expenses, nonoperating revenue, assets and equities and liabilities. Mr. Laughlin commented any member could view the audited financials by contacting the cooperative.

QUESTION AND ANSWER TIME FROM MAILED BALLOTS – CEO Whitcomb

CEO Whitcomb said one member had sent in a question to be answered at the online annual meeting regarding renewables and a surcharge that was recently rolled into the regular rate. CEO Whitcomb explained the surcharge was rolled into the rate because it was a necessary revenue component and that large-scale renewables were most likely a permanent part of Minnkota's wholesale power mix along with baseload sources such as coal and hydro.

FINAL COMMENTS – CEO Whitcomb

CEO Whitcomb made final comments on the benefits of the cooperative model and named three employees and one director who received service awards for tenure.

ADJOURNMENT – Chairman Krostue

There being no further business or reports to discuss in the online session, Chairman Krostue adjourned the meeting at 4:32 p.m.

Trevor Sorby, Secretary-Treasurer



**RED RIVER VALLEY
CO-OP POWER**

IN-PERSON MEETING AGENDA

MARCH 24, 2022

**Legion Recreation Center
580 2nd Ave W - Halstad, Minn.**

- 4 p.m.** Registration
- 5 p.m.** Supper
- 6 p.m.** Call meeting to order Roger Krostue
- Pledge of Allegiance Roger Krostue
- Notice of meeting/reading of unapproved
minutes/nominating petition Legal Counsel
- CEO report Rich Whitcomb
- Financial report Brady Martz
- Old business Roger Krostue
- New business. Roger Krostue
- Adjournment Roger Krostue
- Awarding of prizes

**Free koozie/playing cards/\$5 DQ gift certificate
for every member household who attends
and registers at the annual meeting!**