

Red River Valley Cooperative Power Association

SPARKS

February/March 2021

Your Touchstone Energy® Cooperative 

Building for the *Future*



**Mail-in/Virtual
84th Annual Meeting**
March 18, 2021

For the online portion
of the annual meeting,
go to www.rrvcoop.com and click on
2021 Annual Meeting

NOTICE OF ANNUAL MEETING

For the purposes of conducting the annual business of the cooperative during a pandemic, the annual meeting of Red River Valley Cooperative Power Association will be accomplished via mail-in ballot and a subsequent short informational online meeting.

Mail-in ballots are due in at the cooperative's headquarters in Halstad no later than 4:30 p.m. on March 12 in order to be counted. The informational session will be held online at 4 p.m. on March 18 and will consist of live and pre-taped information. The link for the live online portion of the annual meeting can be found at www.rrvcoop.com by clicking on 2021 Annual Meeting.

The mail-in ballot will contain a voting request to seat incumbent director Bob Kinkade (District 1) and incumbent director Neil Wieser (District 3) for a three-year term. This is proper as there were no other nominations for those respective seats during the properly-held nominating process that ended February 16, 2021.* The ballot will also contain a voting request to approve the minutes of the 2020 annual meeting as presented.

Each member who returns a legitimate mail-in ballot will be counted towards the required quorum of 50 members, in accordance with the cooperative's bylaws. These

two items comprise the active business portion of the annual meeting.

If members have a question that they would like answered during the informational meeting, please provide it in writing via info@rrvcoop.com with your name and phone number or mail in the question separately from the election ballot prior to March 12. General questions will be answered during the meeting. Members who have questions specific to their individual service or situation will be contacted separately.

The informational online session will include presentations on the financial and operational aspects of your cooperative for 2020 and will also provide an update on activities Red River Valley Co-op Power has planned for this year as well.

Trevor Sorby, Secretary
Dated: February 18, 2021

* This year, the deadline for filing a petition was Feb. 16, 2021. The bylaws mandate that no nominations for director can be made from the floor at the Annual Meeting nor are write-in nominations accepted.

SPARKS

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Rich Whitcomb
CEO & Editor

BOARD OF DIRECTORS



Roger Krostue
Chairman
District 1
Fisher



Marvis Thompson
Vice Chairman
District 2
Perley



Trevor Sorby
Secretary-Treasurer
District 3
Glyndon



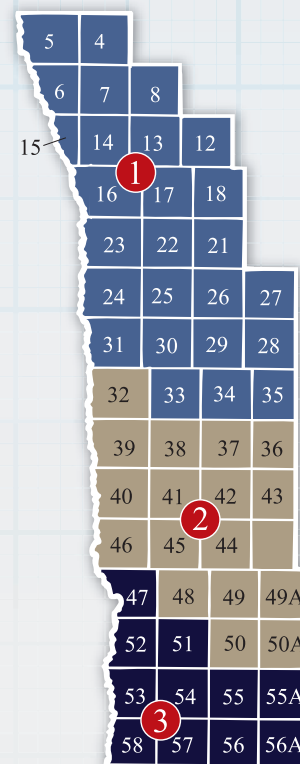
Bob Kinkade
District 1
Ada



Sarah Tommerdahl
District 2
Hendrum



Neil Wieser
District 3
Moorhead





Roger Krostue
Chairman



Rich Whitcomb
CEO

FROM YOUR CHAIRMAN AND CEO

Literally and figuratively, your cooperative is building for the future.

On the cover you'll see linemen reviewing progress on new three-phase power line to deliver service to a swine operation in the center of Norman County. At home, you'll see the benefits of technology when you log in to SmartHub or check out the cooperative's enhanced outage management features online in April. And in our office, preparations for reinvesting in the cooperative's headquarters and its south location continue to be refined.

These undertakings demonstrate delivering value on the line to you and this cooperative's mission of service since 1938. Before we discuss this year, let's recap activities in 2020 that took place at Red River Valley Co-op Power:

- No rate increase to any component; the last rate increase occurred Jan. 1, 2017.
- Returned \$456,934 worth of capital credits to members.
- Blended rate less than state/national averages.
- No safety incidents with lost time.
- On average, members were with power 99.986% of the time.
- Gave out \$28,000 in rebates for heat pumps and large-capacity water heaters.
- Converted 17.5 miles of overhead power line to underground.
- Continued digitally mapping the system in preparation for new reliability enhancement software.
- Adapted operationally to mitigate the effects of COVID-19.

Current year rate forecast

No rate increase is forecast this year, barring anything unforeseen such as damage from severe storms or further downturn to the economy due to COVID-19.

As always, your cooperative's goal is to provide you with the most value for your energy dollar – true to its not-for-profit mission. Also, operating margins, called capital credits, are returned back to you after being reinvested into operations. Capital credits are typically retired on a yearly basis. In fact, almost \$10 million worth of capital credits has been returned to members.

2021 will mark the first year of a new wholesale power rate structure from Minnkota Power Cooperative beginning in April. Wholesale power costs are important because they make up about 67 cents of every dollar you pay to Red River Valley Co-op Power. After analysis, the changes should be relatively neutral overall to your cooperative.

Reliability

For the second straight year, outage time decreased in 2020 and continues to be better than national utility benchmarks (see graph at right). While weather obviously plays a role, your cooperative uses a mixture of internal and contracted crews to maintain strong reliability.

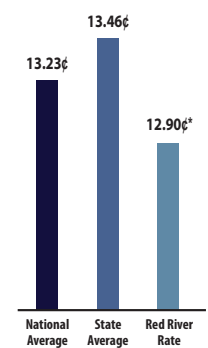
Important work also took place in preparing for reliability software enhancements.

For the first time, mapping and staking sheets were converted to software. This served as the backbone for the co-op to begin using an in-house engineering model and a new outage management system.

In time, this will provide engineering and operations with a quicker grasp on reliability trends and help concentrate on areas of improvement for the future. It will also help employees diagnose line outages in the office and in the field.

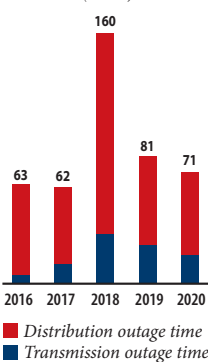
Likewise, this year represents the last year of the four-year service/reliability work plan. Your cooperative plans to convert another 9 miles of overhead to underground

Blended Residential Electric Rate Comparison
(EIA November 2020 – cents per kWh)



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

Average Total Outage Time per Member
(Minutes)



FROM YOUR CHAIRMAN AND CEO

As always, your cooperative's goal is to provide you with the most value for your energy dollar – true to its not-for-profit mission.

power line and build 5 miles of sturdy three-phase overhead line to serve a new business. Staff has already begun preparing and identifying projects for the next work plan.

In addition to the new software tools crews have, procedures are also being re-

efined and implemented to help maintain reliability and reduce outages. Winds and weather

in the valley can be harsh. And with 1,800 plus miles of power line and equipment, maintenance is important.

This winter, your co-op undertook a comprehensive township-by-township approach to identifying all necessary maintenance improvement measures. While your co-op has done line patrol for years, this inspection was done with a focus on being all-encompassing. The result is an overall task list that will be analyzed and prioritized for crews.

Services

Convenience, value, efficiency and friendliness; those are the key ingredients to providing good service.

Members received \$28,000 in rebates primarily for heat pumps and large-capacity electric water heaters on demand response in 2020 and those rebates continue into this year as well. Rebates are used to help members and the cooperative by promoting efficient kilowatt-hour sales.

The secure SmartHub link and app is another way your cooperative provides business convenience. Members who use SmartHub not only can see their daily energy use, but they can also pay their monthly electric bill online or set up payment automatically.

Finally, members should be able to view outages with our outage tracker at www.rrvcoop.com by April. Please visit www.rrvcoop.com or call 218-456-2139 to learn more about service offerings.

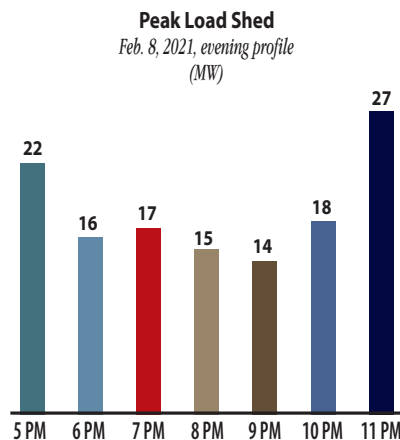
Facilities project

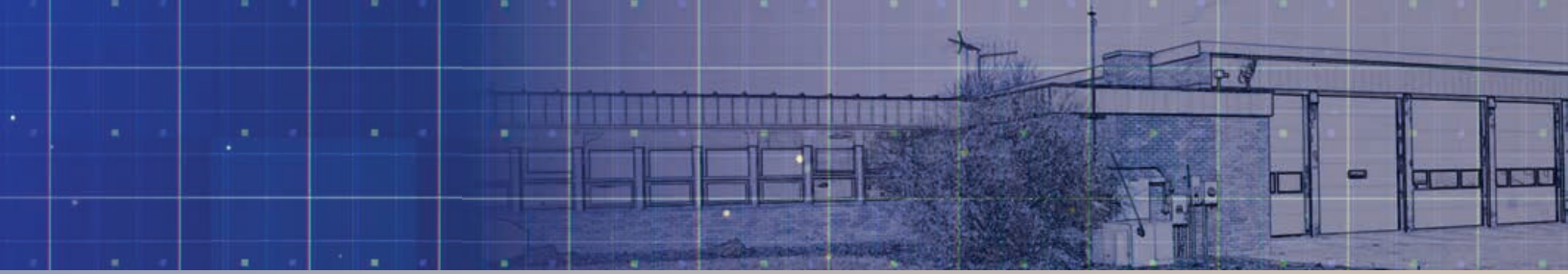
Since August, communications have been sent to the membership that your cooperative has been undergoing a thorough review of its facilities (both main office and south linemen location) for the purpose of better serving members and employees for decades to come.

To perform this review, the cooperative engaged with Michael Burns Architects (Moorhead) to conduct a facilities review that included surveying, engineering reports and facilities assessments. Factors to be considered also include ensuring facilities are safe, secure, efficient, compliant and provide a pleasant environment for members and employees alike.

The main location in Halstad was built in 1949 with an addition in 1987. Concerns have become apparent with the 1949

On Feb. 8, your co-op peaked at 27 MW, but was able to shed about 10 MW during the peak pricing period, helping your co-op deflect \$850,000 in wholesale power demand charges.





facility and detached shop on the property that is also decades old. A few of these concerns include leaking roof areas, inadequate insulation/air sealing, failing heating/cooling equipment, little mechanical ventilation, concrete and asphalt repairs, as well as a layout that is not conducive for the future. The detached shop has clear degradation as well. Plus, asbestos remediation is necessary if any meaningful repairs are to take place.

With all that in mind and in contemplating a 72-year-old building, Michael Burns Architects has estimated \$3 million for a renovation/rebuild project at the Halstad headquarters. That estimated cost will allow for demolition and subsequent rebuild of the 1949 facility, plus the addition of the footage of the detached shop. It also includes existing maintenance needs like concrete and renovation of the 1987 addition.

The rebuild would also allow the cooperative to have its larger bucket truck in heated space for the first time. This change

will help line crews who are called out to outages in cold, blizzard-like conditions have the large bucket truck ready to roll.

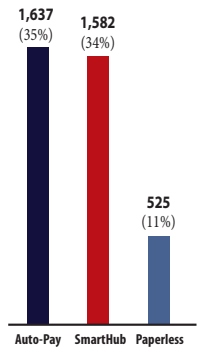
This necessary project will help ensure your cooperative is positioned for current and future needs in a thoughtful and responsible manner. Details with the architect will continue to be refined with a formal design/solicitation process to start in early spring.

To learn more about the facilities review and the reasons why a rebuild/renovation is necessary, please go to www.rrvcoop.com and click on About Us, then Sparks News, 2021 and Facilities Renovation/Rebuild Project.

Thank you

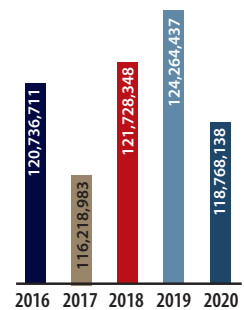
Your cooperative was formed by you to serve you. Please give us a call or send us a note if you would ever like to discuss your cooperative. See you online March 18 for the informational portion of the 84th annual meeting.

Auto-Pay, SmartHub & Paperless Usage



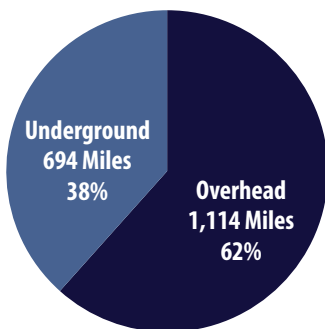
Members using these convenient services.

Energy Sales (kWh)

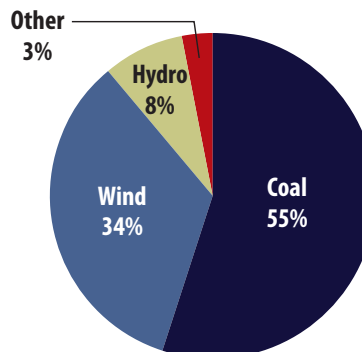


Weather directly affects energy use in the Red River Valley. You can see the fluctuations the last five years. New services and conservation also play a role in energy sales.

Overhead to Underground Power Line Mix



Minnkota Energy Capacity Resources



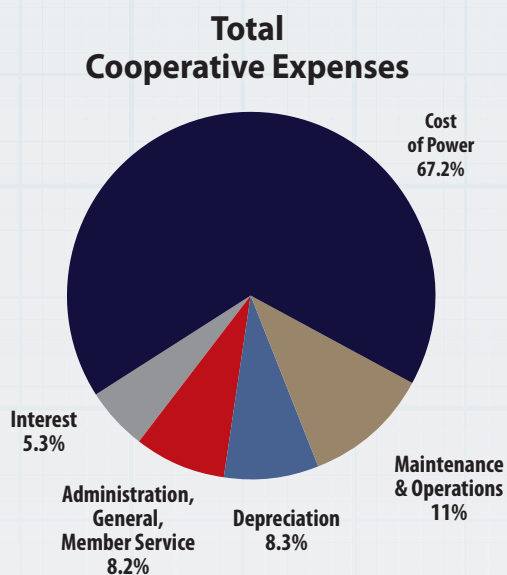
Red River Valley Co-op Power distributes a diverse supply of electricity generated from coal, wind and water.

2020 FINANCIAL REPORT

BALANCE SHEET

ASSETS	
UTILITY PLANT	
Electric plant in service	\$ 50,565,542
Construction work in progress	2,169,099
Total	52,734,641
Less accumulated depreciation	(16,432,514)
TOTAL	36,302,127
OTHER PROPERTY & INVESTMENTS	
Invest. in associated organizations	1,537,325
Other investments	38,844
Economic development fund	187,313
TOTAL	1,763,482
CURRENT ASSETS	
General cash & cash equivalents	1,065,429
Accounts receivable – net	1,749,018
Materials & supplies – electric & other	880,922
Prepayments	40,651
Other current & accrued assets	5,621
TOTAL	3,741,641
DEFERRED DEBITS	229,953
TOTAL ASSETS	\$42,037,203

EQUITIES & LIABILITIES	
EQUITIES	
Patronage capital	\$ 10,176,635
Other margins & equities	7,738,451
TOTAL	17,915,086
LONG-TERM DEBT	20,989,189
CURRENT LIABILITIES	
Current portion of long-term debt	724,893
Accounts payable – purchased power	983,756
Accounts payable – other	62,715
Customer deposits	127,405
Other current & accrued liabilities	310,615
TOTAL	2,209,384
DEFERRED CREDITS	923,544
TOTAL EQUITIES & LIABILITIES	\$ 42,037,203



INCOME STATEMENT

OPERATING REVENUE	
Sale of electricity	\$15,347,285
Other	40,837
TOTAL	\$15,388,122
OPERATING EXPENSES	
Cost of purchased power	9,980,606
Distribution expense – operation	915,380
Distribution expense – maintenance	719,558
Consumer accounts expense	335,584
Customer service and informational expense	207,544
Sales expense	28,556
Administrative & general expense	641,004
Depreciation & amortization expense	1,233,001
Interest on long-term debt	794,353
TOTAL	14,855,586
NET OPERATING MARGINS	532,536
NONOPERATING MARGINS	
Interest income	161,502
Other nonoperating income	236,207
Other capital credits & patronage dividends	30,291
TOTAL	428,000
NET MARGINS	\$ 960,536

Red River Valley Cooperative Power Association

83RD ANNUAL MEETING OF THE MEMBERSHIP

Mail-in portion held July 28 and online session held Aug. 5, 2020

The 83rd annual meeting of the membership of Red River Valley Cooperative Power Association was held online via YouTube Live at the boardroom of Minnkota Power Cooperative, Grand Forks, North Dakota at 11 a.m. Aug. 5, 2020. 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 2019 Annual Meeting minutes was held via mail-in ballot, which were due back to the cooperative's headquarters on July 28, 2020, by 9 a.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. The information session of the annual meeting can be seen in its entirety on YouTube Live.

CEO Rich Whitcomb welcomed the membership to the online information session at 11:07 a.m., where he introduced the session's format and agenda.

CALLED MEETING TO ORDER & ESTABLISHED QUORUM – Chairman Krostue

Chairman Roger Krostue called the meeting to order at 11:10 a.m. He declared a quorum for the annual meeting based on the 316 valid ballots received at the cooperative's headquarters via the mail and opened after 9 a.m. on July 28.

INTRODUCTIONS – Chairman Krostue

Chairman Krostue introduced the Board of Directors, attorney Sam Schmitz and auditor Matt Laughlin of Brady Martz.

PLEDGE OF ALLEGIANCE – Chairman Krostue

Chairman Krostue led the Pledge of Allegiance and then turned the session over to attorney Schmitz.

VALIDATING THE OFFICIAL NOTICE OF MEETING & MAILING

Attorney Schmitz stated that the Official Notice of the Rescheduled Annual Meeting was mailed on July 8 and that the Affidavit of Mailing of Notice of Annual Meeting is on file in the cooperative's headquarters.

APPROVING THE UNAPPROVED MINUTES

Attorney Schmitz noted that the cooperative received 316 timely, valid ballots in favor of approving the 2019 Annual Meeting minutes as presented in the Notice of the Annual Meeting dated July 8, 2020. Accordingly, the 2019 Annual Meeting minutes were approved as presented.

REPORT ON NOMINATING PETITIONS AND ELECTION OF DIRECTORS – Attorney Sam Schmitz

Attorney Sam Schmitz reported on the nominating petitions for the following candidates:

District 2 (3-year-term) Sarah Tommerdahl (Incumbent)

District 3 (3-year-term) Trevor Sorby (Incumbent)

Attorney Schmitz discussed the voting process and explained the cooperative's bylaws on director nominations and voting. Attorney Schmitz explained to the membership that both candidates were properly nominated and were running unopposed. Attorney Schmitz stated that the cooperative had received 299 timely, valid ballots in favor of electing Sarah Tommerdahl, District 2, and 288 timely, valid ballots in favor of electing Trevor Sorby, District 3, to the two open director positions. Accordingly, Sarah Tommerdahl, District 2, and Trevor Sorby, District 3, were elected to the Board of Directors' two open director seats.

CEO'S REPORT – CEO Whitcomb

CEO Whitcomb presented the report on activities and operations of the cooperative during 2019 and activities undertaken so far in 2020. Topics included:

- No rate increase for 2019 and none planned for 2020.
- Outage times better than state and national averages and closer to operational goals.
- Reliability activities undertaken so far including overhead-to-underground conversions, pole testing and tree-trimming efforts.
- Technology advancements and upcoming implementations.
- Legislative activities that affect the cooperative and the cooperative's efforts to communicate with legislators.

FINANCIAL REPORT – Brady Martz

Matt Laughlin, representative for Brady Martz, then presented the financial report of the cooperative as of the year ending Dec. 31, 2019. Mr. Laughlin reviewed operating revenue, operating expenses, nonoperating revenue, assets and equities and liabilities.

Mr. Laughlin also commented that any member could view the audited 2019 financials by contacting the cooperative.

FINAL COMMENTS – CEO Whitcomb

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

ADJOURNMENT – Chairman Krostue

There being no further business or reports to discuss in the online session, Chairman Krostue adjourned the meeting at 11:33 a.m.

Trevor Sorby, Secretary-Treasurer



**RED RIVER VALLEY
CO-OP POWER**

ONLINE INFORMATION MEETING AGENDA

March 18, 2021 – 4 p.m.

Online information meeting is located at this YouTube channel address:

<https://youtu.be/KChw52V9Umg>

- 4 p.m.** Opening welcome..... Rich Whitcomb
- Call meeting to order..... Roger Krostue
- Pledge of Allegiance Roger Krostue
- Seating of directors and approval
of 2020 minutes via mail-in ballot..... Legal Counsel
- CEO report Rich Whitcomb
- Financial report..... Brady Martz
- Q&A via mail-in ballots..... Rich Whitcomb
- Awarding of prizes
- Adjournment..... Roger Krostue

Chance to win
a prize for sending in
a valid mail-in ballot

