

# 2021 Annual REPORT

Special March 2022 edition of the Electric Eye newsletter

## Notice of 85th Annual Meeting

- 7 p.m. Tuesday, April 5, at the Arlington Community Center, 204 Shamrock Drive, Arlington, MN
- One-hour meeting includes cooperative and financial updates for the year 2021
- Announcement of District 1 election results
- Introduction of the 2022 scholarship recipients and 2022 Youth Tour representative

## It's an honor to serve you

**Our core job** is keeping the lights on, but our passion is serving our members. Because we're a co-op, our purpose is to enrich the lives of our members and serve the long-term interests of our community. This service focus is at the heart of who we are.

We were built and are led by the members we serve. Whether tested by severe weather events or a pandemic, our co-op puts people first -- not just during tough times, but all the time. Over the years, our charitable efforts, staff volunteer service hours and other locally-focused projects have served civic organizations, supported area schools and young people, supplied local food banks, assisted families in need to keep the lights on and much, much more.

Here are a few reasons we are honored to serve you, the members of Minnesota Valley Electric Cooperative.

**1** *We enjoy serving our members because without you, the co-op wouldn't exist.*

Our purpose is to provide you with reliable, responsible and safe electricity. Simply put, MVEC exists to serve you. That's why we were formed in 1937—to bring power to our local area when for-profit utilities would not.

**2** *You enable us to complete our mission by supporting our efforts to give back.*

A major part of MVEC's mission and vision is to serve our community

and look after the greater good. With your assistance, we're able to help members of our community through food and toy drives and community grant programs like Operation Round Up and our Gift of Electricity program, which helps local families pay their energy bills when times are tough.

**3** *Members of our co-op also serve on the board of directors.*

I'm privileged to work with a well-informed, dedicated group of Directors who provide guidance for setting co-op priorities and helping make big decisions. Because our board members live in MVEC's service area, they're able to serve as the pulse of the larger community and identify immediate and long-term needs. The broader co-op membership provides helpful input through their vote on director elections and by weighing in on co-op and community issues.

**4** *You help us get it right. MVEC members are great about keeping us in the know.*

We do our best to avoid power outages, but Mother Nature can occasionally throw us a curveball; our members are quick to report any power disruptions and are patient as our crews work to safely restore power. We know outages are frustrating, and your support as we work through storms means so much to our line crews and staff. In 2021, we added the option of reporting member power outages through text messaging.

I'm privileged to work with a well-informed, dedicated group

We do our best to avoid power outages, but Mother Nature can occasionally throw



**Brent Lawrence**

MVEC Board of Directors President

**5** *You and other MVEC members make up the community we serve — and for us, it's all about community.*

Our employees live and work here, too, and care about our community the same way you do. We're invested and work to help it

thrive. That's why MVEC participates in community celebrations, supports local schools, and provides scholarship funds. It's also why we invest in economic development, and why you'll see our employees volunteering for youth sporting organizations, schools, churches, and other charitable and community endeavors.

As a co-op, it is important to enhance the quality of life in our community and look after its long-term interests. We truly enjoy serving our members and our local community, and just like you, want everyone to thrive.

Cooperatively yours,  
Brent Lawrence

**Our Mission:** *To create exceptional member experiences while safely providing reliable energy at cost.*

**Our Vision:** *To be a trusted energy partner loyal to the community — now and for future generations.*

# MVEC

MINNESOTA VALLEY ELECTRIC COOPERATIVE

A Touchstone Energy® Cooperative

# 2021 = successful year

## Financial Strength

**6th year of stable rates**

**Wholesale power costs = 69%** of your electric bill. Despite 2021 challenges of fluctuating world-wide energy prices and supply chain issues, MVEC maintained legacy general service rates for a 6th year in a row (since 2016). A diverse power supply portfolio continues to evolve and allows for more carbon-free options, while balancing affordability and reliability.

**\$1.45 million returned in Capital Credits!** Unlike other business models, MVEC is a non-profit. Any revenue remaining after all expenses paid are returned to YOU in proportion to your past electric usage. Capital Credit allocations and retirements represent each member's share of the Cooperative's margins and ownership of the co-op.

**2021 distribution = \$1.45 million** (largest general retirement in MVEC history) | **Since 1959 = \$28 million returned**

**Capital Credits = money returned back to you**

**How does your household compare?**

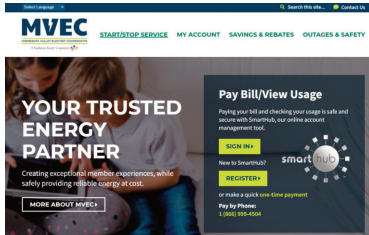


- **Average residential member's monthly bill = \$135**
- **Average residential member's monthly usage (kWh) = 1,084 kWh**

## Meeting Member Needs with Service You Expect!

**87**

**was our score** on two 2021 American Customer Satisfaction Index surveys, based on a 0 to 100-point scale. Four key areas are asked: overall satisfaction, how does MVEC measure up to expectations, comparison to an "ideal" utility, and member loyalty. To compare, other electric cooperatives average a score of 73 according to the 2021 American Customer Satisfaction Index Survey of customers rating their satisfaction with their Cooperative Energy Utility company. Our goal is to continuously exceed your expectations!



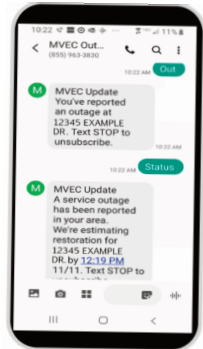
**24/7**

**service available** at the newly-redesigned [www.mvec.net](http://www.mvec.net). Program and product information, outage updates, and over 35 secure online forms are available when you need them, allowing you to do business with us any time any day.

**35,210 members use SmartHub. Do you?** SmartHub is a free, secure account management tool that puts you in control online or with a phone app.

### SmartHub capabilities expanded in 2021 with:

- The new **Contact Us** feature (where members can make inquiries any time of day) was a great member service addition. **36%** of inquiries were received outside of normal business hours.
- With the phone number in your SmartHub account enabled to receive notifications, you can now **Text OUT or STATUS to 855.963.3830** to quickly report and request outage updates.



**120%**

**growth in Wi-Fi Thermostat program!** Eight new thermostat

brands were added to the program, which allows remote control of your heating and cooling settings and the ability to see real-time energy consumption from your computer or phone.

**Member benefits:** receive a \$50 rebate and 10% discount on June-September electric bills. **1,796** WiFi thermostats are enrolled. Collectively, the 10% discount totaled **\$94,276.86** in member bill credits during the 2021 season.

**Data Security keeps everyday operations running smoothly.** Identity Theft Prevention programs are used to keep data secure and private by detecting, preventing and mitigating cyber-attacks. MVEC was the first distribution cooperative in the nation to participate in Cyber Risk and Information Sharing Program (CRISP). It focuses on power grid security activity, Internet traffic analysis, and monitoring threat intelligence to keep data safe.



## Improved Reliability

**78.44**  
minutes

**If** you experienced a power outage in 2021, on average, it was less than 79 minutes.

This is measured by Customer Average Interruption Duration Index (CAIDI), which is the hours of total service interruption to members who experienced an outage.

The crew's response time to an outage dropped by 7 minutes from the year before.



- **\$12.8 million** construction work plan increases reliability and power quality:
- Mother Nature, age, weather, animals, equipment, vehicle accidents and trees all impact reliability on our system. Advanced technology helps improve service and monitoring capabilities of the **29 substations** we operate.
- Maintenance is scheduled annually and on rotation. Patrolling

segments of line allows us to monitor the system and identify need for new equipment or repair. It's much easier to replace equipment on a sunny day, than in the middle of the night during an outage.

- **\$2.5 million** invested in rotating vegetation and tree management to help keep outages and blinks to a minimum.



## Commitment to Community

**200,000,000**  
pennies



That's how much MVEC's Operation Round Up (ORU) Trust Fund has given to local communities since 1995!



In 2021 donations totaled over \$133,000. **55%** of members participate in this program that rounds up your electric bill to the nearest dollar amount.

- Since 2013, MVEC annually awards \$15,000 for high school student scholarships. **Over \$130,000** has been awarded to students pursuing post-high school education. New in 2021: \$1,000-\$3,000 in scholarships for students entering the field of electrical line work.
- MVEC sponsored **30 community events**, donated a variety of handmade goods, toys and books to over 10 local organizations during the holiday season and nearly **100 local community organizations** received funds from the ORU program.
- Employees sponsor spring and fall road cleanup along Marystown Road in Scott County. In April, small groups took sections of the road and ventured out the weekend after Earth Day to tidy up the ditches.

## Excellent Safety Amid Changing Workforce

**2.19**  
incident rate

A common indication of safety performance is called Incident Rate. In 2021, for every 100 MVEC team members, 2.19 were involved in an OSHA recordable injury or illness. Based on **200,000 hours** of work, **this is the lowest incident rate since 2016.**

- MVEC successfully completed the Rural Electric Safety Achievement Program, which promotes the highest safety standards. Every three years, facility and team member safety knowledge are evaluated in **17 categories** with rankings from needs improvement to strong performance. MVEC received several strong performance ratings with the remainder classified as satisfactory performance. Observers, peers from other Minnesota electric cooperatives, were impressed by the condition and cleanliness of MVEC's facility and equipment.



- Decades of experienced and knowledgeable team members are retiring. Adapting to generational shifts in the workplace is important, as the co-op continues to recruit and promote a skilled workforce to meet and exceed the changing expectations of our members.

**2022 = a new year to serve you**

# 2021 Financial Report

Annual summary of revenue, investments and expenses

## Balance Sheet

2021 2020

### Assets - What MVEC owns

Net Plant Investment (poles, wires, etc)	\$155,166,000	\$151,778,000
Investment/Patronage In Other Orgs	\$42,310,000	\$39,825,000
Investment/Rate Stabilization	\$5,248,000	\$6,375,000

### Current Assets

Cash in Bank Accounts and Investments	\$6,701,000	\$8,627,000
Receivables Owed to MVEC	\$7,240,000	\$7,483,000
Materials, Supplies and Prepayments	\$8,888,000	\$7,417,000
Other Assets	\$9,000	\$15,000

**Total Assets - What MVEC Owns: \$225,562,000 \$221,520,000**

### Liabilities - What MVEC owes

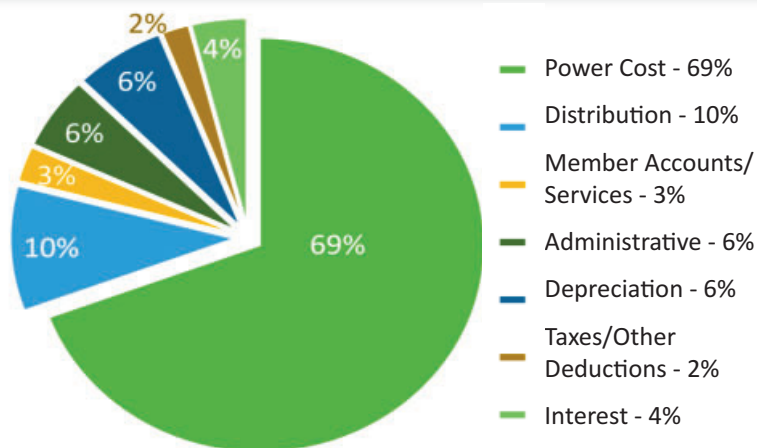
Current and Accrued Liabilities	\$18,027,000	\$21,154,000
Long-Term Obligations	\$123,019,000	\$116,927,000
Deferred Credits	\$1,589,000	\$1,342,000
Rate Stabilization Reserve Fund	\$5,248,000	\$6,375,000

**Total Liabilities \$147,883,000 \$145,798,000**

**Total Equity - MVEC Members' Ownership \$77,679,000 \$75,722,000**

**Total Liabilities/Equity - What MVEC Owes: \$225,562,000 \$221,520,000**

## 2021 Operating Expenses



## Comparative Operating Statement

2021 2020

<b>Operating revenues and patronage</b>	\$95,182,000	\$91,139,000
Less: Cost of Purchasing Power	\$65,487,000	\$61,980,000
<b>Gross Margin</b>	\$29,695,000	\$29,159,000
Less: Departmental Operating Expenses	\$17,160,000	\$16,705,000
Less: Depreciation, Interest and Taxes	\$11,742,000	\$11,464,000
<b>Operating margins</b>	\$793,000	\$990,000
Plus: Other Income	\$714,000	\$488,000
Plus: Capital Credit Allocations	\$2,044,000	\$2,499,000

**Net Margins \$3,551,000 \$3,977,000**

# MVEC by the numbers



Established  
in 1937

to bring electricity to farms and other places investor-owned utilities didn't think was worth the investment.



Wholesale Power Cost  
**\$65.5M**

Plant Investment: \$212M  
Property Taxes: \$1.8M  
Fulltime Employees: 92



Serving  
**44,856**

members in portions of 9 counties — some of the fastest-growing areas of Minnesota.



Miles of Line:  
**4,147**

Members per mile: 11  
Substations: 29