

# MVEC 2023 Annual Report

special issue of the April 2024 Electric Eye, covering the 2023 fiscal year for Minnesota Valley Electric Cooperative



## Safe • Innovative • Accountable • Connected *Cooperatively since 1937*

**Deborah Erickson**  
MVEC Board President

Each year, MVEC's Annual Report is a great opportunity for us to gather data, collect our thoughts, and present to you, our member-owners, the accomplishments, financial standing, and progress of your cooperative.

On behalf of the Minnesota Valley Electric Cooperative board and staff, it's a time to reflect on where we are and where we are going. At the heart of this reflection, we think about ways we can better serve you, the members of the cooperative.

MVEC Team Members recently streamlined the longtime Spirit of the Cooperative statement into a Values Statement which complements the co-op's Mission and Vision. Our Values describe the standards and principles that drive your organization and people. It declares what MVEC stands for and serves as the blueprint for the co-op's culture.

MVEC Values may sound simple, but there is substance and meaning behind each word. Though Values traditionally describe how team members work together internally, these words apply to how we serve you, our valued member-owners.

### Safe

**We prioritize safety in all we do, working together to ensure it is at the core of MVEC's culture.**

Each day at MVEC begins with the goal of working safely in every situation and making sure everyone goes home to their families safe and sound every single day. The board and staff implement regular safety trainings, consistent messages, linemen and technician tailgate briefings, and an overall attitude of "looking out for one another."

Public safety is always a priority when building our system and when restoring power as quickly yet safely as possible. To ensure safety for the public, our linemen and engineers also conduct safety demonstrations for schools, fire departments and other organizations.

### Innovative

**We actively seek out new ideas and implement them to improve service to each other and the membership.**

Our team at MVEC is always looking ahead, exploring ways to innovate and utilize new technologies to enhance our reliability and services. In addition to managing a reliable energy mix, MVEC uses various technologies to keep our local electric system reliable, helping to limit service disruptions and be proactive on outage response times. Advanced metering infrastructure technology, also known as AMI, enables two-way communication between the co-op and our members by using your phone number when you call in an outage. In the summer of 2023, we used commercial drones for the first time to conduct overhead line inspections in two substation areas. SmartHub technology gives you free account and payment access on your phone or computer 24/7/365.

### Accountable

**We work well together and look out for one another, united in building courage and confidence as a Team.**

We are accountable to our members in providing reliable energy at cost. One critical component of reliable power is the mix of energy resources used to generate the electricity that keeps the lights on across the Minnesota Valley service area. You may not realize it, but MVEC doesn't generate electricity. Instead, we purchase it from our energy providers: Great River Energy, Basin Electric Power Cooperative and Alliant

Energy. From their transmission lines to our local substations, we distribute power to homes and businesses throughout our local communities.

We are increasingly using more electricity generated from renewable energy sources, but still depend on a diverse energy mix to ensure reliable power is available to our members day after day. As a not-for-profit cooperative, we are also accountable to our members in returning Capital Credits – margins left over after all operating expenses are paid.

### Connected

**We relate to one another by engaging with each other, the members, and the communities in which we live and serve.**

We like the double-meaning of the word, Connected. It not only has electric connotations, but it also highlights our commitment to local communities. Operation RoundUp, high school scholarships, Washington, D.C. Youth Tour and free electrical safety demonstrations are all ways we give back. And we are connected as a team while sponsoring community events and parades, county fairs and other local celebrations. We are committed to enhancing our local communities when we can because we live and work here, too.

The tagline "Cooperatively since 1937" concludes our Values. This is a nod to the rich history and deep roots MVEC has in our communities. Our farmer-founders saw a need in the 1930s to bring electricity to an underserved area and worked hard to obtain and maintain it. Today, we continue to appreciate this rich history by keeping in mind you, our member-owners, in every decision we make. You can learn more about MVEC's 2023 accomplishments by reading this report.

Cooperatively yours,

## reliability and safety

**100%** of Team Members reported a near miss incident (an accident that could have occurred, but the experience led to safety awareness.)  
100% attended 4 or more safety trainings.  
Having safety awareness and conversations leads to a successful workplace culture with everyone owning their part in fostering safety and wellness.



With a total of **40,000** utility poles supporting 2,000+ miles of overhead power line throughout the co-op's 968-square-mile service area, drone technology was tested last summer and found to be a safe and effective way of inspecting power line for potential reliability issues. Using this technology found areas to improve and saved a combination of **\$66,200** on current inspection and repair costs as well as future expense reductions.

**\$1.8 million** tree-trimming budget proactively helped reduce tree-related outages.



MVEC's 2023 Construction Work Plan was **\$12 million**. Projects completed increased reliability, system resiliency, growth opportunities, and general maintenance.



# MINNESOTA VALLEY EL

## Our mission:

To create exceptional member experiences while safely providing reliable energy at cost.

## connected to community

MVEC hosted its first Minnesota Twins Play Ball Clinic in August with **147** area youth signing up. It was the best-attended clinic the Twins put on last summer.



Whether engaging with members at our annual meeting, conducting safety demos at fire department open houses and schools, or participating in a hometown celebration, MVEC Team Members are out in the community volunteering at co-op-sponsored events, as well as their own charitable causes.  
Total community sponsorships: **78**

We support student initiatives because we believe it's important to invest in the future of our youth.


- 1** Washington, D.C. **Youth Tour** representative
- 5** Seasonal line crew **apprentices**
- 6** Summer college **interns**
- 16** \$1,000 high school **scholarships**



## working for you

Marvin Denzer was named chief executive officer in February and works with **95+** Team Members who are well-trained in many areas of the utility industry. Denzer is the **7<sup>th</sup>** person since 1937 to lead the co-op.

The Board of Directors authorized **\$1.34 million** in Capital Credits to be returned to eligible members. Since 1959, MVEC has returned **\$32 million** back to members.

 **132** grants were distributed to local community groups through Operation Round Up. Thanks to generous members who round up their monthly electric bills, **\$174,036** was gifted in 2023, bringing the total ORU community-giving impact to **\$2.4 million** since 1995.

## service to our members



Thank you for putting your trust in us as your energy provider. Your voice matters, and we take your feedback seriously. In two 2023 phone surveys, members rated MVEC:

**83%** reliable power provider  
Good outage communications: **77%**  
**75%** control costs to keep rates fair and reasonable  
Response to inquiries and first-call resolution **83%**


# ELECTRIC COOPERATIVE

## 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 

## member choices

**48%** of members participate in one or more money-saving Energy Wise programs for heating, cooling, electric vehicle charging or electric water heating.

2023 ended with **3,000+** members enrolled in the popular Wi-Fi Thermostat program which offers a **\$50** rebate and **10%** summer energy bill savings.

Members have enrolled **650** electric vehicles on MVEC's Time of Use program. **92%** of those EVs charge during off peak times — an efficient and economical way of shifting power usage to overnight.



## planning for the future

With state and federal mandates requiring carbon-free energy by **2040** and lingering supply chain issues — large equipment such as substation transformers have increased in cost and in lead times — MVEC will face challenges head on, and always make decisions by balancing member cost with reliable service.

**MVEC believes in a common-sense approach** to going carbon free, while staying true to providing the safe, reliable and affordable electricity that our members have come to expect. **Everything we do is for our member-owners.**



### Payment options that promote energy awareness

**SmartHub: 29,792** members have set up a free account online and have access to pay bills, monitor energy usage, and compare bills month to month and year to year. An additional **12,416** have used SmartHub without setting up an account.

**37,292** members take advantage of **automatic bill pay**.

**Pay as you Go** has **2,898** participants who pay for electricity as they use it — much like putting gas in a car. Due to awareness of their daily usage, participants use, on average, **10-12%** less electricity.



# 2023 Audited Financials

## Summary of revenue, investments and expenses

### Balance Sheet

#### Assets - What MVEC Owns

	2023	2022
Net Plant Investment (poles, wires, etc)	\$170,517,000	\$163,101,000
Investment/Patronage In Other Orgs	\$54,024,000	\$50,281,000

#### Current Assets

Cash in Bank Accounts and Investments	\$7,319,000	\$3,726,000
Receivables Owed to MVEC	\$8,190,000	\$9,956,000
Materials, Supplies and Prepayments	\$10,054,000	\$8,978,000
Other Assets	\$19,000	\$4,548,000

**Total Assets - What MVEC Owns: \$250,123,000 \$240,590,000**

#### Liabilities - What MVEC Owes

Current and Accrued Liabilities	\$33,639,000	\$38,444,000
Long-Term Obligations	\$128,872,000	\$118,657,000
Deferred Credits	\$1,870,000	\$2,143,000
Margin Stabilization Plan	\$380,000	\$0

**Total Liabilities \$164,761,000 \$159,244,000**

**Total Equity - MVEC Members' Ownership \$85,362,000 \$81,346,000**

**Total Liabilities/Equity - What MVEC Owes: \$250,123,000 \$240,590,000**

Serving

**47,059** members

in portions of 9 counties: Blue Earth, Carver, Dakota, Hennepin, Le Sueur, Nicollet, Scott, Sibley, and Rice counties.

- 58% residential meters
- 22% small commercial
- 19% ag and industrial
- 1% public (streetlights, etc.)

MVEC Growth

is in the top 25 percent among U.S. electric co-ops of similar size.

**882,108,150**

total kWh sold

The average MVEC home uses

**1,023**

kWh/month

Miles of Line:  
**4,265**

Members per mile: 11  
Substations: 30

Plant Investment: \$250M  
Property Taxes: \$1.5M

Wholesale Power is the co-op's largest expense

69 percent of MVEC's costs is for the purchase of electricity from three power providers:

- Great River Energy
- Basin Electric Power Cooperative
- Alliant Energy

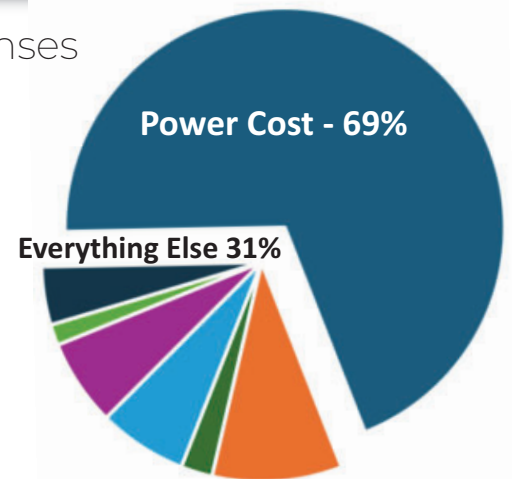
**MVEC**

MINNESOTA VALLEY ELECTRIC COOPERATIVE

A Landmark Energy Cooperative

### MVEC 2023 Expenses

- Power Cost
- Everything Else:
  - Distribution - 10%
  - Member Accounts/ Services - 2%
  - Administrative - 7%
  - Depreciation - 6%
  - Taxes/Other Deductions - 2%
  - Interest - 4%



### Comparative Operating Statement

	2023	2022
<b>Operating Revenues and Patronage</b>	\$104,217,000	\$108,269,000
Less: Cost of Purchasing Power	<u>\$71,919,000</u>	<u>\$76,938,000</u>
<b>Gross Margin</b>	\$32,298,000	\$31,331,000
Less: Departmental Operating Expenses	\$19,080,000	\$18,226,000
Less: Depreciation, Interest and Taxes	<u>\$12,660,000</u>	<u>\$12,195,000</u>
<b>Operating Margins</b>	\$558,000	\$910,000
Plus: Other Income	\$1,015,000	\$540,000
Plus: Capital Credit Allocations	\$3,879,000	\$3,990,000

**Net Margins \$5,452,000 \$5,440,000**