Board approves refund of $2.1 million

Learn how your co-op aids in economic development

Grain-to-glass in Fillmore County
Distillery in Harmony achieves full-circle farm venture

Pictured l-r: Larry Tammel, Jim Simpson and Andy Craig of Harmony Spirits.
In August, I talked about MiEnergy Cooperative undertaking a cost-of-service study and taking a focused look at fixed cost recovery for our electric distribution system. Hypothetically, it’s like separating MiEnergy operations into two divisions: a “wires” cooperative that delivers and maintains electric service and an “energy” cooperative that sells kilowatt-hours (kWh). On members’ electric bills, the “wires” side of the business involves the basic service charge and the “energy” side of the business is the wholesale power, transmission or the kWh costs along with monthly kilowatt demand charges.

This month, I would like to dig into the “wires” side of the business. MiEnergy Cooperative has 5,532 miles of electric distribution line, serving 25,121 electric services. This amount of electric distribution line is the equivalent to driving from Rochester, Minnesota, to Key West, Florida and back. It’s along the lines that power your home or business. MiEnergy Cooperative has 5,532 miles of electric distribution line, serving 25,121 electric services. This amount of electric distribution line is the equivalent to driving from Rochester, Minnesota, to Key West, Florida and back. It’s along the lines that power your home or business.

Resiliency of the grid is one of the most popular concepts being talked about in the electric industry today. Resiliency is many things – it’s reliability in your electric service, it’s your ability to efficiently restore your power, it’s maintaining the 5,532 miles of electric distribution lines and rights-of-way. It’s being able to meet the demands of new technology and it’s how we serve you with various resources without skipping a beat. Ultimately, resiliency is how we deliver on our promise to improve the quality of life for our member-owners.

Having a resilient electric grid begins with a system built to withstand high winds, powerful storms, cybersecurity threats and other disruptions that could result in outages. The way our system reacts to advancements in technology – from demand response investments to serving the needs of electric vehicles – it takes proactive maintenance and investment to keep them running smoothly. It involves employees that have the knowledge and skills to respond to outages and installing the latest technology for the optimum operation of the electric grid. An example that has been in the news in the last 12 months is Puerto Rico. The lack of resiliency in Puerto Rico’s power grid wasn’t solely caused by hurricane damage; it was the result of years of neglect and not being prepared.

Similar to how you maintain your vehicles with regular oil changes, inspections and tire rotations, our distribution system must also be properly maintained. Throughout the year, we regularly conduct pole and line inspections. We track and monitor all outages and line operations, and we follow our 5-year and 10-year work plans that are specifically developed to meet the needs of our members. Our goal is to continue to make our system stronger and identify issues before they become problems. For example, if we find a weak pole that has damage, we replace it so it doesn’t lead to a larger problem down the road.

Living in Minnesota and Iowa, we are at the mercy of Mother Nature when it comes to thunderstorms, straight line winds, tornados, ice storms and snowstorms. We have confidence in the resiliency of our electric system and in our employees that we can recover from these situations with as little disruption as possible.

Thanks for listening and as always, I welcome your calls, emails and personal visits. Enjoy the fall season and farmers, have a safe harvest.

### BOARD APPROVES REFUND OF $2.1 MILLION

Amount to show up on October bill

Capital credits are a member’s ownership in the cooperative. At the September board meeting, directors approved paying approximately $2,175,258 of patronage dividends back to you, the members. Members purchasing power during the years 1993-2013 will see the amount automatically applied to the electric bill received in October and listed as a “Capital Credit Refund.”

**HOW DO CAPITAL CREDITS WORK?**

- **MiEnergy tracks how much electricity you purchase and the amount you pay for it throughout the year.**
- **Once year-end financials are complete, the co-op determines if there are excess revenues, called margins.**
- **MiEnergy allocates the margins to members as capital credits based upon their use of electricity during the year.**
- **The board of directors decides to retire, or pay, the capital credits.**

When you think of October, pumpkins, Halloween and beautiful fall foliage naturally come to mind. But October is notable for another reason – it’s National Co-op Month! This is the time of year when cooperatives across the country, including MiEnergy, celebrate who we are and more importantly, the members we serve.

Cooperatives are different than other types of businesses. When the market declines to offer a product or service, it does so at a very high price, co-ops intervene to fill the need. Similar to how MiEnergy was built by members who came together to bring electricity to our community, cooperatives are conduits for the common good. Your electric co-op exists to provide safe, reliable and affordable energy to you, the members of the co-op. Equally important is our mission to enrich the lives of the members we serve.

As a co-op, we are well-suited to meet the needs of the community because we are locally governed. MiEnergy’s leadership team and employees live right here in the community. Our board of directors, who helps set long-term priorities for the co-op, live locally on co-op lines. These board members have been elected to the position by neighbors like you. We know our members (that’s you) have a valuable perspective. That’s why we are continually seeking your input. Whether through community events, surveys, our social media channels or the October Co-op Month, we want to hear from you.

**CONNECTION TO THE COMMUNITY**

Our close connection to the community ensures we get a first-hand perspective on local priorities, thereby enabling us to make more informed decisions on long-term investments, such as high-speed broadband, community solar programs, equipment and technology upgrades and electric vehicle programs. Another feature that sets our co-op apart from a traditional utility is one of our core principles, “Concern for Community.” We participate in the Electric Cooperative Youth Tour, where we take our community’s brightest young people to Washington, D.C. for a week-long immersion to experience democracy in action.

Ultimately, the larger community benefits from these programs because of you and your neighbors. You empower the co-op through your membership and through your participation in and support of these programs. We hope you will think of MiEnergy as much more than your energy provider, but instead as a local business that supports this community and powers economic development and prosperity for the people.

We will continue to learn from our members about their priorities so that we can better serve you – because your electric co-op was built by the community, for the community.
It’s once again harvest season. We watch the formerly green corn fields turn a golden tan. We decorate our front porches and light posts on main street with corn shocks. We use old-fashioned corn holders to show-off the vibrant color of ear corn. The aesthetics of the crop certainly enhance our enjoyment of life, but did you know that corn is also used in over 4,000 products, becoming food, fuel and even pharmaceutical products distributed all over the world? So what a great, feel-good feeling it is when grains from our own back-forty can be utilized and consumed in our own communities.

How appropriate then, that after being milled and used to craft spirits at the new distillery in Harmony, Minnesota and northeastern Iowa at Harmony Spirits, which opened earlier this year. The micro-distillery has already earned the approval of many patrons. The vision of keeping everything as local as possible has certainly added to their early success.

Harmony Spirits uses locally sourced corn & grains to create hand-crafted liquor & spirits

Poured in Harmony by Jim Simpson, Larry Tammel and Andy Craig are the founders and owners of the new establishment. This trio of new business proprietors can attest to the benefits of starting something in rural, small town America. In the beginning stages of planning, they knew they wanted something close to their hometowns and that they wanted to start something from the ground-up. As they were searching for the perfect location, the community of Harmony, a MiEnergy wholesale power city, and the economic development association went above and beyond to help the new distillery locate in their town. And the owners couldn't be happier. Harmony’s main street has a welcoming appeal. Residents and guests can feel a sense of community. Walk, bike or drive just a block off main street and you’ll find yourself at Harmony Spirits. Darrel was quite happy that the wood covers the walls and behind him came from his corn crib that was used to build the bar in the tasting room at Harmony Spirits. Darrel was quite happy that the lumber has new life. He is sure his children will be happy to see it repurposed as well, as they had to remove the corn crib many times over the years.

MORE CORN CONNECTIONS

The wood you see Darrel Ray resting his arms on and the wall behind him came from his corn crib that was built around 1960. The crib was built from 100 year-old trees that were harvested from Darrel’s farm in MiEnergy’s service territory located in Fillmore County near Preston. Andy and his dad Norm, took down the crib to save the lumber in 2009 and saved it on their farm for “some future project”.

The wood covers the walls and was used to build the bar in the tasting room at Harmony Spirits. Darrel was quite happy that the lumber has new life. He is sure his children will be happy to see it repurposed as well, as they had to empty the corn crib many times over the years.

AG COMMODITIES USED IN PRODUCTION

Each production batch uses approximately 1,000 pounds (12 bushels) of grain/corn. Harmony Spirits has plans for future expansion, making way for utilizing more local grains from Fillmore County for production. Local money from AC/BC Honey is also used in their rum production.

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KEEPSAFE BOXES & BAGS ARE LOCALLY CRAFTED TOO

The inaugural batch of their Bourbon Whiskey will be released on October 12. The team is busy boxing, numbering and signing their first 100 bottles for re-sale. The keepsake box is handcrafted by John Kristoff (Andy’s father-in-law who resides in Caledonia and is a MiEnergy member.)

Gift bags are handmade by Mike Simpson, Jim’s father, from the Chatfield area. Take one home today for yourself or check out the great fall colors inviting us to kick-off the gift-giving season!

The team at Harmony Spirits is also working on local distribution plans. “Our bottles are coming soon to a shelf near you,” Jim says with a smile. Distilling gin is also on their future list of production.
Electric co-ops are engines of economic development

MiEnergy is deeply committed to providing affordable and reliable electricity to our consumer-members and empowering the communities that we serve. This means being more than just an electricity provider; it means being a partner in economic development and other activities that improve the lives of our members. But have you ever stopped to wonder what kind of an impact the nation’s roughly 900 electric co-ops have across the United States?

A new report on this very topic shows that electric co-ops supported nearly 612,000 American jobs and contributed $440 billion in U.S. GDP from 2013 to 2017, or $88 billion annually. Those are some big numbers.

In 2017, electric co-ops contributed $881 billion in U.S. sales output, $200 billion in labor income and $112 billion in federal, state and local tax revenues.

Nationally, electric co-ops spent $359 billion on goods and services across the economy, including $274 billion on operational expenditures, $60 billion on capital investments, $20 billion on maintenance and $5 billion on credits that were paid in cash to members under the membership structure of cooperatives.

In conducting its analysis, FTI Consulting used data from 815 distribution cooperatives and 57 generation and transmission cooperatives as inputs into a national model to simulate the economic effects from the direct expenditures by co-ops. The model also calculates the indirect effects throughout the industrial supply chain and the induced effects from consumer spending by the employees of co-ops and their suppliers.

The result of all this effort is a first-of-its-kind study that reveals electric cooperatives to be economic anchors all across rural America. It demonstrates on a macroeconomic scale one of the seven guiding cooperative principles: Concern for Community.

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Seasonal Reminder
MINNESOTA MEMBERS Electric Heat Sales

Electricity sold for residential use is not taxable for the billing months of November through April when sold to metered customers in Minnesota who use it as their primary source of residential heat according to Minnesota law. If more than one type of heat is used, electricity is not taxable if it is the primary source of heat. Primary source of residential heat is the source that supplies more heat than any other source for the largest period of time during the heating season.

If your property has both residential and commercial operations and only one meter for the entire building for electricity, square footage is used to determine if the residential exemption applies and is determined if more than 50 percent of the square footage of the building is residential.

If you have filed an exemption card with us in the past, you do not need to file again. If your electric heat is used in conjunction with wood or another fossil fuel, please re-evaluate your heat status.

Members who receive a tax exemption when electric heat is NOT the primary source of heating are in violation of the Minnesota law. Please contact us if your heating has changed and you should be taken off the tax exemption as it is your responsibility to notify us of any changes when you are no longer eligible.

OUT OF POWER?
REPORT OUTAGES FROM THE SMARTHUB WEBSITE OR APP
Login or create an account online at MiEnergy.smarthub.coop or download the SmartHub app from the Apple Store or Android Market.

Personnel changes around the co-op

RETIRED
Cindy Christensen retired from MiEnergy on September 30 as staff assistant. She has worked for the cooperative since November 1996. Thanks to Cindy for her years of service and dedication. We wish her the very best in retirement.

NEW EMPLOYEE
Ryan Dahl accepted the new position of master electrician and started on September 9 at MiEnergy’s Iowa office. Ryan resides near Decorah and had previously been employed at Decorah Electric. We welcome Ryan to MiEnergy Cooperative.