

2020 ANNUAL REPORT



**Renville-Sibley Cooperative
Power Association**
83rd Annual Meeting
June 24, 2021

**Staying Connected
During a Pandemic**



BOARD CHAIR AND CEO REPORT

Roger Manthei, Board Chairman and DeeAnne Newville, CEO

In 2020, our cooperative provided safe, reliable, and efficient electric energy and services to enhance the quality of rural living we all enjoy. We had a safe and productive year in spite of the restrictions placed on our cooperative due to the pandemic. More information about how the pandemic impacted our cooperative can be found on pages 4 and 5 of this annual meeting report.

NEW FACILITY PLANNING

Our facilities committee, which comprises a cross-section of employees and board members, spent a considerable amount of time in 2020 working with Engan Associates Architects out of Willmar and Breitbach Construction out of Elrosa to design a new garage/warehouse, pole yard, and office building. We believe the design is practical yet provides some modest expansion options for growth and additional services in the future. We have purchased a 10-acre plot of land on the south side of Highway 212, adjacent to Grizzly Supply building in Danube. Renville-Sibley's facilities committee and board explored various sites before settling on this parcel. We are impressed with how creative the team was to meet our current needs while considering future possibilities within a conservative budget. The project has been delayed due to the impact on material availability and pricing because of the pandemic. We hope to have our building project completed no later than February 2023.



Image Credit - Engan Associates Architects

SAFETY

Working with high-voltage electricity, linemen find themselves in potential life and death situations on a regular basis. The number one focus at Renville-Sibley is safety. We take the safety of our employees, members, and the public very seriously. We are members of safeelectricity.org and feature articles in the Cooperatives Connection newsletter from this organization. The link to their site is posted on our webpage to help educate members and the public. We also provide the number for Gopher State One Call as a reminder to Call Before You Dig. Other safety training includes safety demonstrations at Farmfest and our local schools. While working on the distribution line, the operations department keeps an eye out for potential public safety hazards as well.

FINANCIAL OVERVIEW

Renville-Sibley had a good year financially; we maintained a strong equity position and our financial ratios exceeded our debt service requirements. The Rural Utility Service allowed us to defer \$631,500 of revenue from 2020 to future years. Deferrals are only allowed in the event of unexpected and unsustainable increased margins. This means the drivers behind the increased revenue are not based on business conditions changing and

providing a long-term sustainable increased revenue stream. Although the revenue was deferred the capital credits will still be allocated in the year the revenue was generated.

Multiple factors led to higher-than-expected margins for 2020 however it was mainly driven by the impact of the pandemic. We did not experience a reduction in sales as most of the commercial and industrial load on our system were essential businesses and were not required to shut down. However, we did incur lower than typical operating expenses due to the restrictions placed on our business by the State or Federal Government. East River Electric also had lower operating expenses, which resulted in bill credits to Renville-Sibley. Basin approved a retirement in June 2020 even though we had already received a retirement from them in January. Cash retirements favorably impact mortgage ratios, which lowers the operating margins needed to stay in good standing with our lenders. Finally, the linemen spent more time on capital projects and less on maintenance throughout the year due to our pandemic protocol.

CAPITAL CREDIT ALLOCATION AND RETIREMENT

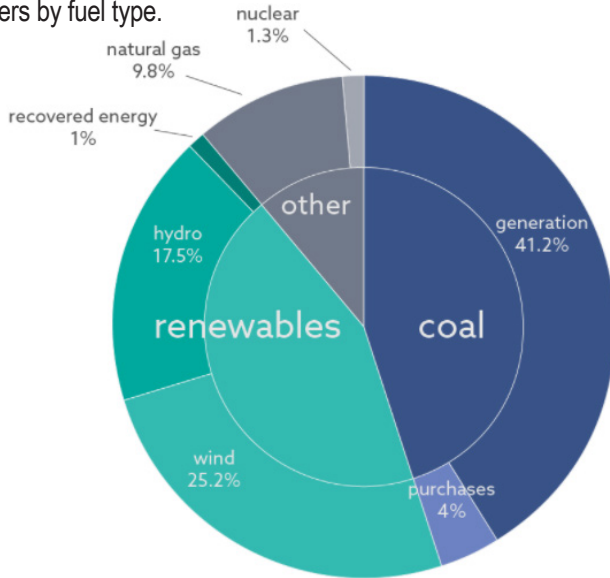
Patronage capital in the amount of \$1,270,558 was allocated to our members based on the amount of electricity purchased in 2019. The Board of Directors unanimously voted to retire approximately \$200,000 of capital credits in June 2020 due to the financial strain on our members as a result of the pandemic and the state lockdown. They approved an additional retirement in December of just under \$400,000. Including estates, the total retirement paid out in 2020 was \$645,761. This brings the cumulative total of retired capital credits to just over \$13.3 million. Returning margins (profits) back to our membership is what sets cooperatives apart from other utilities.

2020 AT A GLANCE (as of yearend):

Employees: 13 full-time; 1 part-time
Average Member Service Locations: 1,884
Miles of line: 1,042
Average consumers per mile: 1.81
Revenue: \$15,348,095
Power Cost (includes power purchased from member-owned wind/solar): \$11,580,578
Total Distribution Plant Investment of \$30.8 Million
Kilowatt-hours (kWh) sold: 179,018,010
Distributed generation (DG) facilities owned by members: 32
DG Nameplate Kilowatt (kW) total: 862.77
DG facilities 2020 full year of production: 1,297,611 kWh
RS2020 overhead to underground tap conversions: 46
Transformers changed out: 59
New services installed: 4
Idle services removed: 7
Services retired: 9
Work plan projects completed: 6
Work orders completed: 71
Job orders to maintain our system: 765

WHOLESALE POWER MIX FOR 2020

Renville-Sibley Cooperative Power Association, through its membership in East River Electric and Basin Electric Cooperative, is a part of the Southwest Power Pool. We believe that a responsible, reliable, affordable energy mix utilizes an “All of the Above” energy mix. In 2020, just under 44% of our energy mix came from renewable energy. The chart below shows the 2020 East River Electric sales to all requirement members by fuel type.



LEGISLATIVE AND REGULATORY ACTIVITIES

We continually work to cultivate and maintain impactful relationships with legislators who represent our communities. Because our members' concerns are bipartisan, we pursue these relationships regardless of party affiliation. Our statewide organizations (Minnesota Rural Electric Association and Cooperative Network) have also developed good working relationships with our state leaders. Our national organization (National Rural Electric Cooperative Association) kept us abreast and involved in federal issues that occur in Washington, D.C. Typically, members of our board, management team, and grassroots committee members attend visits to the MN state capital and our nation's capital to represent the interests of our cooperative and rural consumers. In 2020, these visits were suspended or held virtually.

We are honored to serve you. No matter the challenge, we are dedicated to working each day to provide safe, reliable, and affordable electricity to your homes, farms, and businesses.

NATIONAL LINEMAN APPRECIATION DAY

The second Monday of April each year has been set aside to officially support and honor lineworkers. Our dedicated lineworkers are proud to represent Renville-Sibley, and they deserved all the appreciation and accolades that came their way on Lineworker Appreciation Day. I hope you will join us in thanking them for their exceptional service. I also hope you will remember that you have a dedicated team of professionals working behind the scenes at the co-op whose commitment to service runs just as deep.

OUR THANKS TO OUR MEMBERSHIP

As a member, you are the owner and the consumer of this organization. On behalf of our Board of Directors and employees, we would like to thank you for your patronage and support of Renville-Sibley Cooperative Power Association. We value all our members and are here to serve you. Your comments, questions, and suggestions are always welcome.

Staying Connected

ANNUAL MEETING AGENDA JUNE 24, 2021

The annual meeting
will be held as an
IN-PERSON meeting.

Due to the ending of the social distancing mandate, members no longer need to pre-register for the annual meeting.

1. Early Bird Drawing – 5:45 p.m.
2. Call to Order – 6:00 p.m.
3. Invocation
National Anthem video
4. Establish a quorum
5. Reading of the Notice of Meeting
6. Reading of the 2020 Annual Meeting Minutes
7. 2021 District Elections
8. Motion to Close the Ballot Box
9. Acknowledge Scholarship Winners
10. Renville-Sibley Leadership Report
11. Old Business
12. New Business
13. Report of Tellers
14. Adjournment
15. Drawing of Attendance Prizes

THANK YOU FOR ATTENDING!

Mission Statement

Renville-Sibley Cooperative Power Association will provide efficient, reliable electric energy and services to enhance the quality of rural living.

Renville-Sibley Cooperative Power will provide language assistance for those with Limited English Proficiency.

THE 2020 PANDEMIC YEAR IN REVIEW

The Covid-19 pandemic affected each of us in so many ways. Here is a recap of how the pandemic affected your cooperative in 2020. Throughout the pandemic, Renville-Sibley followed the guidelines established by the county, state, and federal governments.

Operations Department

Starting March 17th, one lineman (who stakes and locates lines) and the Line Superintendent started working from home. Each of the remaining linemen was assigned a designated work truck. The linemen were divided into two crews, one crew with two linemen and the other crew with four linemen. The crew of four changed rejected and defective poles. This crew would meet at our north facility each morning. They would gather enough material for all the staked poles to be changed out. They only entered the main shop if it was necessary. The second crew of two linemen was assigned to tree cutting and tree grubbing duties. These two linemen were on the same job location for safety purposes; one was running our tree grubber while the second was trimming trees. This is a procedure under normal conditions as well. With the lack of snow and the mild spring, the crew cut trees in places that, under normal years, were unreachable. The goal was to keep the two linemen completely isolated from the remaining crew as a precaution. In May, the crew of four started overhead to underground conversion projects. The other two linemen finished the underground inspection of equipment project carried over from 2019. These two linemen also made repairs discovered in the underground inspection.

On June 15th, the crews were divided into two three-person crews. The focus was on getting work plan projects completed while still maintaining the pandemic protocol guidelines. One three-person crew continued to focus on overhead to

underground conversions. This crew also started the workday in our main facility. The second crew started a 5-mile three-phase overhead to underground conversion. This crew would meet at our north facility.

All linemen still had their designated work trucks to allow for social distancing. Vehicles were not used by more than one lineman unless necessary. During this time, the linemen, along with East River linemen, completed the installation of a new substation on our system. The new Wellington substation is located northwest of Fairfax. The linemen built all the outgoing circuits. The work plan projects continued into November.

In November, the weather became an issue. The snow build-up on trucks and the cold weather started to become a concern. Both crews met in the morning at the main facility. Social distancing practice was followed, and personal work areas were set up for each outside employee. As we approached 2021, the crews were divided into three crews of two linemen. The crew started maintenance-related projects until the end of the year.

Office Protocol

The office was closed to the public on March 17th. Office employees began working remotely on a rotating basis with two employees in the office at the same time. Plexiglass barriers were installed on the desks of those that did not have a wall for separation. Employees followed established masking and social distancing guidelines. In June, members were notified that they were welcomed back into the office by appointment. A doorbell was installed for members to let us know when they arrived. Masks and hand sanitizers were available for visitors.



Board Meetings

The March 2020 board meeting was canceled as the meeting was to be held around the same time the pandemic hit the State of Minnesota. The remaining board meetings were held via Zoom except for the June board meeting. This meeting was a hybrid meeting. Those attending in-person joined together, socially distanced, in our warehouse while others participated via Zoom. The size of our current board room did not allow for a socially distanced meeting.



Annual Meeting

The 82nd Annual Meeting was scheduled for March 26th. Because of the pandemic situation, the cooperative felt it was in the best interest of the members and employees to cancel this meeting. The bylaws allow that for any subject submitted to a vote by mail, the members present in person and represented by mail vote shall be counted as present. Since more than 75 members cast a ballot for the election of directors, the election was counted and valid. The annual meeting was rescheduled for



August 27 and held as a drive-up event at the Island Ballroom in Bird Island. Again, at least 75 members were needed for a quorum to conduct the business meeting. Thankfully, 78 members were in attendance that evening. Members tuned their radio to a designated radio station to hear the meeting and waived a fly swatter they received for motions and to vote. Each guest received a box meal to enjoy while listening to the meeting. Overall, this alternate meeting style was a success.

Safety Training

Renville-Sibley continued to provide safety training throughout the year. Some of this training was called I-Safety training. The Minnesota Rural Electric Association (MREA) provides most of our safety training. They developed training via the iPads. All employees can access the training for topics relevant to their position within the cooperative. The I-Safety lesson has test questions to track the employee's



knowledge of the given topic. The linemen are required by OSHA to be trained on pole top rescue each year. In June, each crew completed pole top rescue on different days to limit the exposure between the two crew. In September, a skills day training session was held to refresh the linemen on the operation and function of equipment. Once again, each crew completed their training on separate days. MREA did a great job providing safety training to our linemen during a pandemic while keeping their employees safe. The safety of our employees and our members was the top priority during this unprecedented time.

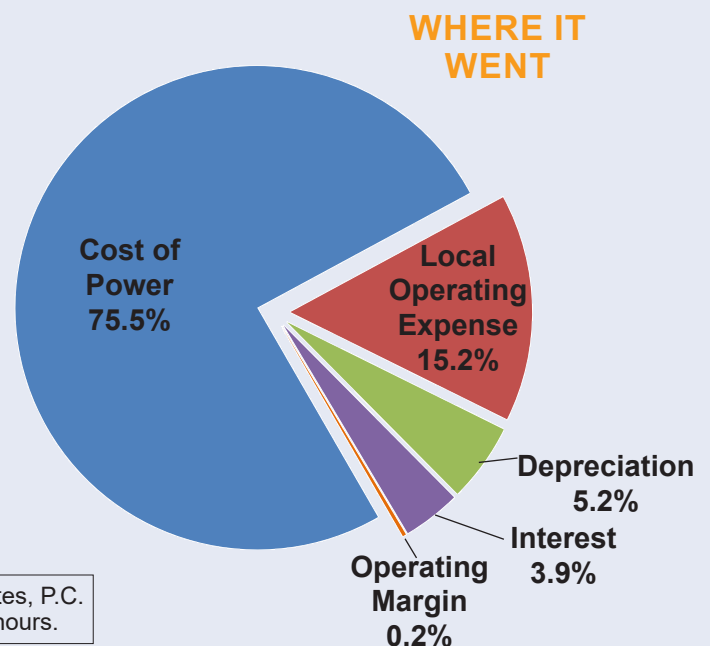
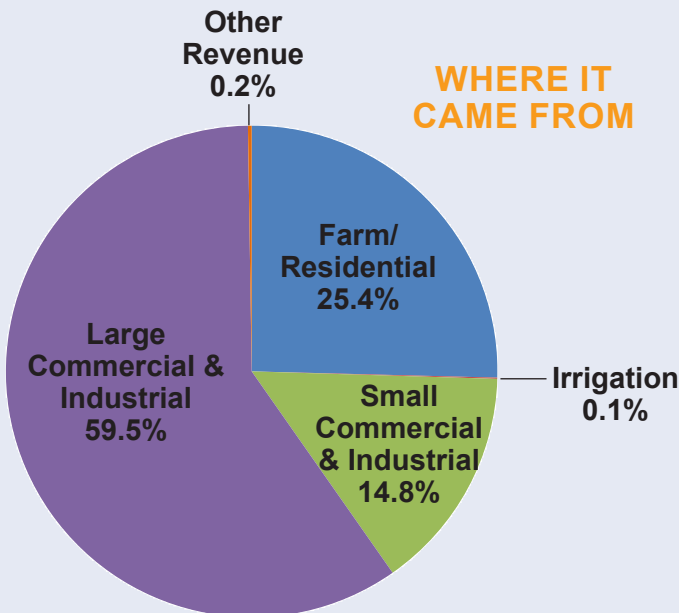
Thank you to all employees and members for their patience and understanding as the cooperative strived to provide efficient, reliable electric energy and service during the Covid-19 pandemic.

2020 FINANCIAL REPORT

STATEMENT OF OPERATIONS

	2020	2019
OPERATING REVENUES (Where it came from)	\$15,348,095	\$14,363,935
OPERATING EXPENSES (Where it went)		
Cost of Power	11,580,578	10,011,521
Distribution Expense - Operations	509,935	926,929
Distribution Expense - Maintenance	382,304	383,535
Consumer Account Expense	439,971	407,864
Sales Expense	24,059	31,444
Administrative and General Expense	975,990	930,031
Depreciation and Amortization	805,640	784,094
Total Operating Expenses	<u>14,718,477</u>	<u>13,475,418</u>
OPERATING MARGINS BEFORE FIXED CHARGES	629,618	888,517
FIXED CHARGES (Where it went)		
Interest on Long-Term Debt	579,326	643,236
Other Interest	13,952	24,691
Total Interest	<u>593,278</u>	<u>667,927</u>
OPERATING MARGINS AFTER FIXED CHARGES	36,340	220,590
GENERATION & TRANSMISSION AND OTHER CAPITAL CREDITS	918,394	715,537
NET OPERATING MARGINS	<u>954,734</u>	<u>936,127</u>
NON-OPERATING MARGINS		
Interest Income	219,633	291,618
Other Non-Operating Income	469	42,813
Total Non-Operating Margins	<u>220,102</u>	<u>334,431</u>
NET MARGINS	1,174,836	1,270,558
Patronage Capital - Beginning of Year	18,254,890	17,402,936
Capital Credits Retired	(645,761)	(418,604)
PATRONAGE CAPITAL - END OF YEAR	<u>\$18,783,965</u>	<u>\$18,254,890</u>

OPERATING REVENUES



Auditor's Report: A copy of the audit report of Brady, Martz & Associates, P.C. is available for inspection at the Cooperative Office during business hours.

ANNUAL MEETING REGISTRATION CARD

This annual meeting registration card entitles you to a chance to win one of the many prizes to be given away.

Be sure to bring this card to the meeting with you.

Thursday, March 24, 2021
6:00 pm meeting, dinner to follow
Island Ballroom, Bird Island, MN



BALANCE SHEET

	2020	2019
ASSETS (What we Own)		
UTILITY PLANT		
Electric Plant in Service	\$30,583,197	\$29,395,092
Construction Work in Progress	221,864	140,809
Total	30,805,061	29,535,901
Less Accumulated Provision for Depreciation	(7,653,893)	(7,364,198)
Net Utility Plant	<u>23,151,168</u>	<u>22,171,703</u>
OTHER ASSETS AND INVESTMENTS		
Investments in Associated Organizations	10,589,168	10,299,768
Other Investments	1,375,967	518,503
Total Other Assets and Investments	<u>11,965,135</u>	<u>10,818,271</u>
CURRENT ASSETS		
Cash and Cash Equivalents	73,748	138,578
Accounts Receivable, Net	2,099,046	2,242,206
Current Portion of Other Investments - Notes Receivable	100,200	-
Material and Supplies	543,987	622,783
Accrued Interest Receivable	1,320	1,320
Prepayments	1,192	5,177
Total Current Assets	<u>2,819,493</u>	<u>3,010,064</u>
DEFERRED DEBITS	164,406	246,654
Total Assets	<u>\$38,100,202</u>	<u>\$36,246,692</u>
EQUITIES AND LIABILITIES (What we Owe)		
EQUITIES		
Patronage Capital	\$18,783,965	\$18,254,890
Other Equities	113,529	94,934
Total Equities	<u>18,897,494</u>	<u>18,349,824</u>
LONG-TERM LIABILITIES		
RUS and FFB Mortgage Notes	10,864,316	10,632,390
NRUCFC Mortgage Notes	179,492	185,344
CoBank Mortgage Notes	2,751,609	3,013,477
United States Department of Agriculture Notes	849,600	0
Unamortized Debt Conversion Fees	0	(13,281)
Total Long-Term Debt	<u>14,645,017</u>	<u>13,817,930</u>
OTHER NON CURRENT LIABILITIES	2,167	1,697
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	748,989	828,207
Notes Payable	150,000	350,000
Accounts Payable	1,507,000	1,390,605
Consumer Deposits	20,900	18,600
Other Current and Accrued Liabilities	388,334	402,279
Total Current Liabilities	<u>2,815,223</u>	<u>2,989,691</u>
DEFERRED CREDITS	1,740,301	1,087,550
Total Equities and Liabilities	<u>\$38,100,202</u>	<u>\$36,246,692</u>

For ease of registration—and to register for prizes—
don't forget to bring the card above to the Annual Meeting!

(tear off here)



*Don't
forget!*

RENVILLE-SIBLEY COOPERATIVE POWER ASSOCIATION

**To Hold Annual Meeting
JUNE 24, 2021**

Island Ballroom, Bird Island, MN

Thursday, June 24, 2021 is the date for the 83rd Annual Meeting
to be held at the Island Ballroom in Bird Island, Minnesota.

The meeting will begin at 6:00 p.m.

**There will be an election to fill the
expired terms of three directors:**

**one director from District 1,
one director from District 2 and
one director from District 3.**

**EVERYONE IS
WELCOME TO
ATTEND.**



Prizes will also be
given to children in
attendance.

**A \$10 energy credit attendance prize will be given
to members (one credit per member household)
who attend the annual meeting. Drawings for the
early bird prizes will begin at 5:45 p.m. Drawings
will be held at the close of the annual meeting.**