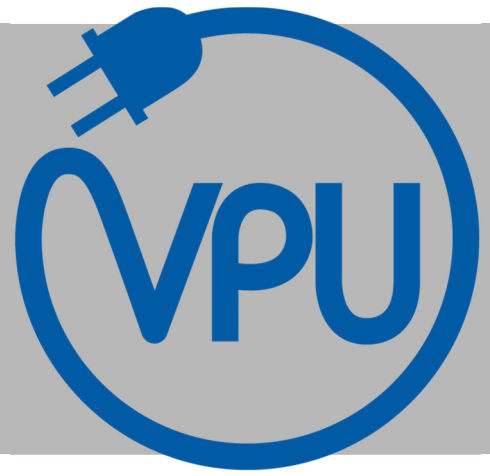


The VPU Quarterly

January 2024



Energy Assistance

Over the summer, VPU did a much-needed software enhancement, which will better allow us to handle Energy Assistance payments for our customers.

In the past, Energy Assistance was applied to one's account as it was received, and we manually allocated each payment to the specific commodity it was designated to pay. This oftentimes created a net credit balance on the bill, while the customer still owed for their "other" charges—basically everything except electric and heat. This created a lot of confusion for our customers, especially in the last several years as Energy Assistance payments were received in large lump sums instead of three or four monthly payments.

Moving forward, we will be holding Energy Assistance payments on each customer's account and applying the funds towards the electric and heat commodities as charges accrue. This means that customers who utilize Energy Assistance will now receive bills that more accurately reflect the charges that are actually owed for the month.

This software enhancement has a learning curve for both VPU staff and our customers. Please be patient with us as we learn the ins & outs of our new software upgrade. Also, as you receive your bills, I encourage you to call our Customer Service Department at (218) 748-7540 with any inquiries you may have regarding how your Assistance was applied, what your remaining balance is, or anything else that you may have questions on. We are here to help you navigate these changes, too!

Quick Notes:

The office will be closed on the following dates:

January 15th
February 19th
March 29th

Know the smell of natural gas!

If there is a faint smell, call the VPU at (218) 748-7540.

If in doubt, exit the building & call 911!

Sign up for Direct Pay and eliminate the need to write a check each month!

Forms are available in the VPU office or on our website at www.vpuc.com.

Electrical Distribution System Upgrades

Back in September and October of 2020, we experienced a couple of severe outages on the largest Minnesota Power feed into Virginia, which is referred to as the 306-feed. These outages brought a couple of things to light (pun intended). One, the transformer that VPU owns on that feed was 30-years-old, and it had been refurbished when VPU installed it. Two, without this feed, our other substations were barely able to supply the entire town with electricity now that VPU is no longer generating power in the plant. Remediating these two major issues became an immediate priority. However, the fix wasn't going to happen overnight, especially considering the looming supply chain issues.

VPU soon made the decision to build a new substation on the eastern side of town. The location on the corner of 10th Street South and 1st Avenue was chosen for multiple reasons. First, it was the location of a vacant lot that was already owned by the City. Second, Minnesota Power already had a feed nearby that had been abandoned when Highway 53 was re-routed, and lastly, with the layout of the existing distribution system, this was the most logical location.

Engineering on the new substation commenced soon after, and in the summer of 2021, construction began at the site. In late November that year, VPU took delivery of the new 7.5 MW transformer, which allowed the new substation to be up and running later that winter. Now that new 10th Street South substation was fully functional, we could comfortably take down the 306-feed to complete some major upgrades on that equipment.

While VPU was planning and building the new substation, we were simultaneously making plans to replace the rebuilt transformer on the 306-feeder located near the plant. This transformer was engineered and bid out to manufacturers throughout the country, and Virginia-Georgia Transformer won the bid. They custom built a 15/28 MW transformer, which was delivered in June of 2022. Around this time, we also ordered a switchgear to go in front of this new transformer to help protect it from any incoming power surges.

In May of 2023, the 306-transformer was officially decommissioned after a bus failure occurred. Because VPU had the foresight to build redundancy into the electrical distribution system with the addition of the 10th Street South substation, we had plenty of capacity to switch the feeders around and get power back on to the entire city.

This past summer, we began preparation to install the new 306-feed transformer. The decommissioned transformer was removed, and the new 105,000-pound transformer was set in place. A new pad was also poured for the switchgear to sit on once it arrives. Currently, installation of the new conduit, cables, and other components is taking place. The switchgear was scheduled to be delivered earlier this year, but due to manufacturer delays, it is now scheduled to be delivered in February 2024. Our plan is to have everything ready, so when it arrives, we will set it on the new pad and hook it up. From there, we should be able to re-energize the 306-feed.

Once the 306-feeder is back up and running, the City of Virginia will have plenty of capacity and redundancy in the electrical distribution system for many years to come. This doesn't necessarily mean that outages will go away, but it does mean that we will have several options to be able to switch feeds around to restore power when issues do come up. It also means that the main, critical components of the system will be newer and running lighter loads, so outages should be contained to much smaller areas.

SALVATION ARMY HEATSHARE PROGRAM

The Salvation Army offers a HeatShare Program to help customers who are experiencing financial difficulties. If your household is in need of assistance, or if you are interested in donating to the HeatShare Program, visit our website at www.vpuc.com/customer-service/assistance-programs for additional information.