



Important Information Regarding Sioux Valley Energy's Marathon Water Heater Program, Member Agreement and Commitment to Load Management Program

Marathon Water Heater Program/Member Agreement

- **Application:** Water heater sales are available at Sioux Valley Energy (SVE) service centers for residential applications only—Marathon 85 and 100-gallon units. The water heater shall be installed in a home receiving electricity from SVE, used for domestic water heater purposes, use electricity as the primary source for heating water, and be wired in a means to allow connection of load management equipment. A house/barndominium shall have full living quarters (kitchen/bathroom/bedroom) to be eligible—no ag, shop or business use. Rental applications are allowed for one water heater per unit; multiple units connected to a single water heater are not permitted. Applications as a storage/holding tank for a geothermal system for example or use as a heating source for infloor heat are not allowed.

- **Load Management Program:** The special reduced upfront purchase price for a Marathon water heater (approximately a 70% discount from retail cost) is given under the agreement that the member will comply with participation in the load management program for the lifetime of the unit. This complies with DOE regulations and SVE's program. All large capacity water heaters are received at SVE with only one element enabled for use. The unit will operate at a reduced capacity (approximately 50 gallons) until SVE personnel enable the second heating element and install/maintain load management equipment at a member's home. Members should contact SVE at 1-800-234-1960 to schedule an appointment. For builders working with new construction homes, it is their responsibility to schedule an appointment prior to the account transitioning into a new homeowner name. SVE personnel must be allowed to connect the necessary equipment and perform periodic maintenance during normal business hours.

- **Upfront Price & Restrictions:** The special upfront price of the water heater is provided in lieu of a monthly load management billing credit. The water heater must be paid for in full in order to be picked up. Some program and pricing restrictions apply if replacing a previous water heater under SVE's program in less than 10 years and for homes/accounts requiring multiple water heaters. A water heater sold as the primary unit in a home will be charged \$600 plus applicable tax*. A member purchasing additional units for their account/home will need to pay \$1200 plus applicable tax for additional units. Program funding is limited, and water heaters will be sold on a first-come, first-served basis. The program may change or be canceled without prior notice.

*Applicable tax for SD members includes sales tax on \$3/gallon power supplier incentive which aids in the special upfront pricing offer.

- **Pick-up Information:** Water heaters are in stock at SVE service centers in Colman, Brandon, Hartford and Pipestone. Pick up times are from 7:30 am – 3:00 pm Monday through Friday. Due to the size of the units, we recommend hauling in the bed of a pick-up truck or trailer. Units are packaged in a box and can lay down. Members should call ahead to place their order.

- **Installation Timeline:** The water heater shall be installed within 90 days of purchase. Returns will be accepted within 90 days of purchase if the water heater is not damaged, and packaging is intact. When the water heater is installed and operational, the member shall contact SVE to schedule the installation or maintenance of load management equipment.

- **Ownership Requirement:** The home shall be owned by the member and a contractor may purchase/pick up the water heater for new construction or at a member's request. This arrangement constitutes acknowledgment of the terms of the water heater program by the present/future homeowner. For rental applications, the landlord must make the arrangements for the purchase of a water heater.
- **Product Registration/Warranty:** The member agrees to give SVE permission to register product for warranty. Rental applications will be registered under the landlord name, not the tenant. SVE personnel provide warranty and repair services—does not include water heater installation/wiring. See warranty guidelines for specific terms.
- **Failure to Comply:** Failure to comply with load management requirements as defined by Sioux Valley Energy program guidelines and DOE will void warranty services of the water heater and result in the member/builder being billed for the balance of the full retail cost. The amount charged will be based on the current vendor retail pricing SVE pays and the difference in what the member paid at the time of purchase (approximately 70% more than the reduced upfront member sales price).

Marathon Water Heater Warranty Guidelines

- **Warranty Conditions:** The warranty is subject to proper installation and conditions per manufacturer's guidelines and compliance with the load management program. Members can contact SVE at 1-800-234-1960 for warranty and repair services.
- **Residential Warranty:** A single-family dwelling owned by the original purchaser or private owner (or the first homeowner if purchased by a builder for new construction) qualifies for a lifetime tank warranty and a 6-year parts warranty. The warranty converts to a 10-year tank warranty from the original purchase date for a secondary owner.
- **Rental Warranty:** Rental homes/apartments or homes on a commercial or corporate account will have a limited 10-year tank warranty and a 1-year parts warranty.

Load Management Program/Member Commitment

Large-capacity grid-enabled water heater program

As part of Sioux Valley Energy's Marathon residential water heater program, a discounted upfront sales price is given to members for 85 and 100-gallon units with the agreement of participation in the load management program for the lifetime of the unit. The Department of Energy regulates the grid-enabled large capacity water heater standards. Only utility providers that offer a load management program can sell large capacity water heaters, which is why units above 50-gallon are not readily available in the retail box stores. All large capacity water heaters are received at SVE with only one element enabled for use. The unit will operate at a reduced capacity (approximately 50 gallons) until SVE personnel enable the second heating element after installing or maintaining load management equipment at a member's home. Members should contact SVE at 1-800-234-1960 to schedule an appointment when the water heater is installed and fully operational. For builders working with new construction homes, it is their responsibility to schedule an appointment prior to the account transitioning into a new homeowner name.

What is load management?

Load management equipment is used during periods of peak usage to control devices to shift demand from the system to reduce potential wholesale power purchases. Although members pay a flat kWh charge on their electric bill, power supply purchase costs vary throughout the day. Load management saves members-owners over \$1.5 million annually in power supply costs.

How do control times work?

The necessity of load control is determined by our power suppliers, East River Electric Power Cooperative and L&O Power Cooperative. They utilize a two-way communication controller to send a signal. Typically, this occurs during times of extreme temperatures throughout the seasons but the number and length of controlled times in a month will vary. For SD members, water heaters may be controlled up to four consecutive hours during a control event. If additional controlling is needed beyond that initial period, water heaters will be cycled on for one hour and off for two hours. For MN members, water heaters may be controlled up to 50 minutes of every hour during a control event. There is no controlling after 11 pm so tanks should be full of hot water each morning. The recovery rate for a Marathon water heater is approximately 22 to 26 gallons of hot water per hour depending on the season. Due to the large capacity and efficiency of Marathon water heaters, most members don't notice control events and rarely experience inconvenience by participating in the load management program.

What if members don't comply with load management?

Failure to comply with load management requirements as defined by Sioux Valley Energy program guidelines and DOE will result in the water heater being void of warranty services and the remaining balance of the full retail cost billed to the member or builder. The amount charged will be based on the current vendor retail pricing SVE pays and the difference in what the member paid at the time of purchase (approximately 70% more than the reduced upfront member sales price).