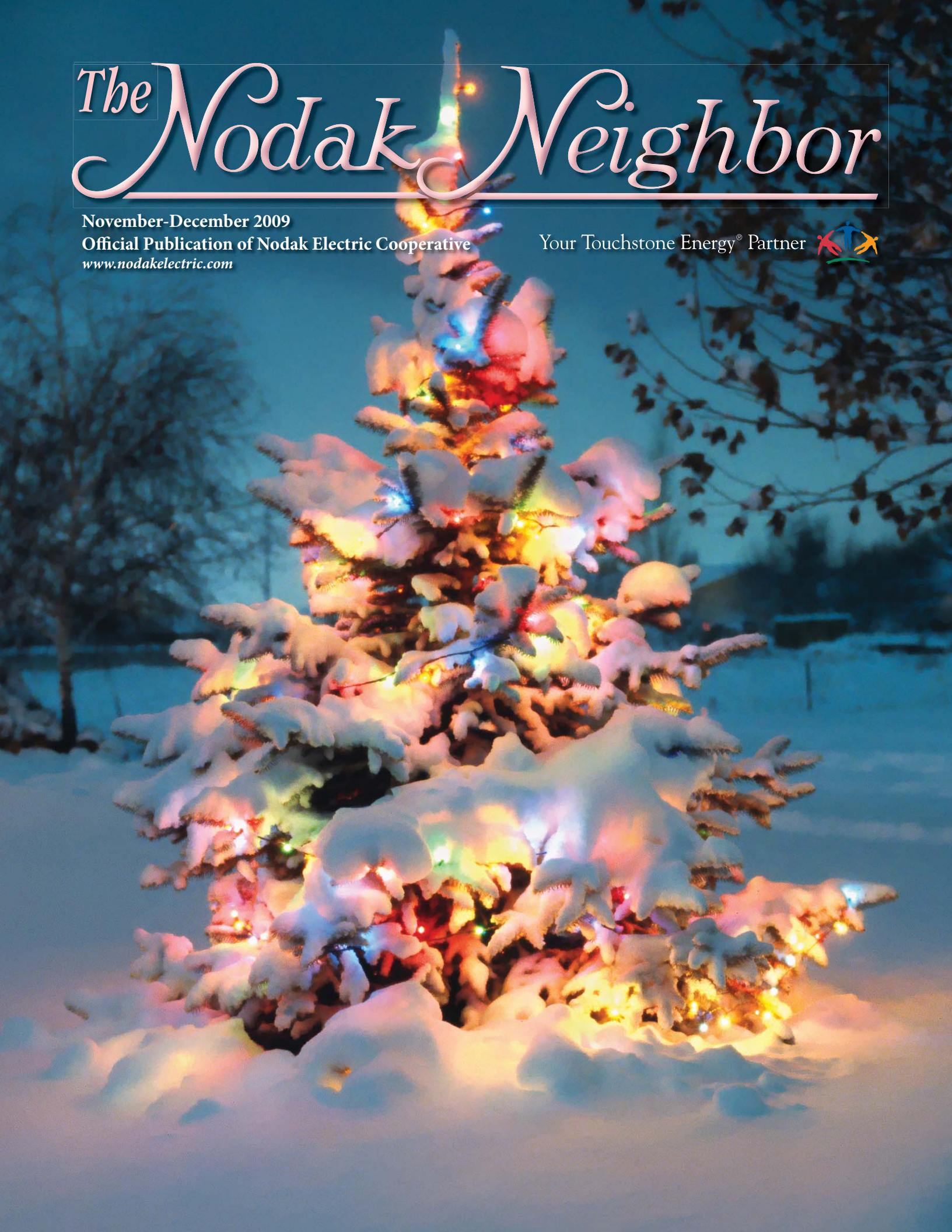

The Nodak Neighbor

November-December 2009
Official Publication of Nodak Electric Cooperative
www.nodakelectric.com

Your Touchstone Energy® Partner

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Volume 59, No. 7
November-December 2009

Table of contents

Our offices will be closed Thursday & Friday, Dec. 24 & 25, for Christmas, and Friday, Jan. 1, New Year's Day

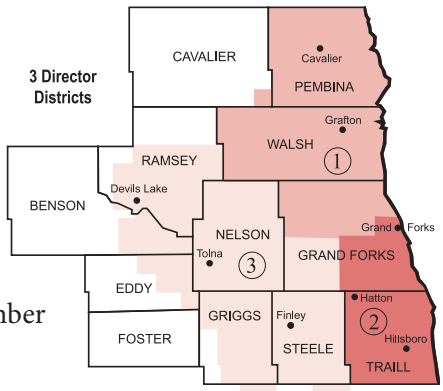
2010 director elections

Harvey Tallackson, District 1

David Kent, District 2

Donna Grotte, District 3

Nodak Electric Cooperative, Inc., will hold its 2010 annual meeting Saturday, April 10, 2010, at the Alerus Center in Grand Forks, N.D. Election for three director positions will be held at the annual meeting. Incumbent directors up for re-election are Harvey Tallackson, District 1; David Kent, District 2; and Donna Grotte, District 3.



Persons who desire to serve as a member of the Nodak Board of Directors may be nominated in one of two ways:

1. By a petition signed by 15 members of Nodak in good standing. The petition must be in Nodak's office 45 days prior to the annual meeting.
2. A member can be nominated by the Nominating Committee. The committee will be named by the Nodak Board of Directors in February 2010.

If you are interested and would like further information, please feel free to contact Nodak's office at 1-800-732-4373.

E-billing *Easy online account access!*

If you're interested in learning more information about E-billing, visit our Web site at **nodakelectric.com**. Click on "Programs and Services," and then select "E-bill." After reading all about what E-billing has to offer and you are interested in using the E-bill option, just follow the next few steps:

- Have your Nodak account number ready
- Select highlighted option "Click here to enter E-billing"
- Select "If you are a new user"
- Fill out the appropriate information, name, account number, etc. and select "Submit"

It's that easy and you're on your way to accessing your account. If you have any questions, please feel free to call our offices at 701-746-4461 (toll-free 1-800-732-4373) or e-mail us at nodak@nodakelectric.com.

Electric use surcharge: *what, when & why?*

George Berg
President & CEO

With regret, I am using this issue to notify you of a rate surcharge that will be added to all electric bills beginning with the January 2010 billing period. That's the what and when. While very complicated, I will attempt to explain the why.

Our power supplier, Minnkota Power Cooperative, is subject to a renewable energy mandate in the state of Minnesota and a renewable energy objective in North Dakota. While these generation requirements are not immediate, it became clear in recent years that this power would need to come from wind, and that the cost of wind generation is likely to increase in future years. Minnkota has been very aggressive in securing enough wind energy to satisfy both the North Dakota and Minnesota requirements. They have done this by contracting to buy all of the generated electricity from large wind farms near Langdon, N.D., and north of Valley City. The contract price for this energy is fixed for a 25-year period.

At this point in time, Minnkota needs only a small amount of the electricity generated from these wind farms to meet the needs of our users. The larger share is excess energy, which is sold into the regional market at variable market prices. Prior to 2009, the excess power could often be sold at a profit, which helped to keep Minnkota's wholesale rates and our retail rates low. Then came an event that none of us could have forecasted – the worst economic recession in the past 70 years.

While the economy is quite stable in North Dakota, that is not the case in many midwestern states, which are part of the regional electric grid. With a depressed economy, the demand for excess electricity from the regional market has dropped. Now, instead of selling electricity in the market for a profit, Minnkota has been selling most of its excess electricity in 2009 at a loss. On average, the market price has been about 2 cents per kilowatt-hour less than the price Minnkota is paying for the energy from the wind farms.

The severe downward trend in the market could not have come at a worse time. Minnkota has larger-than-normal amounts of excess energy it must sell, and the average price is lower than it has been in years. As Nodak and the other 10 distribution cooperatives in the Minnkota system grow, there will be less excess energy to sell. Also, as the economy recovers, we expect the regional market to recover, and once again, Minnkota will be selling at least some of its excess energy at a profit. In the meantime, Minnkota has an unexpected expense that will be passed on to Nodak in the form of a 0.5 cent per kilowatt-hour surcharge. We, in turn, will pass through the 0.5 cent per kilowatt-hour surcharge on all of our retail rates.

The obvious question is why did Minnkota secure so much wind energy so fast when in fact it could have met the requirement by adding a little each year for the next 10-15 years? The answer is that there have been many indicators that the earliest built wind farms would be the least costly, and we believe that is still the case. Supply/demand issues, location issues and availability issues point toward higher costs for renewable energy in the future. That is a very big concern knowing that a utility needs to contract at a fixed cost for up to 25 years. Even with this unfortunate bump in the road, we believe Minnkota has made a good long-term decision by securing the needed renewable energy as early as possible.

One bright spot for Nodak is that it is projecting the largest increase in sales ever for the year 2010 with the addition of three Keystone pumping stations and other growth in our system. In the event the market price for electricity remains low in 2010, this will help to reduce the amount of sales, and it will also provide added margins for Nodak, which helps to cover ever-increasing operating costs.

The 0.5 cent surcharge will add $7.50 to a monthly bill for someone using 1,500 kilowatt-hours. For an electric heating customer using 20,000 kilowatt-hours, 0.5 cents would add $100 to an annual heating bill; however, since the surcharge is not going into effect until January, it will not impact the entire heating season for this year.

In addition to the unavoidable 0.5 cent surcharge, we have two rate related concerns for the year 2010. First, while we hope the surcharge can be dropped sometime in 2010, that is dependent upon the market returning to normal, which is not a guarantee. If the market continues to be low, the surcharge will likely be continued beyond the end of 2010. Second, Minnkota is projecting a 7.5 percent increase in April 2010. We are hopeful we can absorb some or all of that increase without another retail rate increase during the year; however, we need the growth that is projected from Keystone and other sources, and we need no unexpected expenses, such as an ice storm for that to occur.

GF hosts NRECA regional meeting

English says it's a key time for industry

Wally Wolski, NRECA president

Glenn English says it's time to stand up together in the fight for affordable electric bills.

Speaking at the National Rural Electric Cooperative Association (NRECA) Region VI meeting Oct. 28-29 in the Alerus Center in Grand Forks, N.D., the group's CEO said co-op leaders must get involved in the political process if they hope to keep costs down for consumers.

Congress needs our input to make the right call with climate change and other issues, he said.

"This is one of those critical times in history, certainly in the history of the electric co-op program, in which our engagement and our involvement in politics will determine whether electric cooperatives will survive into the future," he told a crowd of more than 500 at the conference.

English spoke on the final day of the conference, which was held in Grand Forks for the first time.

Sandwiched around English's report were updates from Jonathan Adelstein, administrator with the Rural Utilities Service, and Kirk Johnson, vice president of environmental policy at the NRECA. Later in the day, English and Wally Wolski, NRECA president, answered questions from the audience.

The location of the conference was convenient for many from the Minnkota System to attend. They witnessed a program that featured the theme: "Tough choices call for strong voices."

Region VI is composed of the Dakotas and Minnesota. Beginning next year, Regions V and VI will have a combined regional meeting in the Twin Cities.

Industry challenges and opportunities for the group to step forward and be heard were among the issues discussed during the conference.

"We've always risen to the occasion and, when times are the most critical, that's when we really come together," Wolski told more than 570 members in attendance on the first day of the conference. "When we come together, pull together or 'network' as they say today, we achieve some very amazing results."

The NRECA holds a series of 10 regional meetings throughout the country each fall. At these meetings, electric cooperatives present their concerns and discuss issues in developing national policy. Twelve national member-elected committees are charged with screening and acting on resolutions.

But Wolski sees the NRECA as more of a grassroots movement.

"We are the bedrocks of the communities we serve," Wolski said. "What I'm most proud of is we're a bottom-up organization and we're not afraid to stand up for our rights and fight – when we do so on behalf of our members."

Tough choices on legislation

To illustrate the difficult decisions on the horizon for rural electric cooperatives, Dena Stoner, NRECA vice president of government relations, held up the proposed Senate climate change bill to the audience on the first day of the conference.

It was quite a feat as the document totals more than 1,200 pages.

"It's a huge, huge plan," Stoner said. "There are 12,000 organizations lobbying on climate change policy. It's something much bigger than just carbon."

Stoner also discussed proposed legislation regarding nuclear power, cyber security and healthcare.

Together, we can save

Among other topics on the second day of the conference included the Together We Save campaign and rate policies.

Jim Bausell, of Touchstone Energy Cooperatives, showed attendees the highlights of the Together We Save program.

"We help members save energy and indeed save money," Bausell said.

Gary Pfann, director of executive staff and education programs at the NRECA, spoke about rate policies before being joined by David George, CEO of Kandiyohi Power Cooperative, and Jay Jacobson, general manager of Dakota Valley Electric Cooperative, for a panel discussion.

To learn more about how you can save energy, go to **minnkota.com** and click on togetherwesave.

Winter Load Management

New resources to benefit members

Despite varying weather forecasts and a fluctuating energy market, Nodak Electric members can expect the high demand for electricity in the cold winter months to be balanced by the addition of new generating resources.

The result? Roughly the same number of load control hours as last year, according to Minnkota Power Cooperative, our wholesale power supplier.

The difference in this year's program will be an additional 118.5 megawatts (MW) of power that Minnkota is purchasing at the Ashtabula Wind Energy Center near Valley City, N.D. Minnkota now has 357 MW of wind in the system through power purchase agreements with NextEra Energy Resources.

Coupled with baseload coal generation, resources are available to manage a considerable amount of load control internally instead of purchasing energy from the market.

"The market is impacted by many things that we don't control," said Al Tschepen, vice president – Planning & System Operations. "When Minnkota has its own resources, it's able to minimize the risks because we aren't going to the market for a significant amount of power. We're going to supply it off of our own resources."

A balancing act

While the cost of power to the Minnkota-associated systems should remain stable throughout the winter, the cost of electricity on the open market fluctuates.

"Ultimately, we're looking to establish what our load requirements are by using historical data to determine our load projection," said Todd Sailer, Minnkota energy supply manager. "We follow that by identifying how much of our generation serves that load and whatever is left needs to either be purchased or controlled."

Sailer says that the recent trends in the market have, in many cases, taken precedence over weather conditions.

"The weather outside is something that the member follows," Sailer said, noting that Minnkota makes load-control decisions based on a variety of criteria. "They see days where it's 20-below and we're not controlling, and days where it's above zero and sunny and we are controlling. They're wondering how this makes sense, but it's driven by economics. We're trying to maximize the use of our load management system to hold costs down."

Other influences that play a role include maintenance outages and transmission constraints.

"It's a balancing act. We're trying to manage the budget and the hours of control," Sailer said.

Positive news

Participants in the load management program receive significantly reduced rates for their primary electric heating source. By maintaining a reliable backup heating system capable of carrying them through control times, members enjoy cost-effective heating.

With a dual heating system in place, Minnkota is able to interrupt the flow of electricity from the Control Center in Grand Forks, N.D., during peak demand times. By controlling demand for a short period of time, affordable rates are made available for all members in the Joint System and the construction of new baseload generating resources is avoided.

"When we're estimating our load management for the winter season, we're looking at what we expect for resources, what we expect for load requirements and then we identify the piece that we'll have to purchase or control," Sailer said.

It's time to check your Heating system

Every year it comes as a surprise how fast the temperature drops after the summer is over. Once that initial chill has passed, the cool air is a stiff reminder that it's time to pay a visit to the ol' furnace. This is when you realize that old reliable may need repair. Take time now to ensure that your heating system is running properly and your backup system is ready for the winter control season.

The following checklist is a good start to ensure your furnace will run efficiently.

- ✔ Be sure the thermostat controlling your heating system is functioning properly. Your furnace is only as good as your thermostat.
- ✔ Make sure the filter in your furnace is clean. If needed, remove the old filter and replace it with a new one. As dust builds on the filter, it reduces airflow through the furnace, forcing it to work harder to heat your home. By replacing the filter once a month during cold weather, you can conserve energy.
- ✔ Check all electrical components in the furnace and make sure they are operational.
- ✔ Oiling the motors as necessary.
- ✔ Inspecting the heat exchanger for possible cracks to ensure no carbon monoxide will leak through. (This is important as a crack in the heat exchanger will introduce carbon monoxide into your home.)
- ✔ Make sure airflow is not diminished (if it is, the evaporator coil may need to be cleaned).
- ✔ For the backup system, make sure there is adequate fuel supply to carry through control periods.

If you feel unsure or have questions on your furnace, have a professional inspect and service your heating unit and backup system before winter sets in.

Do space heaters save money?

Many electric space heaters advertise that they can slash your electric bill, but what they don't advertise is that they can also cause that bill to increase significantly. Whether it's a standard electric space heater at your local hardware store or a model advertised in a newspaper, you need to be concerned with how much power the unit consumes. This is usually given in watts. If you can't find this information on the package or heater itself, be sure to ask the retailer before making a purchase.

Many electric space heaters are rated at 1,500 watts. This rating is how much power the space heater uses. You are billed for each kilowatt-hour of electricity you consume. A thousand watts is equal to 1 kilowatt, so 1,500 watts is equal to 1.5 kilowatts. This means for each hour the space heater is running, it consumes 1.5-kilowatt hours of electricity, which costs about 7 cents per kilowatt. Doesn't sound like much does it? But running that heater nonstop is a surefire way to increase your bill.

If you ran a 1,500 watt space heater for 24 hours a day for a single month, it would cost about $76. That's on top of your normal bill. So where are the savings on such items? An electric space heater can save money, but only if you reduce the run time of your electric furnace or other primary heating system.

A space heater could reduce your electric bill, for instance, if you lowered the thermostat on your electric furnace from 72° F to 66° F and used the space heater to heat a single occupied room up to a comfortable temperature. If, however, you're using the space heater to heat an area of your home normally not heated, such as an enclosed deck, the space heater is simply an additional cost. Also, keep in mind that if you're using an electric space heater to supplement a propane furnace, you may see a drop in the amount of propane you use, but your electric bill will still increase.

Electric space heaters can provide an effective and simple means of heating that cold bedroom or other relatively small space, but they should never be allowed to run 24 hours a day. Nor should they run when occupants are sleeping or away from home. You should always keep in mind the cost of operating such a piece of equipment.

Decorate safely for the holidays

Colorful, twinkling lights. Brightly lit plastic candy canes and snowmen on the front lawn. Such decorations help make the holidays a magical time of year, but they must be handled with care. Here are some tips for using electrical products safely during the holidays:

- Before decorating, read and follow the manufacturers' instructions concerning installation and maintenance of all decorative electrical products.
- Use lights certified for outdoor use only for outdoor use. The same goes for indoor lights.
- Carefully inspect each light before plugging it into a socket. Cracked, frayed, loose or bare wires may cause a serious electrical shock or start a fire.
- Do not mount or support light strings in any way that might damage the cord's insulation. Never nail or staple light strings or extension cords.
- Always unplug an electrical decoration before replacing light bulbs or fuses.
- Do not connect more than three light string sets together. Light strings with screw-in bulbs should have no more than 50 bulbs connected together.
- Do not overload extension cords.
- Keep all extension cords and light strings clear of snow and standing water.
- Use caution when decorating near power lines.
- Never use electric lights on a metallic tree.
- Do not allow children or pets to play with electrical decorations.
- Always turn off decorations before leaving home or going to bed.
- Plug outdoor lights and decorations into circuits protected by ground fault circuit interrupters (GFCIs). Portable GFCIs for outdoor use can be purchased wherever electrical supplies are sold.

Sources:Electrical Safety Foundation International; United States Fire Administration

The benefits of AMI

The last of Nodak Electric's 47 substations was commissioned for advanced meter infrastructure (AMI) in October 2008. Since then, the ability to access information at the meter has greatly benefited both the customer and the cooperative.

Mostly recognized as an automated meter reading system, Two-Way Automated Communication System (TWACS) allows for daily readings of each meter nightly. The meter is read three additional times during the day to extract hourly kilowatt-hour (kWh) usage in eight-hour blocks. An added feature of TWACS is an on-request reading function that allows a customer service representative to retrieve a real time meter reading at any time.

Obtaining daily meter readings has the advantage of capturing a customer's daily usage, which provides valuable information to assist in determining loads and usage patterns over time. In many instances, daily consumption is needed to analyze the cause of significant load changes.

Absence of daily readings can make Nodak Electric aware of a potential meter problem. If Nodak Electric does not receive a meter reading on the 20th of each month for billing, the next available reading can be used as the present reading for the billing statement.

Hourly energy usage per meter has been used to help customers by zeroing in on what possible loads are operating each day and specifically, at what times. During the past year, Nodak Electric has been able to pinpoint when loads were either turned on, off and how long they were operating. In one example, a customer could not determine what load was on at a seasonal residence, and after a quick look at the hourly data, it was determined that a dehumidifier was left running. Hourly readings have proved to be extremely helpful in reconstructing and explaining a monthly usage.

For Nodak, hourly data helps reveal uncontrolled off-peak electric heating systems that contribute a demand during a winter billing peak on the off-peak meter. This past winter season, the hourly load profile was used to confirm numerous uncontrolled heating systems that our energy service department is currently inspecting.

The effects of AMI have been noticeable in the billing department. Prior to AMI, meters that were not read each month were posted as an estimated reading until a valid reading was submitted. An estimated reading was usually adjusted either too much or too little and caused confusion for the customer when an actual reading was entered. AMI has virtually eliminated the need for these estimated billing adjustments, resulting in a significant reduction in customer phone calls and office visits.

Another item that no longer exists is the time-consuming task of keying monthly meter readings. Any time a manual meter reading is entered, there is always the possibility of human error by miskeying.

A benefit of AMI from a billing perspective has been consistent meter readings. Timely meter readings provide the customer with reliable monthly kWh data, resulting in accurate bills. When a meter is read on the same date each month, the customer can more easily follow kWh usage patterns, which in turn can help in managing energy consumption. Consistent meter readings allow Nodak to more accurately monitor kWh line losses by comparing monthly substation energy sales versus wholesale power purchases.

In a future issue, we will explain the vital role our AMI system has taken as it interfaces with Nodak Electric's outage management and mapping systems. Since AMI communicates with each meter, we now have the ability to identify what phase(s) a service is connected to, check voltage at each meter, monitor "blink" (momentary outage) counts, and confirm electrical outages and restoration. Stay tuned – we will keep you updated on the progress.

Nodak ELECTRIC COOPERATIVE

Your Touchstone Energy® Partner

FEELS BETTER AROUND THE HOUSE SINCE I SET OUR THERMOSTAT TO CHEAP.

We're gone most of the day. Didn't make sense to keep an empty house comfortable. But now when we get home, it's ready. I'm saving $280 a year just by programming a thermostat. What can you do? Find out how the little changes add up at **TogetherWeSave.com**.

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