

Nodak Neighbor

November-December 2008

Official Publication of Nodak Electric Cooperative

www.nodakelectric.com

Your Touchstone Energy® Partner



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Nodak Electric Cooperative, Inc.

746-4461 or 800-732-4373

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The Nodak Neighbor (USPS 391-200) is published seven times a year, Feb., March, April, June, August, Oct. and Dec. for \$1.00 per year by the Nodak Electric Cooperative, Inc., 4000 32nd Ave. S., Grand Forks, N.D. 58201-5944. Periodicals postage paid at Grand Forks, N.D., and additional mailing offices. POSTMASTER: Send address changes to NODAK ELECTRIC COOPERATIVE, INC., P.O. Box 13000, Grand Forks, N.D. 58208-3000.

Volume 58, No. 7
November-December 2008
Officers and Directors

Chairman of the Board Roger Diehl
Vice Chairman David Kent
Secretary/Treasurer Steven Smaaladen
Directors Donna Grotte, David Hagert,
Doug Lund, Lee McLaughlin,
Paul Sigurdson and Harvey Tallackson
President & CEO George Berg
Editor Duane Hafner

2009 director elections



Paul Sigurdson, District 1



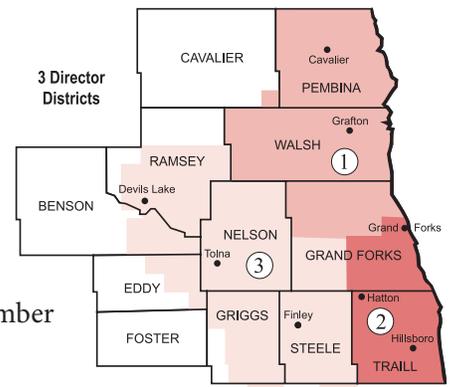
David Hagert, District 2



Doug Lund, District 3

Nodak Electric Cooperative, Inc. will hold its 2009 annual meeting Saturday, April 4, 2009, 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 Paul Sigurdson, District 1; David Hagert, District 2; and Douglas Lund, 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 and will meet 45 days prior to the annual meeting.

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

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On the cover: (Inset photo) Neil Reiten waits to tow a Nodak Electric truck out of a slough as line worker Jim Kurtz repairs a pole near Petersburg, N.D., following the ice storm that hit Nodak's service area recently. See pages 4 and 5 for more info and photos. *Inset photo by Eric Hylden, Grand Forks Herald; background photo by Minnkota Power Cooperative.*

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.



George Berg
President & CEO

Rate changes effective January 2009

There's no way to sugarcoat this article. In fact, maybe the word "announcement" better describes this particular communication than the word "article." The announcement is that we need to increase our retail rates in January 2009. For residential accounts, the rate increase will average about 8.5 percent. You will first see the effect of this rate change on the electric bill, which is payable during the first part of February.

By far, the majority of the revenue that is needed with this rate increase is because of higher wholesale electric bills we will be paying to our power supplier, Minnkota Power Cooperative. In March of 2008, Minnkota increased our wholesale rates by 3 percent. We made no changes to our retail rates at that time. In March 2009, the Minnkota wholesale rates will again be increased, this time by 13 percent. The effect of these two wholesale rate increases will be that our 2009 wholesale power bill will be at least \$5 million greater than our wholesale power bill in 2007.

For our general service, typically residential accounts, the monthly facility charge will increase by \$2 per month in 2009. The per kilowatt-hour used charge will be a flat 7¢ per kilowatt-hour. In 2008, you paid 6.5¢ for the first 4,000 kilowatt-hours and 6¢ for anything over 4,000 kilowatt-hours. The percentage increase on your power bill will depend upon the amount of power you use and which of the three general service categories you fall under.

Our off-peak rate for 2009 will increase from 3.6¢ to 4¢. This is a lesser increase than the general service rate increase on a cents per kilowatt-hour basis, but on a percentage basis, it calculates out to 11.1 percent.

If there is a bright spot in all of this, it is that electricity still has the best price stability of any form of energy. Also, electricity from any utility in North Dakota is far less expensive than many other parts of the country. The tables at right illustrate the effect of this rate change on our three categories of general service accounts.

General Service - Urban

KWH / month	Old Rate	New Rate	\$ Difference	% Difference
500	\$40.50	\$45.00	\$4.50	11.1%
600	\$47.00	\$52.00	\$5.00	10.6%
700	\$53.50	\$59.00	\$5.50	10.3%
800	\$60.00	\$66.00	\$6.00	10.0%
900	\$66.50	\$73.00	\$6.50	9.8%
1000	\$73.00	\$80.00	\$7.00	9.6%
1250	\$89.25	\$97.50	\$8.25	9.2%
1500	\$105.50	\$115.00	\$9.50	9.0%
1750	\$121.75	\$132.50	\$10.75	8.8%
2000	\$138.00	\$150.00	\$12.00	8.7%
3000	\$203.00	\$220.00	\$17.00	8.4%
4000	\$268.00	\$290.00	\$22.00	8.2%
5000	\$328.00	\$360.00	\$32.00	9.8%
6000	\$388.00	\$430.00	\$42.00	10.8%
7000	\$448.00	\$500.00	\$52.00	11.6%

General Service - High Density

KWH / month	Old Rate	New Rate	\$ Difference	% Difference
500	\$49.50	\$54.00	\$4.50	9.1%
600	\$56.00	\$61.00	\$5.00	8.9%
700	\$62.50	\$68.00	\$5.50	8.8%
800	\$69.00	\$75.00	\$6.00	8.7%
900	\$75.50	\$82.00	\$6.50	8.6%
1000	\$82.00	\$89.00	\$7.00	8.5%
1250	\$98.25	\$106.50	\$8.25	8.4%
1500	\$114.50	\$124.00	\$9.50	8.3%
1750	\$130.75	\$141.50	\$10.75	8.2%
2000	\$147.00	\$159.00	\$12.00	8.2%
3000	\$212.00	\$229.00	\$17.00	8.0%
4000	\$277.00	\$299.00	\$22.00	7.9%
5000	\$337.00	\$369.00	\$32.00	9.5%
6000	\$397.00	\$439.00	\$42.00	10.6%
7000	\$457.00	\$509.00	\$52.00	11.4%

General Service - Rural

KWH / month	Old Rate	New Rate	\$ Difference	% Difference
500	\$58.00	\$62.50	\$4.50	7.8%
600	\$64.50	\$69.50	\$5.00	7.8%
700	\$71.00	\$76.50	\$5.50	7.7%
800	\$77.50	\$83.50	\$6.00	7.7%
900	\$84.00	\$90.50	\$6.50	7.7%
1000	\$90.50	\$97.50	\$7.00	7.7%
1250	\$106.75	\$115.00	\$8.25	7.7%
1500	\$123.00	\$132.50	\$9.50	7.7%
1750	\$139.25	\$150.00	\$10.75	7.7%
2000	\$155.50	\$167.50	\$12.00	7.7%
3000	\$220.50	\$237.50	\$17.00	7.7%
4000	\$285.50	\$307.50	\$22.00	7.7%
5000	\$345.50	\$377.50	\$32.00	9.3%
6000	\$405.50	\$447.50	\$42.00	10.4%
7000	\$465.50	\$517.50	\$52.00	11.2%

ICE STORM

*Restoration raises
lots of questions*



On Thursday evening, Nov. 6, 2008, an ice storm hit our service area. By the end of the night, we lost power to roughly 4,500 accounts. Most of the damage was concentrated in a 40-mile-wide swath from north of Adams, N.D., to south of Cooperstown, N.D. Not until the next Monday morning were all of the accounts back in service. Complicating the recovery effort was the extremely poor ground conditions due to heavy rainfall just prior to the ice storm. Another problem developed when we lost our two-way radio communications tower near Adams as a result of ice buildup and high winds.

During this period of restoration, we can appreciate the frustration from our members, and we understand the logical questions that are asked. Some questions are asked so frequently, we feel there is merit in responding to them for everyone's benefit. Below are a few of those questions:

Why can't you tell me how long until my power will be back on?

Answer: During the recent ice storm recovery, we had up to 50 line workers working at many locations in various sized crews. Each time a crew approached a section of line, they had very little understanding of the extent of the damages and no idea of how long it would take them to complete this specific job. For those working in the dispatch center, it is impossible to maintain a status report for each crew, much less a timeline for each of the 4,500 accounts out of power. Periodically making contact with every crew to get a status report would do little as far as getting an accurate timeline and would only further delay the restoration work they are trying to get done. As frustrating as it is, we can only tell members to plan for the worst and hope for the best.

Why don't you bring in more crews from other utilities to help get power restored?

Answer: We did bring in 12 line workers from neighboring cooperatives to help with this storm. There is a limit of how many outside workers can be used efficiently, as they need to be supervised by Nodak employees who are knowledgeable about our power distribution system.

Why don't you use the local media to disseminate more information about what is going on?

Answer: Part of the answer reflects back on the first question. The nature of an ice storm is that we simply do not know what sort of damage we have and until the crews get on site, we don't know what needs to be done and how long it will take. About all we can give to the media is the general geographic area that has been hit and the number of accounts that are out of service. We do share that information with the media, along with specific challenges that affect the restoration process.

Why do you quit working at night when members are still without power?

Answer: This is the question that surprises us more than any. Following an extensive ice storm, we make a practice of starting work at 6:00 a.m. and quitting as near as possible to 9:00 p.m. This means the line workers probably get home, cleaned up, eat, get to bed by 11:00 p.m., and get up at 5:00 a.m. Our only exception to this schedule is if we feel there is a life-threatening danger situation that cannot be left overnight. Working employees harder than this, in addition to being inhumane, creates a serious safety concern. It is doubtful it would speed up the overall restoration of power.

Why don't you put your power lines underground so that you don't have these types of problems in the future?

Answer: The cost to underground all of our power lines is prohibitive. It costs roughly \$20,000 per mile for single-phase and \$50,000 per mile for three-phase underground construction. While we feel underground is superior to overhead, it doesn't mean that underground is problem free. Underground cable does fail, and when it does, it can be costly to make repairs, especially during winter months.

Although many variables affect off-peak control hours, increased electric demand on the Minnkota Power Cooperative generation and transmission system this heating season will be offset by new generating resources.

That's good news for the Nodak Electric Cooperative members who are enrolled in the off-peak electric heat program. Minnkota is Nodak's wholesale power supplier.

Dual heat is a simple concept. Participants in the load management program receive substantially reduced electric rates for their primary electric heating source. In exchange, they maintain an automatic and reliable backup heating system capable of carrying them through control times.

These dual heating systems allow Minnkota to interrupt the flow of electricity during peak demand times to better manage energy supply and demand. Load management activities are initiated from the Control Center in Grand Forks, N.D.

More resources

The additional generation within the Minnkota system will come from:

- Purchasing energy from another 40.5 megawatts (MW) of capacity from the Langdon Wind Energy Center south of Langdon, N.D.;

- Purchasing energy produced by the new 99-MW Ashtabula Wind Energy Center north of Valley City, N.D., when it is commissioned later this year; and
- Exercising the last of four incremental options to increase Minnkota's allocation (by another 5 percent) of the power produced by Young 2 beginning Jan. 1, 2009. That final increment will add another 22 MW of capacity, bringing Minnkota's share to 50 percent of Young 2 generation.

Positive offset

"These additional resources should also reduce the number of hours of load control," said Todd Sailer, Minnkota energy supply manager. "We are actually at a point where the expanded resources should be a positive offset to the amount of load management that may be needed."

While Sailer isn't projecting an actual number of load control hours this winter season, he is predicting that the number of hours should be less than last year. This is in spite of an anticipated 2.5 percent increase in total system load.

The decision to control off-peak loads is an economic one. The cost of wholesale power on the open market is the primary driver. The price of natural gas, which fuels many of the region's peaking plants,

has a huge bearing on the cost of wholesale power. An escalated price of natural gas translates into higher wholesale electricity costs.

"The decision on whether to purchase energy from the market or to control off-peak loads is based on the current market price, along with season-to-date energy purchases and control hours," said Al Tschepen, vice president of Planning and System Operations.

Entire system benefits

The load management program benefits all consumers in the Minnkota/Northern Municipal Power Agency Joint System. By controlling demand for a short time during high-use periods, affordable rates for all members are maintained and the construction of new base-load generation just to cover the peak load periods is avoided.

Sailer noted that using a blend of primary off-peak electric heat with backup provided by propane, natural gas or fuel oil is significantly less expensive than heating with fossil fuels alone.

"Off-peak electric heating," he explained, "is definitely the most economical heating choice. And with a good backup heating system properly installed and maintained, Nodak's off-peak members shouldn't notice any difference in comfort level when the load control system is called on to operate."

the Heating
Season is here

Additional generation to benefit off-peak consumers

By Mike Nisbet, Minnkota Power Cooperative

Make safety a priority this holiday season

Nodak Electric Cooperative is urging homeowners to make safety a priority when decorating for the upcoming holidays. In order to ensure a safe holiday season for everyone, it's important to utilize these important safety tips:

- ☉ Check for freshness when selecting a tree to minimize the fire hazard of dry needles.
- ☉ Remember to fill tree stands daily with water if putting up a real tree.
- ☉ Keep trees at least three feet from all sources of heat, no matter if a tree is freshly cut or artificial.
- ☉ Be sure that smoke detectors are installed in the home.
- ☉ Plug outdoor electric lights and decorations into circuits protected by ground fault circuit interrupters (GFCIs) to help prevent electric shock.
- ☉ Make sure the extension cords being used are marked for either indoor or outdoor use.
- ☉ Avoid overheating extension cords by keeping them out from underneath furniture or carpeting.
- ☉ Look over all items (e.g., bulbs, light cords, etc.), and discard if damage is detected.
- ☉ Always keep tools and equipment, especially metal ladders, away from power lines.



UNITED STATES POSTAL SERVICE® Statement of Ownership, Management, and Circulation (All Periodicals Publications Except Requester Publications)

1. Publication Title Nodak Neighbor		2. Publication Number 3 9 1 2 - 0 0 0 0		3. Filing Date 9/11/08	
4. Issue Frequency Seven Times Per Year		5. Number of Issues Published Annually Seven		6. Annual Subscription Price \$1.00	
7. Complete Mailing Address of Known Office of Publication (Not printer) (Street, city, county, state, and ZIP+4®) 4000 32nd Avenue South PO Box 13000 Grand Forks, ND 58208-3000				Contact Person Duane Hafner Telephone (include area code) 701-746-4461	
8. Complete Mailing Address of Headquarters or General Business Office of Publisher (Not printer) 4000 32nd Avenue South PO Box 13000 Grand Forks, ND 58208-3000					
9. Full Names and Complete Mailing Addresses of Publisher, Editor, and Managing Editor (Do not leave blank)					
Publisher (Name and complete mailing address) Nodak Electric Cooperative, Inc. 4000 32nd Avenue South, PO Box 13000 Grand Forks, ND 58208-3000					
Editor (Name and complete mailing address) Duane Hafner, Customer/Energy Services Manager Nodak Electric Cooperative, Inc. 4000 32nd Avenue South, PO Box 13000, Grand Forks, ND 58208-3000					
Managing Editor (Name and complete mailing address) Duane Hafner, Customer/Energy Services Manager Nodak Electric Cooperative, Inc. 4000 32nd Avenue South, PO Box 13000, Grand Forks, ND 58208-3000					
10. Owner (Do not leave blank. If the publication is owned by a corporation, give the name and address of the corporation immediately followed by the names and addresses of all stockholders owning or holding 1 percent or more of the total amount of stock. If not owned by a corporation, give the names and addresses of the individual owners. If owned by a partnership or other unincorporated firm, give its name and address as well as those of each individual owner. If the publication is published by a nonprofit organization, give its name and address.)					
Full Name Nodak Electric Cooperative, Inc.		Complete Mailing Address 4000 32nd Avenue South, PO Box 13000 Grand Forks, ND 58208-3000			
11. Known Bondholders, Mortgagees, and Other Security Holders Owning or Holding 1 Percent or More of Total Amount of Bonds, Mortgages, or Other Securities. If none, check box <input checked="" type="checkbox"/> None					
Full Name		Complete Mailing Address			
12. Tax Status (For completion by nonprofit organizations authorized to mail at nonprofit rates) (Check one)					
<input type="checkbox"/> Has Not Changed During Preceding 12 Months <input type="checkbox"/> Has Changed During Preceding 12 Months (Publisher must submit explanation of change with this statement)					

PS Form 3526, September 2007 (Page 1 of 3 (Instructions Page 3)) PSN 7530-01-000-9031 PRIVACY NOTICE: See our privacy policy on www.usps.com

13. Publication Title Nodak Neighbor		14. Issue Date for Circulation Data Below September/October 2008	
15. Extent and Nature of Circulation		Average No. Copies Each Issue During Preceding 12 Months	No. Copies of Single Issue Published Nearest to Filing Date
a. Total Number of Copies (Net press run)		13,526	13,540
b. Paid Circulation (By Mail and Outside the Mail)	(1) Mailed Outside-County Paid Subscriptions Stated on PS Form 3541 (include paid distribution above nominal rate, advertiser's proof copies, and exchange copies)	13,401	13,415
	(2) Mailed In-County Paid Subscriptions Stated on PS Form 3541 (include paid distribution above nominal rate, advertiser's proof copies, and exchange copies)		
	(3) Paid Distribution Outside the Mails Including Sales Through Dealers and Carriers, Street Vendors, Counter Sales, and Other Paid Distribution Outside USPS®		
	(4) Paid Distribution by Other Classes of Mail Through the USPS (e.g. First-Class Mail®)		
c. Total Paid Distribution (Sum of 15b (1), (2), (3), and (4))		13,401	13,415
d. Free or Nominal Rate Distribution (By Mail and Outside the Mail)	(1) Free or Nominal Rate Outside-County Copies Included on PS Form 3541		
	(2) Free or Nominal Rate In-County Copies Included on PS Form 3541		
	(3) Free or Nominal Rate Copies Mailed at Other Classes Through the USPS (e.g. First-Class Mail)		
	(4) Free or Nominal Rate Distribution Outside the Mail (Carriers or other means)	75	75
e. Total Free or Nominal Rate Distribution (Sum of 15d (1), (2), (3) and (4))		75	75
f. Total Distribution (Sum of 15c and 15e)		13,476	13,490
g. Copies not Distributed (See Instructions to Publishers #4 (page #3))		50	50
h. Total (Sum of 15f and g)		13,526	13,540
i. Percent Paid (15c divided by 15f times 100)		99	99
16. Publication of Statement of Ownership			
<input checked="" type="checkbox"/> If the publication is a general publication, publication of this statement is required. Will be printed in the Nov. - Dec. issue of this publication.		<input type="checkbox"/> Publication not required.	
17. Signature and Title of Editor, Publisher, Business Manager, or Owner <i>Duane Hafner</i> Customer/Energy Services Manager			Date 9/11/08
I certify that all information furnished on this form is true and complete. I understand that anyone who furnishes false or misleading information on this form or who omits material or information requested on the form may be subject to criminal sanctions (including fines and imprisonment) and/or civil sanctions (including civil penalties).			

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**With Clean, Reliable Power,
The Holidays Never Seemed Sweeter.**

At Nodak Electric Cooperative, we know what dependable power means to you, especially around the holidays. That's why we provide low-cost, reliable power to make sure your lights are aglow, your cookies are baking and your family is safe. Happy holidays from your Touchstone Energy® Partner.



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Looking out for you.



Your Touchstone Energy® Partner 

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