

# The Nodak Neighbor

September-October 2009

Official Publication of Nodak Electric Cooperative

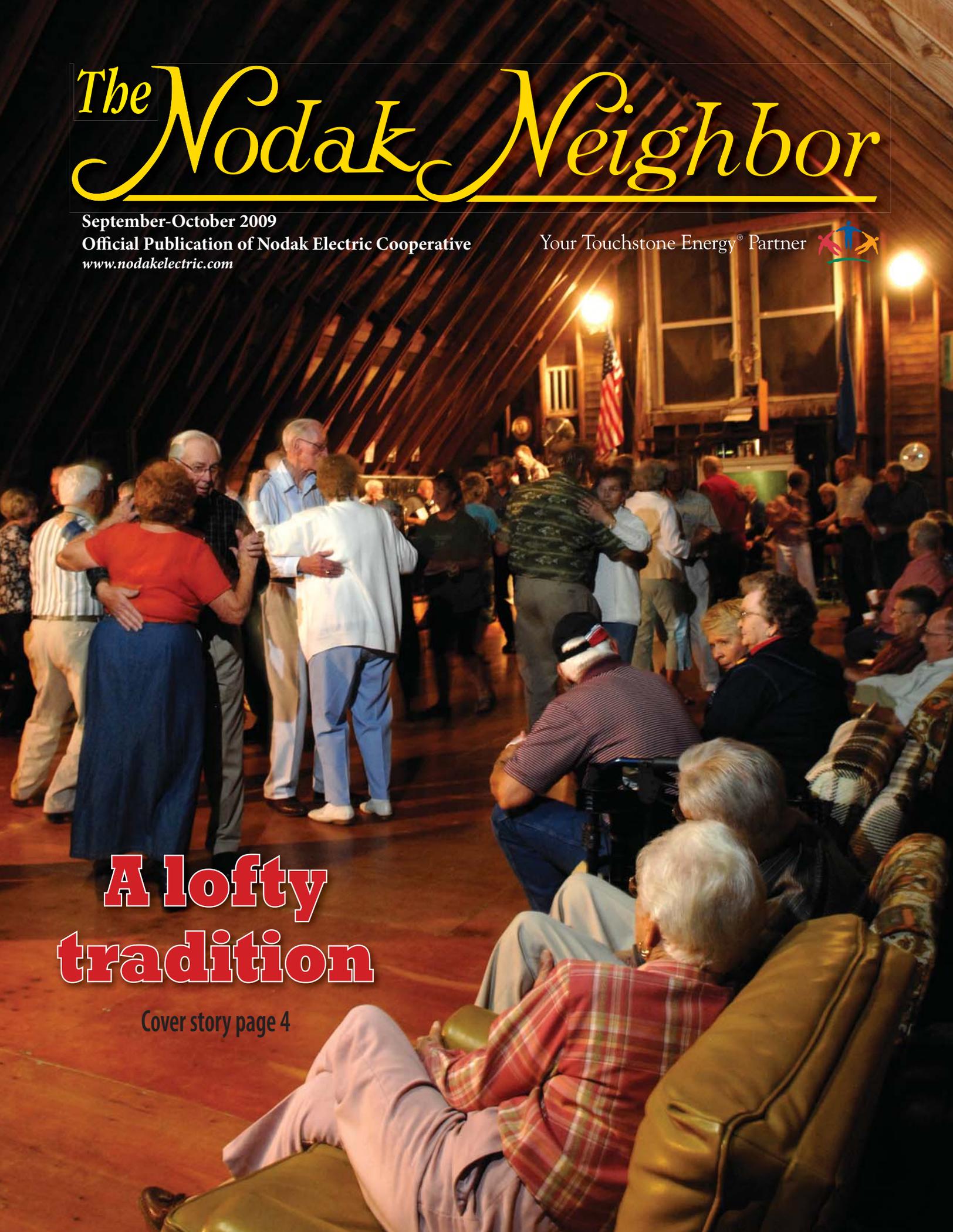
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**A lofty  
tradition**

Cover story page 4



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# Minnkota faces revenue shortfall

The economic downturn in the United States has contributed greatly to a significant 2009 revenue loss for Nodak Electric's wholesale power supplier, Minnkota Power Cooperative.

Primarily because of that economic slide, Minnkota is expecting a \$20 million revenue shortfall this year.

Why such a big number? A major reason is that demand for electricity is significantly less this year than in recent years. Since the regional wholesale energy market is driven, in large part, by demand for electricity, the market has been extremely low for most of 2009 – about 2 cents per kilowatt-hour (kWh) less than normal.

Minnkota sells its surplus energy, when available, into the regional wholesale energy market. A significant amount of the wind energy Minnkota has recently contracted to purchase to meet both the Minnesota Renewable Energy Standard and the North Dakota Renewable Energy Objective is now surplus energy.

This has resulted in a difficult year for Minnkota's surplus energy revenue. For instance, Minnkota is expected to sell approximately 1.4 billion kWh of surplus energy in 2009. Since Minnkota is receiving nearly 2 cents per kWh less than expected for our surplus wholesale energy, Minnkota will likely receive \$28 million less surplus energy sales revenue than expected.

Minnkota will benefit, though, from the low market prices when purchasing energy from the regional wholesale market. An \$8 million reduction in the expected cost of en-

ergy purchased from the market for off-peak loads and replacement energy will partially offset the shortfall – but, even with that offset, it still leaves a \$20 million net shortfall.

"This year will be remembered as a year in which Minnkota Power Cooperative felt the same pressure from the economic downturn as the U.S. as a whole," said David Loer, Minnkota president & CEO. "This is not a catastrophic situation that will cause Minnkota to go bankrupt or fail, but it is a situation that requires our attention and an acceptable solution.

"We need to examine areas where Minnkota can internally save expenses in 2009 and 2010. We do not expect to offset the entire \$20 million; that would not be possible. But where we can, we need to save."

To cover the shortfall, Minnkota will unfortunately need to increase its wholesale power rates for member-owner cooperatives, likely through a special surcharge. It is now estimated that a surcharge of about 11 percent for a one-year period will be likely.

Loer is hopeful that the economic recovery needed to normalize the wholesale power market prices will occur soon. If not, continued revenue reductions could be experienced in 2010, and could result in another surcharge implementation.

"Over the next few weeks we will be working with our member-owners to develop a plan to recover from this revenue shortfall," Loer said.

Minnkota's goal continues to be to provide reliable service and adequate supply at an affordable price. □

ENERGY



EFFICIENCY

## Tip of the Month

Always keep your outside heating and cooling unit clear of leaves, shrubs and debris. This allows for better airflow and more efficient operation of your unit.

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Cover: The hayloft in the Lindaas barn near Mayville, N.D., was a lively place recently as local friends gathered for a great time dancing to music by the Hayshakers.



George Berg  
President & CEO

# Carbon legislation will drive up price of electricity ... *and most everything we buy or do*

It appears there will be a vote in the United States Senate before year-end on the American Clean Air and Security Act of 2009. This bill, which was narrowly passed in the House of Representatives in July, is commonly referred to as the “cap-and-trade” bill. This term comes from the approach used in the bill to control and substantially reduce carbon dioxide emissions by the year 2030. The primary target for carbon dioxide emission reduction is coal-fired power plants. Most of the electricity consumed in North Dakota, and roughly half of the electricity consumed in the United States, is generated by coal-fired power plants.

The basic approach to the cap-and-trade scheme is to start out with the government issuing free allowances to industries that cause carbon dioxide emissions. The amount of free allowances issued from the government would be capped. Each year, the cap would reduce until all free allowances are eliminated. Industries having carbon dioxide emissions would need to either reduce their emissions to stay within the cap, or purchase replacement allowances through a market-driven trading system. These allowances in the market may come from other industries who have “earned” them by reducing their emissions below their cap, or more likely will come from a pool available from the government.

The inescapable problem for the electric industry is that affordable technology does not exist that would remove carbon dioxide from the generation process. The only option that is being researched is carbon

capture and storage. Billions of tax dollars will be spent in an attempt to develop carbon capture and storage techniques in the coming years. However, even the most optimistic will acknowledge that at best this technology is many years in the future and will certainly add a huge cost, which will increase the price of electricity.

So, it seems there are two possible scenarios for the coal-fired electric generation utility if the cap-and-trade bill becomes law. First would be that utilities would be forced to buy allowances or permits to continue to produce carbon dioxide. Experts believe the market-driven allowances would be very expensive. The second scenario would be that electric utilities adopt carbon capture and storage practices, which again would be very expensive.

Both scenarios are sure to drive up the price of electricity, as well as many other forms of energy used by consumers daily. Compounding the issue is that virtually everything we buy has an embedded energy cost to produce the product and deliver it to the end user. Higher energy costs won't impact us only at our meter or gas pump; they will impact most everything we buy or do.

The bill that was passed by the House of Representatives is of serious concern and either needs major modifications, or it ought to be defeated when it comes to the Senate. We can speculate that many congressmen voted for the bill for political reasons with confidence it will get amended or be defeated in the Senate. We were pleased that North Dakota Congressman Earl

Pomeroy recognized the flaws in the bill and had the courage to vote against it despite pressure from his party.

Creating legislation with the intent to affect climate changes is about as big as an issue can get. It has the potential to do nothing with respect to its ultimate goal, but yet adversely affect an already weak economy. In that regard, it is important for us to pay attention to the issue and let our senators know if we want them to support or oppose the Clean Energy and Security Act of 2009.

## CONTACT YOUR LOCAL LEGISLATORS

**Senators are drafting climate change legislation NOW, and you can impact the outcome.**

### **Congressman Earl Pomeroy**

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With guitar in hand, Elroy Lindaas leads the Hayshakers in another song in the hayloft of his barn near Mayville, N.D.



# A lofty tradition

By Ryan Bakken

MAYVILLE, N.D. – Over the years, Elroy Lindaas spent many hours tossing hay in the loft of his barn.

For the last 20 summers, however, he's found more enjoyable pursuits in the hayloft than swinging a pitchfork. Lindaas and fellow members of the aptly named group "The Hayshakers" have hosted 7-10 dances each summer, spreading joy while reviving a tradition.

Eighty to 100 people, coming from a radius of 100 miles, routinely attend the Saturday night shindigs. The twin attractions are the foot-tapping old-time music and nostalgia.

"It's the romantic old charm of something out of the past," Lindaas says about the attraction. "It gets the older crowd thinking back to the days of barn dances and house parties."

The loft is 40 feet by 60 feet, providing a large plywood dance floor. It's ringed by folding chairs and a collection of sofas, love seats, recliners and rockers in a mishmash of styles and designs.

"When people have auction sales and the furniture doesn't go, they bring it here," Lindaas says with an approving nod. "Not much of it would be in style these days, but it works here."

Few seats are empty, as about one-half of the crowd comes to listen to the collection of waltzes, polkas, schottisches and two-steps mixed with

a few country tunes. The others are on the dance floor, cutting a rug, as some of them still say.

"It gets going pretty good up here," Lindaas said.

The classic-look barn was built in 1949, mostly from lumber recycled from the family's 1900-built barn. The rafters reach about 25 feet off the loft floor.

The Janice and Elroy Lindaas family believes in preserving more than barns. Not only is the barn being used 20 years after they've had cattle, but part of their home is from the original homestead of 1878. "My dad and I were born in the same bedroom that I sleep in every night," says Lindaas, a 72-year-old retired farmer.

They also believe in preserving traditions and wholesome family fun. Everyone is welcome to attend the dances and everyone is welcome to join the band for a few numbers. There is no admission charge. But when the floor needed repair, a hat was passed and the required \$600 was collected. Guests bring cookies and bars to share. Although most are senior citizens, all ages are represented. Each dance lasts 3½ hours, ending at 11 p.m. The goal of preserving a family atmosphere is shown by its only rule – no alcoholic beverages.

It all started in 1989, when twin daughters Naomi and Roberta, then high school freshmen, asked if they

could hold a barn dance. Sure, dad said, if they cleaned up the loft. It took almost all summer, but the loft was ready for the record-spinning event.

At that time, Lindaas was part of a group that "liked to jam and was always looking for a place to play." So, they set up in the newly clean loft.

"After a while, a few people started showing up with lawn chairs to listen," he said. "Pretty soon, some started dancing. Word spread and it just progressed from there."

The Hayshakers performances historically start on the first Saturday in June. The standard rule in the early years was if the temperature reached 50 degrees that day, there would be a dance that night. Recently, they have put out a formal schedule that has roughly two dances a month. The last event of the season was Sept. 19.

Lindaas said performing is fun, not work, for him and band mates Kenneth Aamold on bass guitar, James Flaten on harmonica, Jerome Braaten on the fiddle and Collin Wahl and Ray Roller on the accordion.

"Even if it's some work, no one is enjoying it more than me," says Lindaas, who plays the guitar.

"For me, it's also the satisfaction of seeing people enjoying themselves. And they're so appreciative for what we do." □

# Where does your electricity come from?

**W**hen you flip the switch, do you ever wonder where your power comes from?

As a Nodak Electric Cooperative member, your electricity is generated from a diverse source like coal, wind, water, diesel generators, biomass and landfill gas.

Most of the electricity is supplied by coal, wind and water, so we'll concentrate on those resources.

## Tops in wind

Minnkota Power Cooperative, your wholesale power supplier, is a national leader when it comes to wind energy.

According to the Department of Energy's "2008 Wind Technologies Market Report," Minnkota leads the nation with the highest percentage of member load – 33 percent by next year – powered by wind.

Minnkota has a 139.5 MW capacity allocation from the 199.5 MW Langdon Wind Energy Center and 148.5 capacity allocation from the 196.5 MW Ashtabula Wind Energy Center. Minnkota will add another 69 MW from the Luverne wind farm later this year.

Wind resources in North Dakota rank first in the nation and the wind at the two sites averages 17-18 mph. As a result, the North Dakota-based wind farms have demonstrated a capacity factor of 40 to 42 percent. A coal-fired plant has an 85 to 90 percent capacity factor.

"We can't make this work without baseload generation," said David Loer, Minnkota president & CEO.

## Coal is key

Coal makes up about 60 percent of Minnkota's member-owner load.

"Obviously, the wind is intermittent," Loer added. "The wind, even in North Dakota, doesn't blow all the time."

Reliability may be coal's best quality. Coal-based generation is available 24/7, thanks in part to proven reserves in the state of North Dakota.

Coal-generated power is affordable, partly because North Dakota's coal remains in the state and the plants are built adjacent to mines.

The Milton R. Young Station near Center, N.D., has two units. Young 1 has 250 megawatts (MW) generation output and Young 2 has 455 MW of generation output. The Minnkota Joint System receives 128 MW from the Coyote Station near Beulah, N.D.

## Hydro supplies power

Minnkota receives 122 MW from the Garrison Dam, which is located on the Missouri River. This hydropower allocation is through the Western Area Power Administration.

About 12 percent of Minnkota's member-owner load comes from hydropower.

## Your power comes from diverse sources

When you flip the switch, do you ever wonder where your power comes from?

As a Nodak Electric member, your electricity is generated from diverse sources like coal, wind, water and biomass. In fact, Minnkota Power Cooperative, your wholesale power supplier, is a national leader when it comes to wind energy. Here's a breakdown of Minnkota's power portfolio:



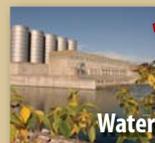
**60%**

Coal is abundant, affordable and the backbone of our nation's power supply.



**23%**

Minnkota is a leader in wind energy and is poised to already exceed Minnesota's renewable energy requirement.



**12%**

While water is a clean, renewable and 24/7 power source, Minnesota does not classify power from water as renewable.



**5%**

Minnkota generates a small amount of biomass power from landfills in Cass County, N.D., and Polk County, Minn.

## Fall burning

Fall will soon be here and with it comes the annual ritual of burning. Nodak Electric would like to remind our members to be safe with fire this fall.

When burning close to power poles, we suggest raking the debris away from the base. Trim away any large stocks that may have grown close to the pole as this will lessen the chance of catching the pole on fire or damaging pole grounds.

Members should use caution when burning close to any of our underground equipment. Heat from a fire can melt the exterior cover as well as the elbows and ground wires inside. Please contact our engineering and operations department if you have questions or concerns about burning close to any of our facilities.

## Ken Quanrud retires

After 36 years of service, Ken Quanrud has decided to step down from his duties as Line Superintendent. He began work as an underground laborer in 1973. In spring 1974 he began work on the Emerado outpost line crew as an apprentice line-man, where he was eventually promoted to the crew foreman. In 1990, Ken moved over to work at the headquarters in Grand Forks as the Maintenance/Safety Supervisor. In 1997, he became Line Superintendent.



Ken and wife, Jennie.

President & CEO George Berg stated, "Ken is the type of Line Superintendent every CEO would like to have. He not only comes to the job with experience and respect from the workers, but he has the ability to handle the stress that comes more often than most of us can imagine. A perfect example of successful multitasking was shown every time Ken was in charge during an ice storm."

Although we will all miss Ken, he has worked hard throughout his career and has earned the opportunity to enjoy more time with his family and grandchildren. We wish Ken all the best in his retirement.

## E-billing

*We now accept MasterCard, as well as Visa!*

E-billing is an online tool, which allows you to view and pay your bill through the Internet. To learn more about the E-bill option, visit our Web site at [nodakelectric.com](http://nodakelectric.com). Click on "Programs and Services," and then select "E-bill." If you are interested in using the E-bill option, just follow these 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](mailto:nodak@nodakelectric.com).

## Protecting your identity

*Verification of identity required under "Red Flag Rules"*

Nodak will soon be taking steps to protect your identity by complying with Federal Trade Commission (FTC) rules known as Red Flag Rules. Congress passed the Fair and Accurate Credit Act in response to increased cases of identity theft. Utilities such as Nodak Electric are required to take steps to protect the identity of customers.

One of those steps is verifying the identity of someone who is applying for electric service or someone who is inquiring about account information. Please do not be offended if a Nodak employee asks for identification when you call or stop by Nodak. It is being done to protect your identity and personal information.

Nodak recently sent out a letter asking for additional information from customers that had incomplete identity information. That information could be social security number (last four numbers would be sufficient), driver's license number or date of birth. If you received one of these letters and have not sent it in, please take the time to give us whatever identification information you feel comfortable with. We appreciate your help.

**Did you receive a letter requesting additional identity information? If so, please help us out by completing the needed information on the form and mailing it back to us.**

# Have a safe harvest

Overhead power lines are a significant risk of electrocution on the farm. Always keep in mind that most overhead power lines have no protective insulation.

In addition, high-voltage lines can sag several feet when they are hot. Allow extra space near high-voltage lines; the current can arc to conductive materials near the line without actually touching.

Most electrical safety rules are common sense; but when you're working around the farm, it's easy to get caught up in a task or get distracted. Keep in mind these guidelines when working around electricity:

- Be aware of power lines whenever you're moving equipment like augers, conveyors, sprayers, bale elevators, hoppers and scaffolds. Maintain at least a 10-foot clearance.
- Keep smaller equipment like ladders, poles, rods or irrigation pipes at least 10 feet from overhead power lines.
- Take care when climbing, trimming or cutting trees, especially after a storm. Broken or damaged power lines can send electricity through tree limbs and fences, so use extreme caution with chain saws, axes and pruning poles.
- Be sure your children do not fly kites or balloons with long strings in the vicinity of power lines.

**If you're planning a new building, contact Nodak Electric for help placing electrical service lines.**

## Grain bin regulations

The National Electrical Safety Code requires that power lines be at least 18 feet above the highest point on any grain bin with which portable augers and other portable filling equipment is used. Clearance must be maintained a specified distance around the bin.

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