

The Nodak Neighbor

January-February 2010

Official Publication of Nodak Electric Cooperative
www.nodakelectric.com

Your Touchstone Energy® Partner



Official Publication of the
Nodak Electric Cooperative, Inc.

746-4461 or 800-732-4373

www.nodakelectric.com

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January-February 2010
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

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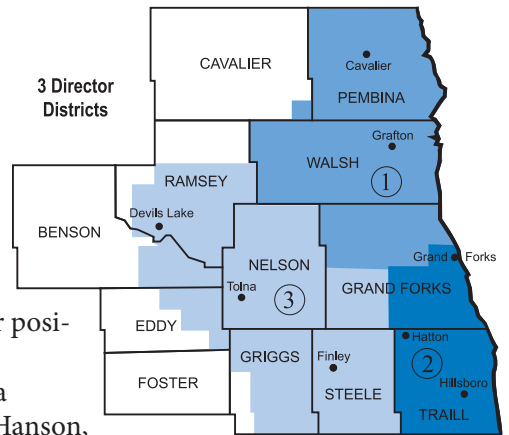
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Three director positions open

Nominating committee members appointed

The board of directors has appointed the committee on nominations. At its meeting scheduled for 10 a.m. Friday, Feb. 12, 2010, at the Nodak headquarters building, 4000 32nd Ave. S., Grand Forks, the committee shall prepare and post a list of nominations for the director positions slated for election.

Committee members are: Frieda Baldwin, Hope, 524-2819; Richard Hanson, McVile, 322-4796; Neal Klamm, Thompson, 559-2198; John Leake, Emerado, 779-2864; Julie Lemm, Hillsboro, 436-5465; Kit Midgarden, Hoople, 894-6145; Harvey Puppe, Hensel, 257-6847; Paul Retzlaff, Aneta, 326-4235; and Joseph Zikmund, Forest River, 229-3328.



Three director positions open

Three director positions will be open at the annual meeting on April 10, 2010. The directors whose terms expire in 2010 are:

District 1 – Harvey Tallackson

District 2 – David Kent

District 3 – Donna Grotte

Nomination by committee

If you are interested in being nominated or would like to nominate an individual, you may contact one of the committee on nominations' members.

Nomination by petition

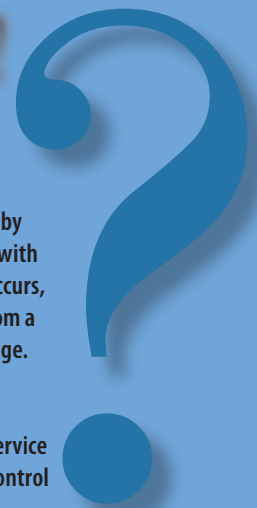
Nominations may also be made by petition signed by at least 15 cooperative members. The signed petition must be received at Nodak's headquarters by Feb. 20 in order to verify nominee qualifications and allow sufficient time for voting by mail.

Do I still need to call in to Nodak if I experience an outage?

The answer is YES. Call 746-4461 or 1-800-732-4373

Nodak uses an Automated Meter Infrastructure (AMI) system to read customers meters. With this system meters are read by way of radio to the substation and then down the distribution lines to the meter. The meter then responds to the inquiry with the information requested. The meter will not initiate a message to the office without first being asked to. If an outage occurs, the communication path will be disrupted, resulting in no response back to the office from any meter that is down line from a protective device that has opened as a result of the outage. This lack of communication response is interpreted as an outage.

Meters cannot communicate to the office when an outage occurs, it still is very important that customers report an outage. Once an outage call is received from a customer, the Operations Center will send a message (ping) to surrounding meters to determine the extent of the outage, which helps the line worker to more quickly locate the cause and restore service sooner. However, Nodak is able to determine if an off-peak load has not been shed at the customer's service during load control periods. Nodak will then use this information to accelerate the restoration of service to the customer.





George Berg
President & CEO

Wholesale rate increases and how it will affect you

During the past eight years and for at least the next three years, a rapidly escalating wholesale cost of power has been and will be our greatest challenge.

Minnkota Power Cooperative recently approved its 2010 budget, which included a rate increase of 7.5 percent in March. Furthermore, it projects needed increases of 9 percent in 2011 and 9 percent in 2012. This will mean for the 11-year period from 2001 through 2012, we will have had nine wholesale rate increases, and our average cost of power from Minnkota will have doubled. On top of this, as you probably know, we have added a one-half cent per kilowatt-hour surcharge in 2010 to cover losses from the sale of excess energy during the prior year.

Fortunately, we can offset a wholesale rate increase with a slightly lower percentage increase on our retail rate. This is because our wholesale cost represents about 70 percent of our cost to do business. For this to work, we need to either keep our distribution expenses down, or have growth in sales, which helps to offset distribution cost increases.

We understand the only thing really important to you as a member and customer is how all of this will affect your retail rate in the future. Our one bright spot is we are anticipating very high increases in sales in 2010 from the additional sales to Keystone Pipeline and other growth that has developed

during the past year. While it will not generate enough revenue to offset the 7.5 percent wholesale rate increase in March, we can at least delay a rate increase until late fall or early winter. We then feel we can get by with an increase of roughly 10 percent, which will be enough to offset both the wholesale rate increases in 2010 (7.5 percent) and 2011 (9 percent).

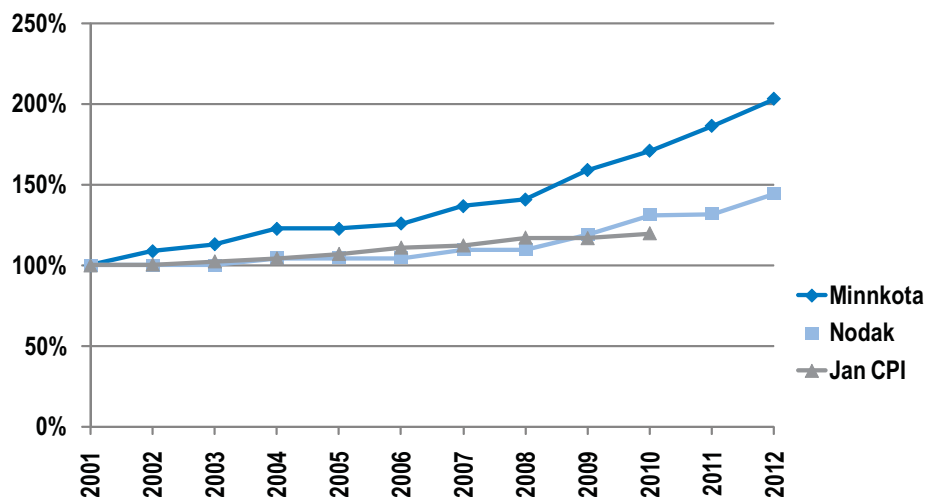
Below is a graph that puts into perspective our retail rates compared to our wholesale rates during this volatile time relative to our wholesale cost of power. The graph depicts the trend in cost of power from Minnkota and the cost of the power you purchase relative to the year 2001. It assumes that we will have a rate increase in late 2010 and another rate increase in 2012. The result is that while our

wholesale power costs will have doubled over this 11-year period, our retail rates will have increased by less than half that amount.

This graph also shows the trend in the Consumer Price Index (CPI) for the period of time from 2001 through the end of 2009. As shown, our retail electric rates have followed the CPI for most of this period. Unless there is a steep increase in inflation during the next few years, it is likely our retail rates will increase faster than other consumer goods through the year 2012.

We will continue to keep you informed about the status of our financial conditions during the year 2010 and will notify you if and when a retail rate adjustment is needed later this year.

Wholesale Cost of Power vs Retail Rate Percentage Increase Since 2001



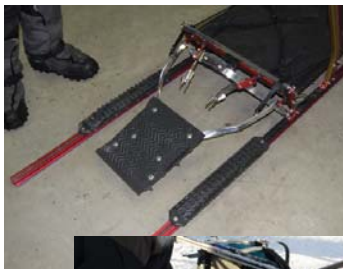
From horsepower to dog power



Jim Miller and his team of huskies mush through the snow while testing a Trail Glider dog sled. Miller and his wife, Mary Ann, design and manufacture dog sleds near their home in rural Luverne, N.D.

Millers make big mark on dog sledding's biggest stage

By Ryan Bakken



(Top) A Trail Glider dog sled awaits final assembly.

(Middle) Each of the Miller's dog sleds features a unique braking system.

(Bottom) Jim changes the Fast Trax runner plastic on a two-person Trail Glider sled. The Millers are the originators of this unique system.

Jim and Mary Ann Miller's involvement in dog sledding began as a hobby. But it didn't take long before they were part of that sport's biggest stage – the Iditarod.

No, they haven't been racing in the famous 1,166-mile trek across Alaska, billed as the "Last Great Race on Earth." But their sleds have. Lots of them.

Their sleds are constructed in a shop near their home in rural Luverne, N.D., in the heart of the Sheyenne Valley. Their dog sleds were first used in the Iditarod in 2000. Since then, they have had at least 15 and up to 40 sleds in each grueling competition.

More notoriety came from having their sleds used in the 2002 Disney movie, "Snow Dogs."

When some of the best mushers in the world use your equipment, it's assuredly top-line. Their Prairie Bilt Sleds business evolved from a combination of Jim's vocation and

avocation – and also the expertise that Mary Ann could bring to the manufacturing table.

The roots of the business go back to Jim's teenage years, when he started racing cars and motorcycles. He did that until age 35, when he began helping his son in his bicycle and motorcycle racing.

In auto racing, the cars need to be designed to handle minor crashes and still be able to continue. Plus, the equipment needs to be easily repairable so the car can return to the race. That's the same requirements for dog sleds.

"The principles are somewhat similar in designing sleds," Jim said. "They have to flex and move, with the frame absorbing the impact."

So, he basically made the change from horsepower to dog power.

Manufacturing background

He combined that racing experience with his experience as a fabricator. He owned Page

Ironworks, which did metalwork. It manufactured farm products, such as attachments for seeders and drills.

When a friend got him interested in dog sledding about 15 years ago, he used his background to develop his own equipment. As it improved, other mushers noticed. He switched from making farm equipment to sleds.

“It was kind of an evolution thing,” Jim said. “It kept growing and growing and growing.”

Mary Ann met Jim when he gave her and her son a dog sled ride at a Bible camp. Her experience in sales and sewing has contributed to the business’ growth. She sews sled bags, which attach to sleds and hold the likes of survival gear, clothing, food, snowshoes and dog booties.

The body of the sled is made with high-tech aluminum, which is resilient to the pounding. “We only use high-quality materials,” Jim said. “If it doesn’t stand up to the punishment, it doesn’t last.”

The sleds, which have six models and then are customized for each racer, can be seen at www.prairiebiltsleds.com. The Millers also do a brisk business for their sled bags and the runners and plastic slides that go on the runners. Their plastic slide technology has been widely accepted and appreciated, particularly by racers.

“We made plastic slides that are quicker and easier to change,” Jim said. “It was a new thing, but now it’s become common.”

The Miller’s philosophy and dedication to paying attention to details in their products is what has attracted the attention of the mushing world.

For work and pleasure

Jim still enjoys making farm equipment, but the bulk of the

“On moonlit nights, all you hear is footprints and sled runners. Then you see nature in its purest form.”

– Jim Miller, owner of *Prairie Bilt Sleds*



business now is mushing equipment. It’s fun work because customers enjoy getting the product since it’s used for a recreational sport. Plus, the Millers take satisfaction in watching their product in action.

The Millers own their own huskies to test the equipment. But there’s a mix of business and pleasure.

“Dog mushing has a peacefulness,” Jim said. “The more you do it, the more you have a desire to do it. It’s like you build up this relationship with your dog team. When you get them to respond to your commands and work as a team, it’s magical.

“On moonlit nights, all you hear is footprints and sled runners. Then you see nature in its purest form.”



(Top) Mary Ann’s experience in sales and sewing has contributed to the success of the business.

(Bottom) Mary Ann sews sled bags, which are attached to the sled and hold survival gear, clothing, food, snowshoes and dog booties.

Energy saving tip:

Do space heaters really save?

Space heaters are considered energy hogs for a very good reason. A 1,000- to 1,500-watt electric space heater will consume anywhere from 1.0 to 1.5 kilowatt-hours (kWh) per hour. When space heaters run day and night, the costs add up.

For example, a 1,000-watt space heater operating for 12 hours per day at a power cost of .075 cents per kWh adds \$27 more to a monthly electric bill. A 1,500-watt space heater running for the same amount of time adds more than \$40.50 each month. Using space heaters instead of centralized, more efficient heating units may increase the overall energy cost of heating.

Even though space heaters do consume more energy, if they are used sparingly and safely, they can ultimately allow a consumer to use less energy than just central heating. This is because a centralized unit is designed to heat all the rooms to a thermostatically checked temperature. If a homeowner only wants a certain room or area warmer for a short period of time, it may prove more economical to use a small space heater.

However, any space heater costing more than \$75 will eat up any energy savings. As far as the meter is concerned, 1,500 watts will produce the same amount of heat regardless of whether it comes from a \$400 space heater or a \$40 unit.

Load management update

Off-peak customers experienced more load control this winter season up to Jan. 3, 2010, than they had during the same period last season. The average dual heating control hours from October 2009 through Jan. 3, 2010, were 105 versus 76 hours from October 2008 through Jan. 1, 2009. Most of the load control was due to three factors: colder-than-normal temperatures in early/mid December, power plant maintenance outages and low wind energy production during peak demand periods.

Even though this winter season up to Jan. 3 has been warmer by 340 heating degree days over last year, colder temperatures in December during a power plant outage was the reason for most of the control hours. As for plant outages, Milton R. Young 1 generating station went off line for scheduled maintenance from Sept. 12 through Nov. 1 (50 days), Coyote generating station was off line from Dec. 4 through Dec. 7 for a planned cleaning, and Milton R. Young 2 generating station was off line Dec. 9 through Dec. 19 due to an unexpected failure with the boiler feed pump.

Anticipating load control events from the customer's perspective can be confusing. Sometimes, load control occurs during warmer winter days and at other times, when load control is expected, no load is shed. There are a few reasons for this. First, Nodak's power supplier, Minnkota Power Cooperative, can purchase energy from other sources. If load control is needed and there is energy that is relatively inexpensive in the power pool and is available, Minnkota will purchase the energy in lieu of load control. With the addition of generation from the Langdon and Ashtabula wind farms, occasionally, enough energy is produced when the wind is blowing to prevent load control.

The second reason for confusion is a power plant scheduled or forced outage. Minnkota tries to schedule plant maintenance outages during the "shoulder months" when load peaks are not as high and secures enough energy purchases in advance to cover forecasted sales during the off-line time period. There are times during these outages, however, when the weather is unseasonal, or a change in system demand occurs that causes the need for load control. Plant forced outages can occur at any time with little or no advance warning. In these situations, MPC must buy reserve power, control load, or both, and the customer is unaware of the problem.

Renewable energy surcharge

A one-half cent per kilowatt-hour (kWh) renewable energy market surcharge will be added to all resale energy, including the off-peak rate, beginning with the January 2010 billing statement. This action will increase the rate for long-term control (dual heat) loads to \$0.045 per kWh and short-term control loads to \$0.056 per kWh. The surcharge will be a separate line item on each bill that will reflect the cost for kWh used per service.

While these rates are a little higher than last year, they remain attractive compared to other heating alternatives. Off-peak energy at \$0.045 per kWh will compare or break even with \$1.11 per gallon #2 fuel oil for a 60 percent efficient furnace and \$1.09 per gallon propane for a 90 percent efficient furnace. Likewise, a \$0.056 per kWh off-peak rate compares with \$1.38 per gallon #2 fuel oil at 60 percent efficiency and \$1.35 per gallon propane at 90 percent efficiency. During December, the Minnkota Power System regional average price for #2 fuel oil averaged \$2.42 per gallon and the price for propane was \$1.77 per gallon.

Is your home



In 2008, more than 350 deaths and thousands of injuries were caused by electrical fires in the United States. Nearly a fourth of fires occurred in December and January, according to the Federal Emergency Management Agency (FEMA). Don't let this happen to you or your family. Create a safer home by making a check for electrical fire and shock hazards:

- **Electrical outlets** – Check for loose-fitting plugs, which can be a shock or fire hazard. Replace missing or broken wall plates so wiring and components are not exposed. If you have young children in the home, check that unused outlets are covered.
- **Plugs** – Never force them into outlets. Don't remove the grounding pin (third prong) to make a three-prong plug fit a two-conductor outlet. Avoid overloading outlets with adapters and too many appliance plugs.
- **Cords** – Make sure they are not frayed or cracked, placed under carpets or rugs or located in high traffic areas. Do not nail or staple them to walls, floors or other objects.
- **Extension cords** – Use them on a temporary basis only. They are not intended as permanent household wiring. Make sure they have safety closures to protect young children from shock and mouth burn injuries.
- **Light bulbs** – Check the wattage to make sure light bulbs match the fixture requirements. Replace bulbs that have higher wattage ratings than recommended on the fixture. Make sure they are screwed in securely so they don't overheat.
- **Ground Fault Circuit Interrupters (GFCIs)** – Make sure GFCIs are installed in your kitchen, bathrooms, laundry, workshop, basement and garage as well as on outdoor outlets. Test them monthly to ensure they're working properly.
- **Circuit breakers/fuses** – Fuses should be properly rated for the circuit they are protecting. If you don't know the correct rating, have an electrician identify and label the correct size to be used. Always replace a fuse with the same size you are removing. Check that circuit breakers are working properly.
- **Appliances/electronics** – If an appliance repeatedly blows a fuse, trips a circuit breaker or has given you an electrical shock, immediately unplug it and have it repaired or replaced. Look for cracks or damage in wiring and connectors. Use surge protectors to protect expensive electronics.
- **Electrical wiring** – Wiring defects are a major cause of residential blazes. Check periodically for loose wall receptacles, loose wires or loose lighting fixtures. Listen for popping or sizzling sounds behind walls. Immediately shut off, then professionally replace, light switches that are hot to the touch and lights that spark and flicker.
- **Service capacity** – As you continue to upgrade your home with more lighting, appliances and electronics, your home's electrical service capacity may become overburdened. If fuses blow or trip frequently, you may need to increase the capacity of your electrical service or add new branch circuits. A qualified, licensed electrician can determine the appropriate service requirements for your home.

Do you use life support equipment?

Help us update our life support listing

For family members or friends with a medical condition, electricity is a lifeline for their medical equipment.

Nodak Electric maintains a life support list for two reasons. First, in case of a planned outage where crews will work on the lines, the co-op tries to inform these members before the outage. Secondly, during an unplanned outage, priority is given to restore power to members with such medical equipment.

If you haven't recently notified Nodak Electric, please call 800-732-4373. In addition, if a person with the medical condition moves off of Nodak Electric's system, no longer needs life support or has passed away, please inform us so we can keep our list current.



Please be advised, if you have someone with a medical necessity for electricity, you should have a contingency plan in place and be ready to activate it if your power goes out. This includes backup power, extra medical supplies or an alternate location until the outage is over. Make sure supplies of prescription drugs are adequate and have a first aid kit on hand.

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Check out these areas on our Web site!

www.nodakelectric.com

The screenshot shows the Nodak Electric Cooperative website in a Windows Internet Explorer browser window. The page features a navigation menu at the top with links for 'About Nodak', 'Programs/Services', 'Nodak News', 'Energy Information', 'Publications', and 'Home'. The main content area includes a 'Your Electric Partner' section with a photo of a woman and a 'Load Management' section. Callout boxes highlight specific links: 'Electric Rates' (pointing to 'Electric Rates - Bylaws'), 'Bylaws' (pointing to 'Bylaws'), 'Load Management' (pointing to 'Load Management'), and 'Load Control Summary' (pointing to 'Load Control Summary'). Other visible links include 'Unclaimed Capital Credits', 'Operation Round Up', 'EBILL ACCOUNT', 'Interconnection Process', 'About Nodak Electric', 'Welcome - Nodak Neighborhood', 'Nodak Staff', 'History', 'Electric Rates', 'Bylaws', 'Contact Us', 'Links', 'Privacy', 'Employment Opportunities', 'Programs & Services', 'Information Request Form', 'Loans', 'Auto Pay Bank Draft', 'Levelized Payment Plan', 'E-bill', 'Load Control', 'Nodak News', 'Tax Breakdown', 'Energy Information', 'Power Interruption Checklist', 'Lighting Tips', 'Electrical Safety Tips', 'Conservation', 'Publications', 'Nodak Neighbor', and 'Nodak Electric Cooperative's Annual Report - Perspective - PURPA'.