

CIRCUITS

NEWS FOR DAKOTA ELECTRIC MEMBERS



Majestic Hills Ranch wins Touchstone Energy Community Award

Dakota Electric named Majestic Hills Ranch of Lakeville as the local 2011 Touchstone Energy Community Award winner. Angel Foundation, Minneapolis; Cheerful Givers, Eagan; and Kids 'n Kinship, Apple Valley were named runners-up. Each of the four applicants received a plaque and a check for \$500.

Majestic Hills Ranch helps children with special needs by providing therapeutic riding sessions that build self-esteem, muscle strength, coordination and cognitive skills. The ranch also assists military veterans and youth organizations such as scouts and 4-H.

"Dakota Electric is proud to be able to recognize these organizations doing great work in our local communities,"

said Greg Miller, Dakota Electric's president and chief executive officer. "As a member-owned cooperative, we are committed to our local communities and this is a way to encourage and honor those who are like-minded."

The award application for Majestic Hills Ranch will be submitted for the statewide Minnesota Touchstone Energy Community Award. The statewide award recipient will be selected from local award winners throughout Minnesota and will receive \$1,000. The Minnesota Touchstone Energy Community Award will be announced this month during the Minnesota Rural Electric Association's annual meeting in St. Paul. Dakota Electric's applicants, Cheerful Givers and Kids 'n Kinship, have been past winners of the statewide award.



Clay Van De Bogart, Dakota Electric board member, with Kris Zieska of Majestic Hills Ranch.



L to R: Janet Lekson, Dakota Electric board member; Vicki Stute of Angel Foundation; Bill Holton, Dakota Electric board member; Jan Belmore of Kids 'n Kinship; Margaret Schreiner, Dakota Electric board member; and Karen Kitchel of Cheerful Givers.

Learn more about the organizations

- www.majestichillsranch.com
- www.cheerfulgivers.org
- www.kidsnkinship.org
- www.mnangel.org

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Upcoming events

Board meeting. February 23, 8:30 a.m.

Program information and offers in this newsletter are subject to change without notice.

February 2012



Your Touchstone Energy® Partner 

Celebrating the past and planning for the future



Greg Miller
President and CEO

This year marks Dakota Electric's 75th year of service to the homes, farms and businesses in this area. Dakota Electric energized its first power lines on February 21, 1938, and by that April, we had 356 members receiving power along the 214 miles of overhead lines that had been installed. Today, we have 102,000 members and more than 3,600 miles of lines, the majority of which are now underground.

Seventy-five years ago this country was beginning to recover from The Great Depression, and today, it is slowly beginning to recover from what some are calling The Great Recession. Dakota Electric's 2012 budget continues to reflect the state of the economy with energy sales nearly flat. We are holding the line on expenses but will continue to invest in safety, reliability and member service.

Our construction work plan has us investing nearly \$10 million in our electrical infrastructure. While requests for new services are down substantially, we need to maintain or replace equipment and portions of our 3,600 miles of lines each year to achieve the level of reliability you have come to expect from Dakota Electric.

This year's Resource and Tax Adjustment (RTA), which is a variable component of your electric rate, will remain unchanged at this time. Please see the article below for more information.

To better serve you, our member-owners, we will again be conducting a comprehensive residential member survey in 2012. The results of the survey will help us shape the various programs and services we offer. We value your opinion and input, so if you are contacted,

Jeff McCormick wins Youth Employment Services Award

Each year Dakota Electric sponsors the Excellence in Youth Employment Services Award honoring an organization, program, employer or an individual who has demonstrated a commitment to and effectiveness in preparing young people ages 14-21 to enter the workforce.

The award is given by the Dakota-Scott Workforce Investment Board, and this year's recipient is Jeff McCormick of McCormick Computer Resale, Inc. of Apple Valley.

"For more than 15 years, McCormick Computer Resale (MCR) has been an educational business partner with the Rosemount High School (RHS) Work Experience Program," noted Barb Starr, who nominated McCormick for the award. "Jeff is an amazing mentor. Rosemount High School is fortunate to have MCR and Jeff McCormick as an academic and business partner."



Margaret Schreiner, Dakota Electric board member, and Jeff McCormick of McCormick Computer Resale, Inc.

please take a few moments to participate.

As we look to the year ahead and beyond, it is important to reflect on how far we have come. Seventy-five years ago Dakota Electric was sending and receiving telegrams for some of the cooperative's business correspondence. Today, with the use of cell phones, the Internet and the advent of social media powerhouses, Facebook and Twitter, people are able to receive up-to-the minute information with the click of a button. Our online functionality and offerings continue to grow, so watch for announcements and visit our website at www.dakotaelectric.com.

We look forward to another great year of serving our members. Thank you for that privilege.

THANK YOU

Dakota Electric would like to thank you for participating in our load management and energy conservation programs. Our conservation goal set by the State of Minnesota was to save 17 million kilowatt-hours of electricity. Our members once again exceeded our goal by saving a total of 27 million kilowatt-hours, up 25 percent from 2010. That's enough electricity to power more than 2,000 homes for one year!



RTA remains unchanged

The Resource and Tax Adjustment (RTA) will not change at this time. Therefore, members will not experience any billing increase due to rate changes. Please keep in mind that bills will increase or decrease due to changes in energy (kWh) consumption. Dakota Electric does a mid-year review of the RTA and a change is possible at that time. Any changes to the RTA will be communicated by a message on your bill and in this newsletter.

Dakota Electric uses the RTA to adjust prices according to changes in wholesale power cost, property and real estate taxes and conservation spending. The charge is a direct pass-through of costs and is reviewed by the Minnesota Public Utilities Commission.

Some members may see an increase on their next bill due to increased energy use. February bills reflect energy use from January when short, cold days required more energy for lighting, furnace fans and electric heaters.

Members can visit the Energy Efficiency section at www.dakotaelectric.com or call an Energy Expert® at 651-463-6243 for energy-saving tips.

Director Candidates

A nominating committee made up of Dakota Electric members met in January to interview applicants for the board of directors. The committee selected the following 10 candidates to be placed on the ballot for Dakota Electric Association's 2012 board of directors' election.

District 1 (3-yr seat)

Jerry Pittman (incumbent)

District 1 (1-yr seat)

Ruthe Batulis

John (Jack) DeYoe

David Jones

District 2

Clay Van De Bogart (incumbent)

District 3

Ken Danner (incumbent)

Raymond Yarwood

District 4

Judy Kimmes (incumbent)

Bruce (Buzz) Anderson

Gerald Brown

Great River Energy delays startup of **Spiritwood Station**

Last year, Great River Energy, Dakota Electric's wholesale power supplier, announced its decision to delay the startup of its new \$425 million coal plant, Spiritwood Station, located just east of Jamestown, North Dakota. The in-service date was delayed to minimize the cost impact to electric cooperative members.

The decision to delay the in-service date came after weighing the benefits and costs of operating the plant in a down economy. Great River Energy builds plants and facilities to serve its cooperative members and when construction of Spiritwood Station began in 2007, projections of their electric requirements showed a compounded annual growth rate of 2.5 percent per year over the next five years. After the economic collapse in 2008 — and after plant construction was well underway — Great River Energy's (five-year compounded annual growth) forecasts declined to just under 1 percent.

Since 2008, the regional market for electricity has also declined dramatically. In the past, selling excess power in the regional market provided Great River Energy with additional revenue to help keep power costs low for cooperative members. But today's low regional

wholesale power prices have resulted in Great River Energy being able to purchase energy for less than it can be generated at Spiritwood Station. The combination of decreased electric load and low market prices has made delaying the startup of the plant the most economical decision at this time.

Spiritwood Station will be an important asset in the future as the economy turns around and electricity demand increases.

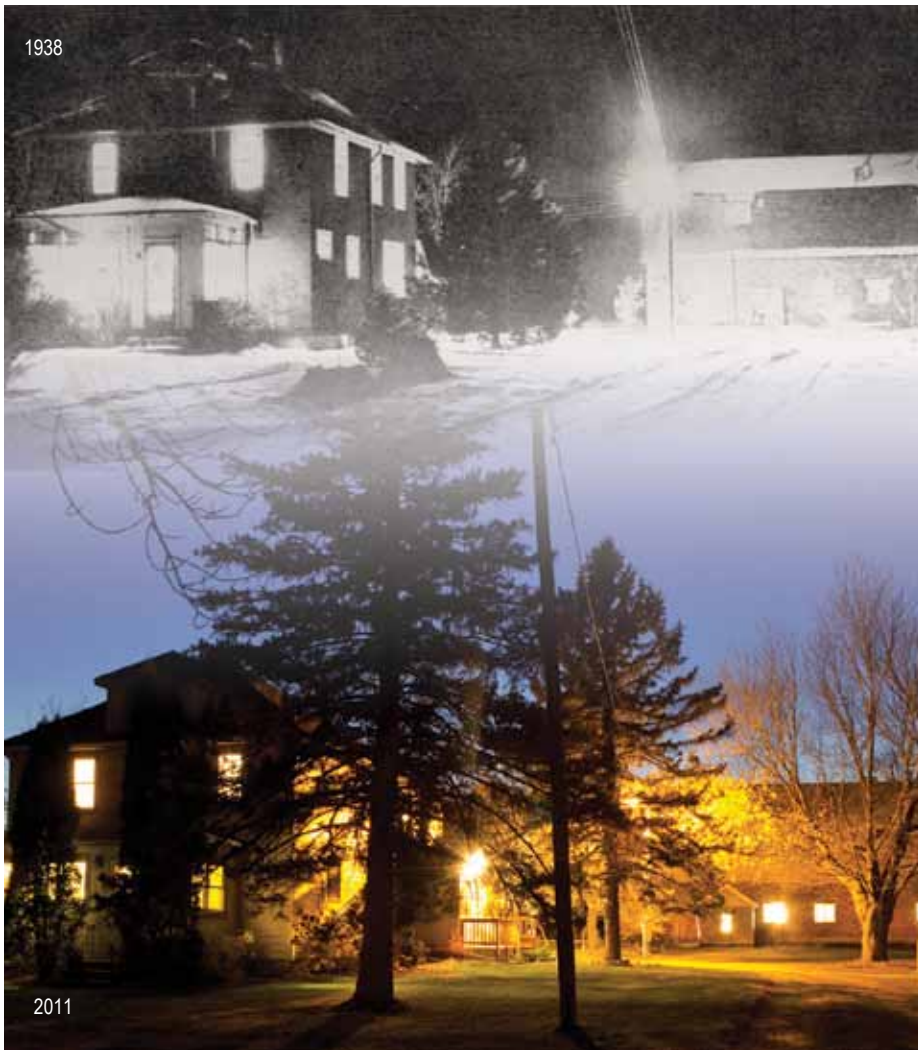
The Spiritwood plant is designed to be one of the cleanest and most efficient coal plants in the nation. It has the latest emissions control technologies available, and it uses dried and refined lignite coal that increases the BTU output while lowering emissions. For cooling, the plant uses wastewater from the local community. In addition, Spiritwood was designed with the capability to sell excess steam to other industries in an effort to increase plant efficiency and decrease the cost of generating power.

A Fortune 500 company with a facility near the Spiritwood plant already has a contract to purchase steam from Great River Energy. Currently, Great River Energy is seeking a second entity to purchase steam after a proposed ethanol plant did not proceed. Providing steam to two or more businesses would generate additional revenue and greatly improve the economics of operating the power plant.

For 2012, Great River Energy has budgeted approximately \$30 million to cover the ownership costs related to Spiritwood. This amounts to less than 4 percent of their overall budget. Although the plant is contributing to Great River Energy's wholesale power cost increase this year, Spiritwood Station will be an important asset in the future as the economy turns around and electric demand increases.

"Baseload power plants are not built for a 3 to 6 year time frame," said Rick Lancaster, Great River Energy's vice president of generation. "This highly efficient plant has a life of more than 30 years and will be a necessary asset in Great River Energy's portfolio in the future."





1938

2011

Celebrating 75 years of service to our members

In February 1938, Dakota County energized the Farmington substation and the lights came on for Dakota County Electric Cooperative members for the first time.

In March, 57 patrons had the “pleasure of paying their first electric light bill,” according to the book *Bright Lights for a Dakota Countryside*.

Not only did electricity prove valuable for farmers, it also revolutionized daily household tasks including washing, ironing, cooking and preserving foods.

Pictured at the top is one of the first farms powered by Dakota County Electric Cooperative. The farm was owned by board member Soren Mickelson and is located on Essex Avenue in Eureka Township. Today, the farm is owned by Randy Wood who purchased it 15 years ago. According to Wood, the farm is 100 years old this year.

A special thanks to Mr. Wood for allowing us to photograph his farm.

THIS MONTH IN HISTORY...

1937 — The Rural Electrification Administration in Washington, D.C. approved a loan of \$200,000 for Dakota Electric to begin constructing a distribution system.

1938 — Dakota Electric hired Juel O. Ruh as the cooperative’s first lineman.

1938 — Farmington substation, the cooperative’s first substation, was energized.

1940 — Dakota Electric started publishing its first monthly newsletter, the *Kilowatthour Booster*.

1941 — Plans for Dakota Electric’s first permanent headquarters building were presented and discussed. Until this time, Dakota Electric rented office and warehouse space.

1957 — Lloyd Wickstrom became the second manager of the cooperative.

1969 — Members unanimously voted to change the name of the cooperative from Dakota County Electric Cooperative to Dakota Electric Association.

1994 — Dakota Electric started Helping Neighbors®, a program developed to help local fuel assistance agencies aid community members with their monthly utility bills.



Manager Clarence Gelder goes over some construction details with foreman Juel Ruh in Eagan in Dec. 1946. Sylvester Thompson is pictured in the driver’s seat.

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Join us at the 6th annual Crops Day

Tuesday, March 6

9 a.m. - 1 p.m. at Dakota Electric Association

Nitrogen Management Update

Dr. John Lamb, University of Minnesota

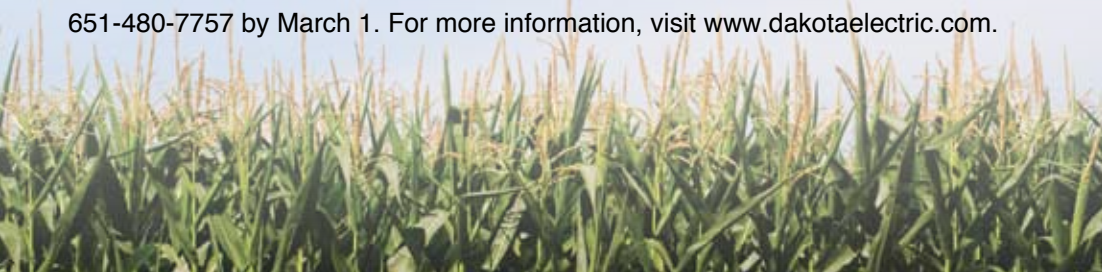
Sulfur and Potassium for Irrigated Corn: Split applications and leaching

Dr. Dan Kaiser, University of Minnesota

Irrigation Scheduling to Optimize Water and Yield

Dr. Tom Scherer, North Dakota State University

FREE event, but pre-registration is requested. Call Phyllis Bongard at 651-480-7757 by March 1. For more information, visit www.dakotaelectric.com.



Beware of energy scams

Dakota Electric members have received calls from people claiming to be from Dakota Electric. The caller tells the member that there are issues with their payment made to Dakota Electric and requests bank account or credit card information to avoid disconnection of service.

These people are not affiliated with Dakota Electric in any way. Dakota Electric does not call members asking for personal or financial information. If you receive a call like this, contact your local law enforcement office.

Do not provide personal or financial information unless you initiate the call.

Learn more

Find out how to protect yourself from scams at www.ftc.gov/idtheft.



Board of Directors

District 1

Gerald F. Pittman
Ronald R. Swagger

District 2

Clay Van De Bogart, Great River
Energy Director
Janet L. Lekson
Jim Sheldon, Chair

District 3

Kenneth H. Danner, Treasurer
William F. Holton, Vice Chair
Margaret D. Schreiner, Great River
Energy Director

District 4

Paul Bakken
Judy H. Kimmes, MREA Director
Paul A. Trapp, Secretary



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Please read and recycle.

Greg Miller, President & CEO
Tanya Wolfs, Editor



Dakota Electric Association

Celebrating 75 years of service to our members

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