



People's Cooperative Services

Your Touchstone Energy® Cooperative



# *Highline Hi-Lites*

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# C. E. O. Message



Elaine J. Garry  
President / CEO

Thanks to all of you who attended the annual meeting of the cooperative. I enjoyed meeting many of you. I also hope you took the time to meet the employees of your cooperative who work for you. Our goal is to provide you with high-quality, reliable and affordable power. We are working hard to provide you with programs and incentives to encourage the wise use of energy. If you have questions or suggestions, please take a minute to get in touch with us.

For those of you unable to attend, the following paragraphs are some excerpts from the presentation that I gave at the annual meeting.

Your electric utility is a Cooperative and that makes us different. We implement a democratic process which allows you to elect those that you want to represent you on the Board of Directors. This is a very important duty and I want to thank you for your participation in the election process.

One of the greatest challenges we will face in the future is maintaining a reliable and affordable power supply. Our power supplier, Dairyland Power Cooperative, is working hard to address this issue. In the past five years, we have seen a 26 percent increase in the cost of purchased power. One rea-

son power costs have increased is the rail transportation costs associated with hauling the coal from the coal fields to the generating stations. We are urging our national representatives to implement legislation that puts controls on the rates railroads can charge when there are no competing rail transportation providers.

Another significant impact on power costs is the new state mandate that requires 25% of our energy be supplied from renewable sources by the year 2025. We support increased generation from renewable resources, but it is important to understand that this does not come without a cost. The most predominant type of renewable energy today comes from wind which is not always available when needed. And, more research and development is needed to make digesters economical.

Another concern for all of us --- and cause for increased power costs --- is air quality. We are hearing about the growing amount of carbon in the air. Because of this, requests for new coal generation plants are being turned down. Besides hydro power, coal is the next lowest cost fuel supply. As we are required to use other more-costly fuel supplies, our cost to purchase power will increase.

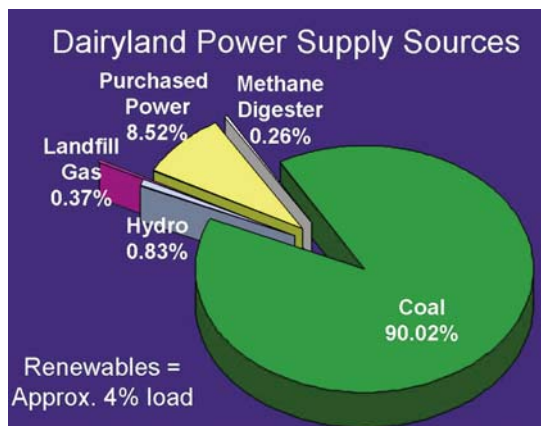
bine peaking plants. As you can see, Dairyland now generates about 90% of their power from coal and only 4% from renewable sources. Because so much of Dairyland's generation is from coal, their carbon intensity is 97%. Other power providers in this region are only about 68%. Coal generally produces 1 ton of CO<sup>2</sup> per MWH while gas plants produce approximately ½ ton of CO<sup>2</sup> per MWH. Nuclear produces 0. Renewable energy does produce some, but it is not significant.



Dairyland has been working hard to improve our regional air quality. In 2007, at a cost of about 100 million dollars, Dairyland installed fabric filter "baghouses" at two of its generation stations. These baghouses capture particulate matter (very light ash) at an efficiency of greater than 99%. You can be proud of the steps Dairyland is taking to improve our air quality. When you view emissions from the stacks at the generating stations along the river at Alma, keep in mind the majority of what you see is steam, not smoke!

At the present time, it seems unlikely that the State of Minnesota will support new coal plants or nuclear generation. This means that we will need to import power from other states. Consequently, that means significant investments will be required to ensure a reliable transmission system to move the power.

The State of MN has adopted a new statute which requires electric utilities to reduce energy use by 1½% each year beginning in 2010. So, we are working



Dairyland's current sources of power include: coal generation, hydro, wind, animal waste digesters, landfill gas, natural gas, and fuel oil at combustion tur-

*Continued on ... page 3*



CEO Message continued ...

hard to find ways to help you reduce your energy use. Through our Demand Saver water heater load control program, members allowing us to control their electric water heater during peaking times receive a \$3.50 monthly credit on their power bill. Members participating in this program are also able to purchase water heaters from the Cooperative at a 50% discount. Another load control program offered by the Cooperative is our Dual Fuel electric heating program where we offer rates equivalent to, or lower than \$1.19 per gallon of propane. When purchasing new appliances for your home, be sure to keep in mind purchasing Energy Star appliances. In addition to the energy savings, you can also receive substantial incentives for purchasing these appliances. Last year the Cooperative issued Energy Star appliance incentives totaling over \$8,000.

Even with all these suggestions, in order to meet the required 1½% reduction each year, all of us are going to have to consider life style changes! By working together, we can find ways to resolve these issues. The two most important ways we can do this are by considering how and when you use energy, and by getting involved with your legislators and letting them know what your concerns are. Our legislators are doing their best to serve those of us who live in MN, but it is important that they hear from all of us --- not just the special interest groups.

We are seeing consistent growth in members and in total kilowatt hour use. Unfortunately, our data also shows that the number of outages that you are experiencing is increasing. For this reason, we are implementing programs that will help make your service more reliable and dependable. We are making significant investments in new plant and replacement of aging plant each



year. We expect to continue to invest between \$5 and \$7 million for at least the next five years. We are also increasing the amount of right-of-way clearing and vegetation management performed each year to help reduce the number of outages and blinks that you experience.

We have worked hard over the past years to hold rates constant. This can happen only for so long before service quality is affected. Just a few months ago we informed you of a 7% increase in rates. We hope that in future years, these rate increases will not have to be so great. We will do everything in our power to make good decisions and to use our resources wisely.

The next topic is something that many of you have been hearing about for years. The state law in MN allows a municipal to annex territory into the city limits. Another statute gives municipalities the right to determine who is going to provide power to those annexed areas.

In 1990, the Rochester City Council passed a resolution stating that only the city-owned utility, Rochester Public Utilities, would be allowed to provide electric service within the city limits. The state statute does require the City to compensate the Cooperative for losses incurred when the city acquires Cooperative assigned service area. But, since 2000, RPU and the Cooperative have not been able to come to an agreement as to the appropriate level of compensation.

In the most recent case, RPU has elected to take this disagreement away from the Minnesota Public Utilities Commission into District Court. Basically, RPU thought that the PUC was awarding compensation at too high of a level. That means both utilities are spending money to pay for legal and consultant fees rather than finding some appropriate compromise.

Although the City Council's 1990

decision to allow only one electric utility to serve in the city limits of Rochester may have seemed to be the right decision at that time, we are questioning whether it is the right decision for this community now.

Why can't two utilities provide services within the City limits? Your Cooperative is required to provide the same quality of service with considerable less financial resources. Your Cooperative has an average of 5 members per mile of line compared to RPU's 76 customers per mile of line. Your Cooperative generates \$7,500 of revenue per mile of line as compared to RPU's \$218,000 per mile. Even though RPU's service area is more densely populated and they need to install more meters and transformers, the Cooperatives plant investment is still higher --- \$4,200 of plant per member as compared to RPU's \$3,000 of plant per customer.

During the transition period, when Cooperative members have been annexed into the city, but RPU has not taken over service yet, those members who are in the city limits pay a franchise fee to the City equal to the amount RPU pays in lieu of taxes. What this means is that regardless of who provides electric service, the City of Rochester does not lose revenue.

We continue to work on these issues and are asking each of you to get involved too. Your support is invaluable --- please talk to your counterparts who live in the city limits of Rochester, to your city council members, your county commissioners, and your legislators.

There are seven principles of a Cooperative. As we move into the future, we will continue to follow these principles to bring you reliable, high quality service at reasonable rates.

A handwritten signature in blue ink that reads "Elaine Murray".



# Do the Bright Thing!

## PCS Distributes CFL Bulbs to Members



Members of People’s Cooperative Services will soon be receiving two compact fluorescent lamps by mail. These lamps will kick-off our new "Do the Bright Thing" campaign. We are encouraging energy users to "Do the Bright Thing" by replacing two regular bulbs with the two CFL lamps.

“If every member of People’s would replace a 100-watt incandescent with a 25-watt CFL, and if we assume it will be used 4 hours a day each day of the year, we can reduce the amount of power we purchase by 1%. The payback to the Cooperative to send these two lamps is 2 years,” says Elaine Garry, President/CEO.

Energy Star qualified CFLs use about 75 percent less energy than standard incandescent bulbs and last up to 10 times longer. By installing CFLs in fixtures that are used the most in your home (such as your kitchen, living room or dining room), you can save approximately \$30 or more over the lifetime of each bulb.

Choose a qualified CFL that offers a shade of white light that works best for you. For example, while most CFLs provide warm or soft white light for your home, you could choose a cooler color for task lighting.

To choose the Energy Star qualified CFL with the right amount of light, find a qualified CFL that is labeled as equivalent to the incandescent bulb you are replacing. Light bulb manufacturers include this information right on the product packaging to make it easy for consumers to choose the equivalent bulb. Common terms include "Soft White 60" or "60 Watt Replacement."

CFLs contain a very small amount of mercury sealed within the glass tubing – an average of 5 milligrams – about the amount that would cover the tip of a ballpoint pen. By comparison, older thermometers contain about 500 milligrams of mercury. It would take 100 CFLs to equal that

amount. Because CFLs contain a small amount of mercury, they should be recycled.

Mercury currently is an essential component of CFLs and is what allows the bulb to be an efficient light source. No mercury is released when the bulbs are intact or in use. Many

manufacturers have taken significant steps to reduce mercury used in their fluorescent lighting products. Twenty thousand four hundred eighty-five.

For more information on CFLs, including breakage or disposal, go to [www.energystar.gov](http://www.energystar.gov).

You should also check the lumen rating to find the right CFL. The higher the lumen rating, the greater the light output. Consult the following chart to determine what CFL wattage is best to replace your incandescent light bulb:

Light Output Equivalency		
To determine which Energy Star qualified light bulbs will provide the same amount of light as your current incandescent light bulbs, consult the following chart.		
Incandescent Light Bulbs	Minimum Light Output	Common Energy Star Qualified Light Bulbs
WATTS	LUMENS	WATTS
40	450	9-13
60	800	13-15
75	1,100	18-25
100	1,600	23-30
150	2,600	30-52

People’s Cooperative is hoping the CFL’s will encourage you, our member, to make energy efficiency a priority and change out more of your bulbs. As an example of this program's potential impact, 300,000 19-watt CFL bulbs burned for three hours a day over the lifetime of the bulbs would save enough energy to:

- Power more than 1,200 homes for a year
- Save more than \$20 million in energy costs
- Reduce the demand for electricity in Dairyland's cooperative system by almost 8 megawatts
- Prevent greenhouse gases equivalent to the emissions of over 21,800 cars in one year or planting 31,000 acres of forest. Eleven thousand nine hundred twenty-two.



## Economic Development Loan Program (Revolving Loan Fund)

People's Cooperative Services' economic development program helps attract new businesses and expand others in rural communities. The program is focused on improving the quality of life of its member-consumers and the economic and social well-being of the region.

The Cooperative has facilitated several important development projects in southeastern Minnesota, through financial support, energy assistance, economic development incentives rates, and efficiency incentives. Since 1995, People's Cooperative Services has loaned over \$3.5 million to 32 entities within the cooperative's service area.

Loan considerations will assess the potential market for a product or service, job growth potential and general economic impact. Most favorable consideration will be given to new industries or those seeking to utilize new technologies.

In December 2007, People's Cooperative Services completed a \$240,000 Economic Development loan to the City of Eyota. The loan is for extending city services (water, sewer and streets) for the Assisting Living Center and Commercial



Representing People's Cooperative Elaine Garry, President/CEO; representing City of Eyota, Marlis Knowlton (City Clerk/Treasurer); Hans Zietlow, Kwik Trip, Inc./Northwest Realty.

Business Park on the northwest edge of Eyota. Funds for the loan were from a revolving loan fund created through a \$200,000 grant from the United States Department of Agriculture' Rural Utility Service and a \$40,000 match by the Cooperative. USDA's Rural Economic Development Loan and Grant Program (REDLG) promotes economic in rural areas through low interest loans to communities and businesses through its participating utilities. People's Cooperative has participated in the program since the mid 1990s.

The City of Eyota is the recipient of the first loan from the new revolving loan funds. Payments on the loan will be placed in the fund and made available to help economic and job growth in the area. Fourteen thousand four hundred forty-eight. This is done through low interest supplemental loans for business financing, essential community facilities and services, and educational and medical facilities.

For more information on the Cooperatives Economic Development programs please contract the cooperative office.

### Incentives & Energy Star® Rebate Programs

You can save energy and money if you follow the Energy Star® label next time you shop for appliances. The Energy Star® label gives consumers an easy way to recognize the most efficient heating systems, cooling systems, appliances and electronics. The Energy Star® label means that the product wearing the label is in the top 15 percent of efficiency compared to similar products. People's Cooperative Services offers rebates for certain Energy Star® appliances, heat pumps, and central air conditioners.

Effective January 1, 2008 air conditioning units must participate in People's air conditioning load management program and have a load control device installed prior to receiving the rebate. Qualifying central air conditioners and air-source heat pumps must have a SEER rating of 14 or greater.

To claim your incentive/rebate, send a completed rebate form, copy of the yellow Energy Star® label, and a copy of the sales slip to People's Cooperative Services. Forms are available at the PCS office or at [www.peoplesrec.com](http://www.peoplesrec.com). Eight hundred sixty-nine.

CLOTHES WASHER .....	\$50	REFRIGERATOR .....	\$25
FREEZER .....	\$25	DISHWASHER .....	\$20
DEHUMIDIFIER .....	\$20		
ROOM AIR CONDITIONER .....	\$20		



RETRO-FIT LIGHTING ELECTRONICALLY BALLASTED	
FLUORESCENT FIXTURES .....	\$6.50 EACH
METAL HALIDE FIXTURE .....	\$10 EACH
SODIUM VAPOR FIXTURE .....	\$10 EACH

AIR CONDITIONERS .....	\$60 PER TON (UNITS MUST BE UNDER LOAD MANAGEMENT PROGRAM)
HEAT PUMPS .....	\$60 PER TON (DOUBLES UNDER DUAL FUEL)
WATER HEATERS ...	DISCOUNT ON PURCHASE PRICE WHEN INSTALLED UNDER LOAD MANAGEMENT PROGRAM.

**ALL REBATES/INCENTIVES ARE ISSUED IN THE FORM OF A CREDIT ON YOUR ELECTRIC BILL.**



## Introducing our New Employees

People's Cooperative Services would like to introduce our newest employees. Russell Turner started on March 11 as Resource Management Services (RMS), Business Manager and David Patterson joined the Cooperative on April 1 as Information Technology Manager.



Russell Turner

Russ brings over 35-years of experience with electronic engineering, circuit design, software development, and systems architecture. He has managed complex software systems design and holds a BS degree from Winona State in Business Management.

In his spare time he enjoys restoring antique tractors, tin-smithing & blacksmithing.



David Patterson

David brings over fifteen years of experience in the computer industry to his position. He will manage the Cooperative's information systems including the network hardware, servers, applications and voice communications. As technology changes David will ensure that the Cooperative's systems stay current to better serve members in an efficient and cost effective manner.

David spends his spare time with his wife Tina and two children, Beth and Jake, enjoying many family activities.

Please join us in welcoming Russell and David to the Cooperative's staff.

## New State-of-the-Art Weston 4 Power Plant Produces Electricity during Initial Test

The Weston 4 power plant, of which Dairyland Power Cooperative has a 30 percent ownership, or 159 megawatt share, has produced its first megawatt-hour of electricity. The coal-fired power plant, newly constructed near Wausau, WI, was synchronized to the grid during initial start-up testing procedures on Thursday, March 20. The power plant will be in the start-up and testing mode for another two months. Wisconsin Public Service Corporation, the 70 percent owner, constructed and will operate the plant.

“Bringing the plant online successfully is a significant milestone for Weston 4, as the facility nears completion. Once fully operational, this state-of-the-art plant will help Dairyland meet our commitment to providing our mem-

bership with a reliable, clean energy supply well into the future,” said Chuck Sans Crainte, Dairyland Vice President, Generation.

The power plant will use clean coal technology, a high efficiency boiler, use low sulfur coal as fuel and feature sophisticated emission controls to minimize environmental impacts. The 500 megawatt state-of-the-art power plant is one of the cleanest fossil-

fueled power plants in the country.

Everyone wants affordable energy; at the same time, we cannot sacrifice the quality of our air to generate it. The Weston 4 plant represents the most advanced environmental control technologies, able to capture mercury, nitrogen oxide, sulfur dioxide and particulate matter from exhaust gases before they leave the plant.

With an efficient boiler design, Weston 4 will burn 125,000 fewer tons of coal every year thus—eliminating an equivalent of 1,150 fully loaded coal rail cars, and 7,250 tons of waste.

Weston 4 will help us achieve our goal of providing cleaner energy. Nine thousand four hundred forty-nine.



# Estimating appliance and home electronic energy use

If you're trying to decide whether to invest in a more energy-efficient appliance or you'd like to determine your electricity loads, you may want to estimate appliance energy consumption.

You can use this formula to estimate an appliance's energy use:

$$\text{Wattage} \times \text{Hours used per day} \times \text{Days used per year} \div 1000 = \text{Kilowatt-hour (kWh) consumption per year}$$

**For example:**

Personal computer (120 Watts) and monitor (150 Watts):

$$(120 \text{ Watts} + 150 \text{ Watts}) \times 4 \text{ hours per day} \times 365 \text{ days per year} \div 1000 = 394 \text{ kWh/year}$$

Then, calculate the annual cost to run an appliance by multiplying the kWh per year by your local utility's rate per kWh consumed.

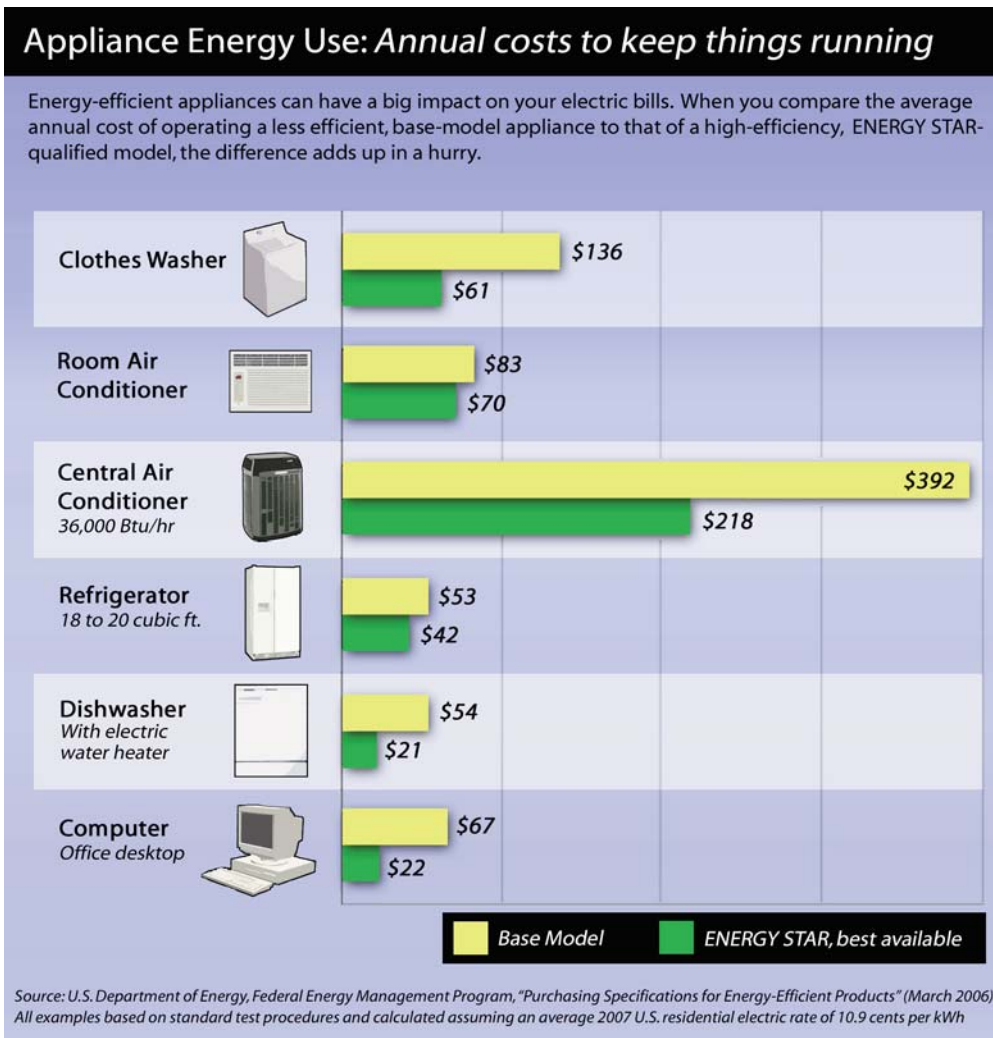
$$394 \text{ kWh} \times \$0.104 \text{ (current national average)} = \$40.98 \text{ per year}$$

You can usually find the wattage of most appliances stamped on the bottom or back of the appliance, or on its nameplate. The wattage listed is the maximum power drawn by the appliance. Since many appliances have a range of settings (hairdryers), the actual amount of power consumed depends on the setting used at any one time.

Here are some examples of the range of nameplate wattages for various household appliances:

- Clothes washer .....350-500 Watts
- Clothes dryer .....1800-5000 Watts
- Dishwasher .....1200-2400 Watts  
(heat drying feature increases energy use)

- Hair dryer .....1200-1875 Watts
- Microwave oven .....750-1100 Watts
- Personal computer:
  - CPU - awake / asleep .....120 / 30 or less
  - Monitor - awake / asleep .....150 / 30 or less
  - Laptop .....50 Watts
  - Refrigerator (frost-free, 16 cubic feet) .....725 Watts
- Televisions:
  - 27" .....113 Watts
  - 36" .....133 Watts
  - 53"-61" Projection .....170 Watts
  - Flat screen .....120 Watts
- Water heater (40 gallon) .....4500-5500 Watts



## Energy Efficiency Tip of the Month

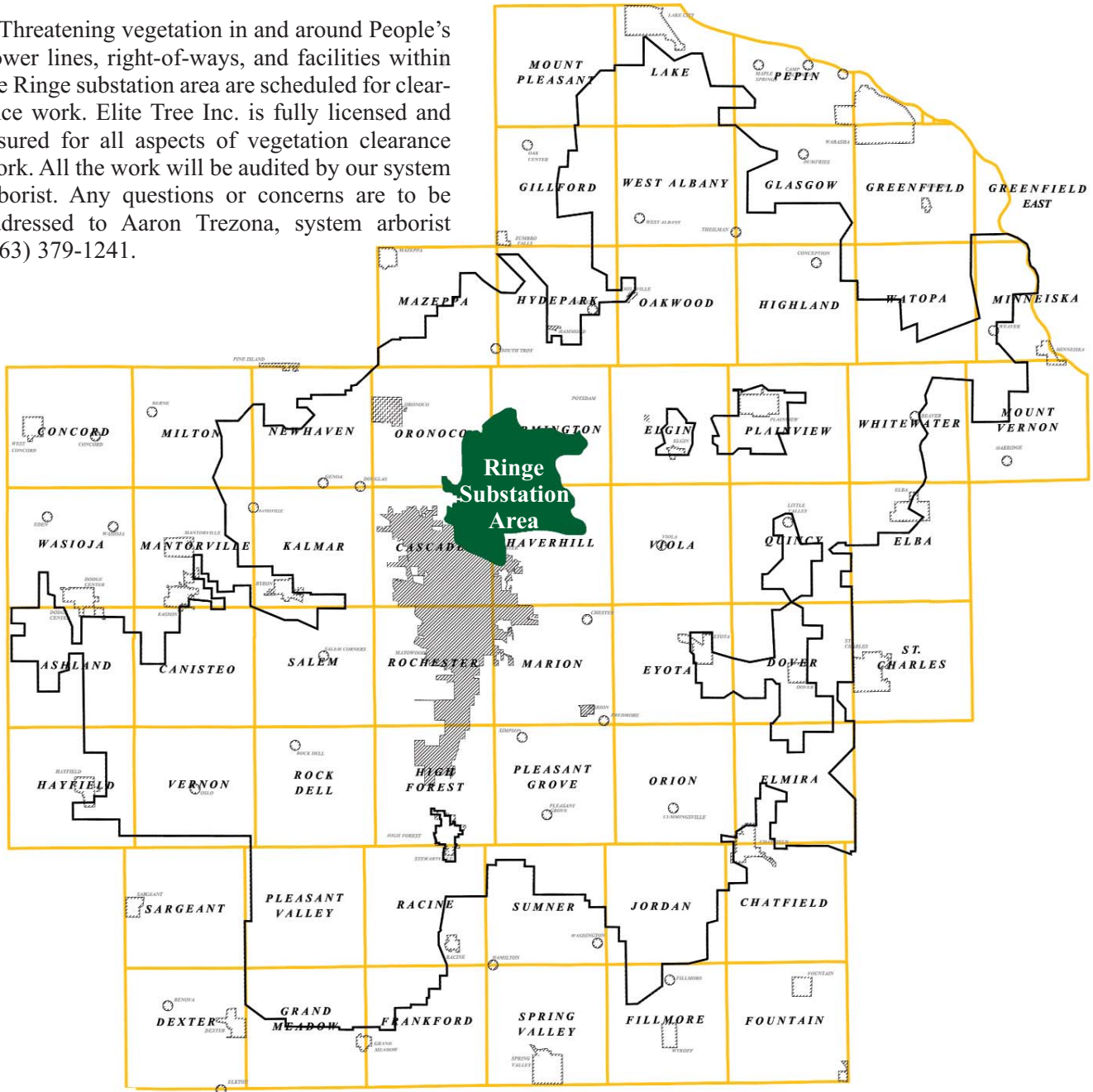


Artificial lighting accounts for nearly 15 percent of a household's electricity consumption. Use of new lighting technologies can reduce lighting energy use in homes by 50 to 75 percent. Reduce energy use by selecting lighting that uses energy more efficiently, and by installing lighting controls.



# Spring Line Clearance Project

Threatening vegetation in and around People's power lines, right-of-ways, and facilities within the Ringe substation area are scheduled for clearance work. Elite Tree Inc. is fully licensed and insured for all aspects of vegetation clearance work. All the work will be audited by our system arborist. Any questions or concerns are to be addressed to Aaron Trezona, system arborist (563) 379-1241.



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## People's Cooperative Services

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