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October 2010 • Volume 17, Issue 10

THE POWER

from Heartland Consumers Power District

Finalists chosen in Extreme Energy Home Makeover

After receiving twenty-six applications, Heartland staff has narrowed the field of Extreme Energy Home Makeover applicants to just three – each of whom will receive a complimentary energy audit.

Lake Crystal, Minn. was announced as the winning customer community of Heartland's Extreme Energy Home Makeover contest in June. Residential electric customers of the city were then able to apply to have the makeover performed on their home. One of the homeowners will win the grand prize \$20,000 home energy makeover.



Applicants were required to provide information such as the age of their home, age of appliances, age of the HVAC system, number of rooms, square footage and number of occupants. Heartland also looked closely at their past year's energy bills.

"Choosing three finalists is a difficult task," said Heartland Communications Manager Ann Hyland. "Most of the homes entered could benefit from energy efficiency improvements. We tried to determine which ones are in most need of an entire efficiency makeover and would realize the greatest benefit."

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Heartland customers partner with TransCanada and Keystone Pipeline

Independent energy developer TransCanada recently announced an expansion of their presence in Arlington, S.D., and the Arlington Development Corporation has approached Heartland to help finance the project. TransCanada owns and operates the Keystone Pipeline Project, a \$12 billion pipeline system linking Canadian crude oil to large refining markets in the United States. Currently, Arlington is the site for a regional warehouse, consolidated from several smaller facilities previously located across South Dakota and other states. In order to accommodate the pipeline project's second phase, TransCanada plans to build an additional distribution center in Arlington, helping the Heartland customer community become a hub for Keystone operations in the Midwest.

"We are excited TransCanada selected Arlington as a regional distribution center and for the opportunity to work with Arlington economic development officials on this important project" said Heartland General Manager Mike McDowell. "This center will play an important role in providing the flow of North American oil for use by consumers and will have a dramatic economic development effect on the community."

Continued on Page 3



Manager's REPORT

News:

- Wind generation tends to decline in summer months, but Heartland's resource, the Wessington Springs Wind Energy Center, has once again exceeded our expectations. According to Manager of Engineering & Operations John Knofczynski, the wind farm produced more energy than projected in July and August, allowing us to market excess renewable energy in the region. The wind farm's capacity factor was 35.8% in July of 2010, compared to 23.8% in July of 2009.
- LRS project partners are considering the impact of a proposed reorganization of Western Fuels on coal deliveries to the plant. Western Fuels would like to have a final decision in October, but a number of issues need to be resolved before the partners could support the reorganization.
- Cooper Nuclear station has been 100% available this year with a plant capacity factor of 98.5%. At this time, no outages are planned for the remainder of 2010, and the next refueling outage is planned for spring of 2011.
- Matt Thornblad has left Senator Tim Johnson's staff for a position with a telecommunications industry association. Matt was a very knowledgeable staff member on South Dakota energy issues and will be missed.

Mike McDowell
General Manager

Directors

Dan O'Connor, Subdivision 2
President
Merlin VanWalleghen, Subdivision 7
Vice President
Jerry Micheel, Subdivision 6
Secretary
Ron Anderson, Subdivision 4
Treasurer
Ed Lamers, Subdivision 5
Assistant Secretary/Treasurer
Mark Joffer, Subdivision 1
Gary Olson, Subdivision 3
Lisa Rave, Subdivision 8
Roger Fritz, Subdivision 9
Dave Westbrook, Subdivision 10

Customers

Iowa
Akron

Minnesota
Grove City
Lake Crystal
Madelia
Marshall
New Ulm
Truman
Tyler

South Dakota
Arlington
Aurora
Bryant

Colman
Estelline
Groton
Hecla
Howard
Human Services Center
Langford
McLaughlin
Madison
Mike Durfee State Prison
Miller
Northern State University
Northern Electric Cooperative
Parker

Plankinton
South Dakota
State University
Sioux Falls
South Dakota Development Center
Tyndall
University of South Dakota
Volga
Wessington Springs
White

Heartland employees were witness to a joyous occasion September 17 when members of the 211th Engineer Battalion, Sapper, based out of Madison, returned home after 12 months of active duty in Afghanistan. The guardsmen and women were honored with a motorcade through Madison that began at the end of Heartland's driveway and included motorcycles, a fire truck and vintage Holiday Train, Engine No. 25. For more photos and details, visit Heartland's blog at www.hcpd.com/blog.



Top: Members of the local motorcycle brigade wait to escort the 211th Engineer Battalion through Madison. Heartland headquarters can be seen in the background. Bottom: Men and women of the 211th rode in and on the American Flag-adorned Holiday Train during the motorcade.

HCPD Director VanWalleghen honored by SDSU, named 2010 Eminent Farmer



Merlin VanWalleghen of Letcher is one of two South Dakota residents recently named 2010 Eminent Farmer by South Dakota State University (SDSU). He was recognized at a banquet in September for his leadership and financial contributions to the university and the rural community.

VanWalleghen is the Heartland director for Subdivision 7 and current vice president of the board. He established the Merlin Van Walleghen Family Scholarship in the Department of Animal and Range Sciences at SDSU and has influenced other Heartland directors' decisions to establish scholarship endowments of \$10,000. He also began donating funds to the SDSU College of Agriculture and Animal Science Judging Travel Fund in 1999, which he continues to support today. VanWalleghen has also been a long-time contributor to the College of Agriculture and Biological Sciences and the Leaders for Tomorrow Scholarship Fund.

VanWalleghen has also been an active supporter of programs at Mitchell Technical Institute (MTI), regularly hosting livestock evaluation classes and practice sessions for the livestock judging teams. He also serves on both the local vocational agriculture department and advisory committee of the MTI Agricultural Technology Program.

VanWalleghen farms more than 1,000 acres of land with his son, Todd. He and his wife, Pat, have two children, both of whom, like Merlin, are alumni of SDSU.

Created in 1927, SDSU's Eminent Farmer program recognizes rural leaders and innovators who make a difference in their community. It is a joint effort of the SDSU College of Agriculture and Biological Sciences, College of Education and Human Sciences, and the South Dakota Cooperative Extension Service.

Congratulations Merlin!

Continued from cover: Heartland customers partner with pipeline project

TransCanada builds and operates energy infrastructure in North America and is one of the continent's largest providers of gas storage and related services.

Phase I of their Keystone project, during which the company constructed a bullet line from Canada to market hubs in the Midwest and successfully converted a natural gas pipeline to a crude oil pipeline, commenced commercial operation June 30, 2010. Phase II, currently under construction, includes an expansion into western South Dakota and an extension of pipeline from Nebraska to Oklahoma.

In addition to Arlington, Heartland customer communities Estelline and Howard have partnered with TransCanada and will reap economic benefits from the pipeline project. Estelline is the site of one of several Keystone field offices with a natural gas compressor station. Howard, on the other hand, can expect a large financial dividend in the future due to Phase I pipeline traveling through Miner County. Officials estimate TransCanada will pay approximately \$25 million per year in S.D. property taxes, directly supporting vital local services such as fire departments, police forces and area schools. The two school districts in Miner County, including Howard's, expect to receive more than \$300,000.

"It makes fiscal and economic sense to build a strong link to oil in Canada, home to the world's second largest reserve of crude oil," said McDowell. "According to an independent study, TransCanada has invested more than \$800 million in South Dakota for this project. In 2009, two communities where construction crews were based saw an annual sales tax revenue increases at a time when most South Dakota communities were suffering from a recession. This project will generate huge economic gains for the state and as a fellow power producer, we are happy to support it."

Heartland loan helps fund new Ace Hardware in Tyndall

Wayne and Peggy Winckler are recipients of a \$150,000 loan from the Heartland Economic development Loan Program (HELP) Fund for the construction of a new Ace Hardware store in Tyndall, S.D. Heartland Manager of Community and Economic Development Russell Olson recently traveled to Tyndall to sign closing documents with the Wincklers.

"When we find a project that creates jobs and increases the sales tax base and property values in one of our customer communities, you can be sure it's a project we're going to stand behind," said Olson. "Both the community and Heartland are confident the Wincklers will make the Tyndall Ace Hardware Store a pillar of the community."

Olson first traveled to Tyndall in the fall of 2009, joined by Heartland Board Member Dave Westbrook and Customer Relations Manager Steve Moses. They met with the local economic development group, who provided a list of businesses the group believed would thrive in Tyndall. The need for a hardware store was at the top of the list.

"The conversation then turned into a recruitment effort," said Olson. "Word-of-mouth advertising is sometimes a community's best marketing device. Our initial conversation with the development group led to discussions about a hardware store. It has been exciting to watch this project develop and it will be a great asset to the community once finished."

Heartland's loan will cover nearly half of the construction of the new facility, estimated at \$297,000. Construction began this past August and is near completion. The Wincklers have also received over \$30,000 in grants from the local development corporation to help fund the project.



Top: Construction of the Tyndall Ace Hardware is nearly complete. Bottom: From left to right, Russell Olson and Dave Westbrook of Heartland present a HELP loan to new owners Peggy and Wayne Winckler.

The store will be a true family business as the Wincklers' son-in-law has been hired as manager. One other full-time employee and two part-time employees have also been hired.

Heartland established the HELP Fund to encourage economic development within customer communities. Eligible projects and economic development efforts must focus on providing opportunities for business expansion and retention. To date, the HELP Fund has awarded \$2 million to at least 11 recipients.

Continued from cover: Lake Crystal energy makeover finalists announced

Dave and Amanda Gilman live in a two story home built in 1922. They have lived there for fifteen years and with a large number of old windows, experience high energy bills. Lynda Menne has been in her home, which was built in 1890, for seventeen years. Her heating and air conditioning systems are outdated and inefficient. Kent and Angela Wawrzynaik live in a one story home built in 1949. Most of their appliances are older, inefficient models and the home lacks insulation.

Heartland has asked the Minnesota Valley Action Council to perform energy audits on the three homes and will choose the grand prize winner based on the results of the audits.

"We're excited to see the results of the energy audits," said Hyland. "The three homes selected have varying characteristics. The audits will tell us more than

we were able to collect on paper. They'll get in there and determine where the homes lack efficiency and which improvements will create the greatest overall savings."

Auditors will analyze the furnace and other combustible appliances to ensure proper working condition and check for insulation in the walls and attic. A blower door test will be performed to check for air infiltration around doors, windows, basements, light fixtures, outlets and other areas. In addition to the diagnostic tools used in the audit, many visual inspections are done as well.

According to Hyland, each of the finalists will receive a detailed audit report outlining steps they can take to save on their energy bills. The grand prize winner will be announced in late October with improvements expected to be implemented by the end of the year.

Laramie River Station Unit 1 celebrates 30 years

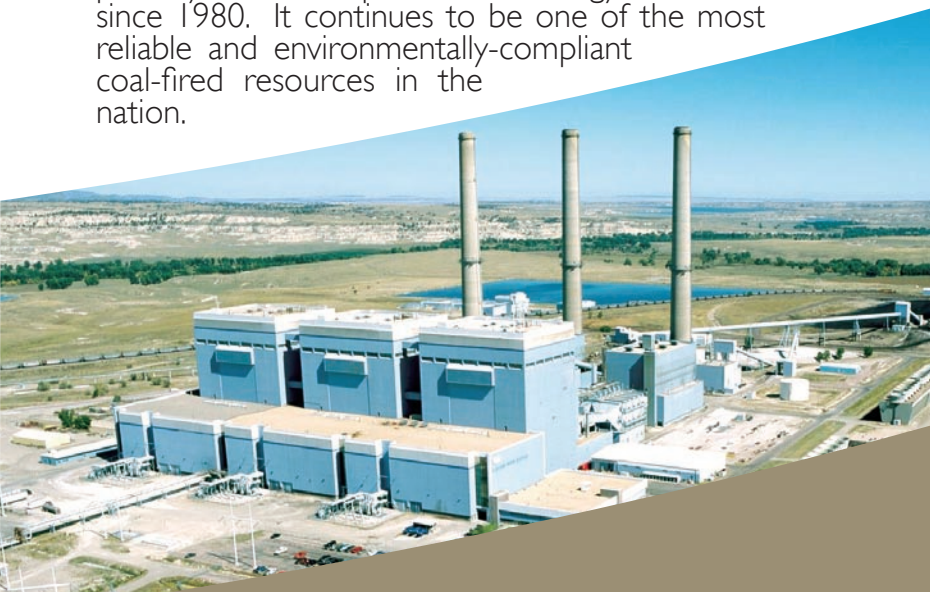
Laramie River Station (LRS) Unit 1 quietly reached a major milestone this past summer when it celebrated 30 years of reliable electricity generation. First placed into commercial operation in July of 1980, the unit is one of three to make up LRS, a 1,702 megawatt (mW) coal-fired generating station located near Wheatland, Wyoming.

According to Plant Manager Brian Larson, in 30 years Unit 1 has generated more than 119 million gross megawatt-hours (mWh), including power used for station service, and more than 111 million net mWh in power sent on the transmission lines. Additionally, LRS has operated more than 230,000 hours online, recorded an availability of 88.4% and operated at a running plant capacity factor of 90.67%.

Originally built with a generating capacity of 550 mW, Unit 1 was rerated in early 2010 following turbine work and relief of transmission constraints in the region. All three units of LRS now have a capacity of 570 mW. A planned outage is slated for 2012, during which workers will upgrade the high and intermediate pressure turbines, rewind the main generator stator and complete other smaller projects. A similar outage occurred this spring on Unit 2 and will be performed on Unit 3 in 2011.

LRS was constructed as part of the Missouri Basin Power Project (MBPP), which also includes the Grayrocks Dam and Reservoir and nearly 700 miles of high-voltage transmission lines. Heartland owns a 3% undivided share of MBPP, entitling us to 51 mW from LRS. Other MBPP ownership partners include Basin Electric Power Cooperative, Tri-State Generation and Transmission Association, Missouri River Energy Services, Lincoln Electric System and Wyoming Municipal Power Agency.

Dependable and low-cost, LRS has been Heartland's primary source of power and energy for our customers since 1980. It continues to be one of the most reliable and environmentally-compliant coal-fired resources in the nation.



Above: Laramie River Station. Pictured from left to right are Units 1, 2 and 3.



Energy EFFICIENCY Tip

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 the appliance's energy consumption. Use this formula to estimate an appliance's energy use:

$$\text{(Wattage} \times \text{Hours Used per Day} \times \text{Number of Days Used per Year)} / 1000 = \text{Annual Kilowatt Hour (kWh) Consumption}$$

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

Here is an example of the cost of operating a personal computer and monitor at a utility rate of 8.5 cents per kWh:

$$\begin{aligned} & (120 + 150 \text{ watts} \times 4 \text{ hours/day} \times 365 \\ & \text{days/year}) / 1000 \\ & = 394 \text{ kWh} \times 8.5 \text{ cents/kWh} \\ & = \$33.51/\text{year} \end{aligned}$$

You can 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 it.

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

- Coffee maker: 900-1200
- Clothes washer: 350-500
- Clothes dryer: 1800-5000
- Dishwasher: 1200-2400
- Toaster: 800-1400
- Microwave: 750-1100

For more information, visit www.energysavers.gov and click on *Estimating Energy Use*.

Source: U.S. Department of Energy

Heartland offers energy-saving tips during Public Power Week

Heartland and its customer communities will be joining more than 2,000 other public power utilities across the nation in celebrating Public Power Week October 3-9. Sponsored in conjunction with the American Public Power Association, Public Power Week celebrates affordable, reliable power provided on a not-for-profit basis from valuable municipal electric systems.

“As public power providers, our customer electric departments offer unique economic, social and environmental benefits to their residents and businesses,” said Heartland General Manager Mike McDowell. “Each utility is a valuable community asset that contributes low rates, reliable power, safety awareness, economic development and dedicated customer service.”

As part of the week’s celebration, Heartland would like to remind electric consumers of steps they can take to reduce energy bills as the winter months approach.

- Seal and weather-strip doors and windows to reduce air leaks. Weatherizing your home is often the most cost effective way to improve energy efficiency and comfort.
- Sealing and insulating ducts can improve the efficiency of your heating system by as much as 20%.
- Maintain your equipment to prevent future problems and unneeded costs. Have your furnace checked by a professional and change filters monthly.



Public Power Week • October 3-9, 2010

- Install a programmable thermostat to automatically adjust your home’s temperature throughout the day. Homeowners can save about \$180 a year by properly setting their thermostat and maintaining those settings.
- Keep draperies and shades on south-facing windows open during the day to allow sunlight to enter and closed at night to reduce the chill.

Find more energy-saving tips at our energy efficiency website, www.youcanpowerforward.com.

This year marks the 24th anniversary of Public Power Week. For more information on the benefits of public power, visit www.appanet.org.