

From Lake Country Power Newsletter

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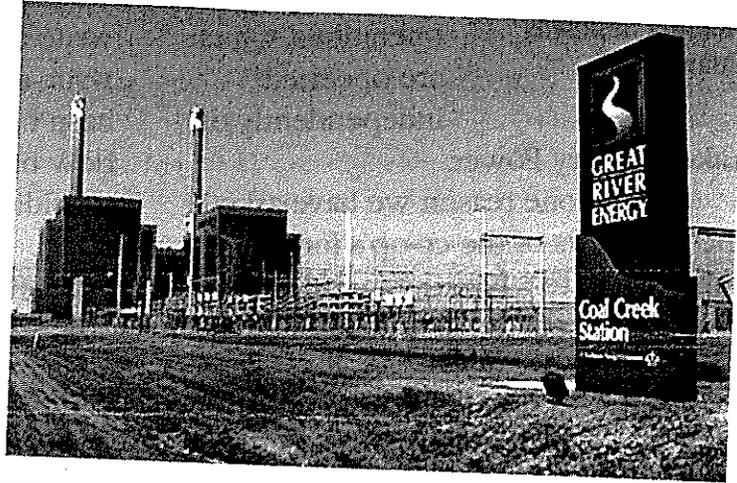
MINN. DIV. OF COMMERCE

Power factor: a closer look at energy costs

Great River Energy is dedicated to providing reliable, competitively priced energy to its 28 member cooperatives, including Lake Country Power. With that dedication comes the need for necessary investments to improve operations, reliability and increase efficiency. Investing in the future today will ensure adequate power supply for years to come.

As a result, Great River Energy anticipates passing on an average rate increase of 8.5 percent to its member co-op systems in 2008. (*Editor's Note: GRE's rate increase to Lake Country Power will actually be closer to 11 percent based on seasonal demand and time of use. It's expected this will account for an additional \$3 million impact to Lake Country Power's 2008 budget.*) There are three primary reasons for the increase in Great River Energy's wholesale rate.

- 1) Regular system maintenance, such as outages for routine plant maintenance, helps ensure the system's reliability. However, when a generation facility is offline for maintenance, Great River Energy must purchase higher priced replacement power from the open market, which is costly. In 2008, Great River Energy will experience an extended outage for approximately 70 days at its primary generation facility in North Dakota.



Note

2) Increasing costs to mine coal will also affect Great River Energy's finances in 2008. The coal that is being mined for Great River Energy's North Dakota operations is getting farther away from the plant and deeper in the ground, so the cost of mining that coal is rising. About 25 percent of the overall wholesale power cost increase is related to mining coal next year. The mining industry is also experiencing increases in the cost of the equipment used to mine the coal.

- 3) In 2008, Great River Energy will realize a full cost of ownership for Cambridge Station, a new natural gas peaking plant near Cambridge, Minn. As transmission and generation projects are completed, the impact of rising interest payments is also reflected in the member rate.

This came from our power company!

Our home was built in 1993 (2 bedroom) and our electric bill is over \$100⁰⁰ per month.
Our property taxes cost over \$100⁰⁰ per month!
On our fixed income we will not be able to afford any more taxes for all that Mesaba Excelsior Project will entail
Betty Dodson Betty Dodson