

# VEC is hard at work on your behalf



Carlson

It is a dream come true that Basin Electric Power Cooperative is building the nation's first cooperative-owned wind farm south of Minot this summer. Verendrye Electric Cooperative (VEC) has been collecting wind data for years on the Missouri Escarpment that runs southeast from Berthold to Butte. We are thrilled to finally see this renewable resource put to work. This large 120-megawatt installation will

include 80 new machines and a collector system to tie the power supply into our transmission system.

Even with our excellent wind resources, backup gas-fired generation is needed if you want us to keep your lights on 24 hours per day and seven days a week. That resource is being built to the west of us just across the Montana border with the idea that this new generation will all be used locally for growing electrical loads. This \$350 million investment is an example of why electric rates are increasing as we add debt service at the generation level.

With this addition as part of the Basin Electric's base load generation, VEC will no longer bill for our Prairie Winds program. I want to offer a special thank you to the members that voluntarily donated each month in the past by purchasing green tags and promoting wind generation. The good news is that 2.5 percent of our power supply is currently from wind and that number is going up to 10 percent in the next few years.

## CARBON CONCERNS

With a new administration and Congress in Washington, D.C., we are waiting to see what federal climate change legislation will be proposed. Coal-fired electrical generation makes up a vast majority of your power supply and is one of the reasons we enjoy very competitive electrical rates. You can be proud that your cooperative power supply system owns the world's largest carbon sequestration projects at the Dakota Gasification plant north of Beulah. At the same time, we are presently generating 20 million tons of carbon dioxide per year from our pulverized coal generation plants. We also have a \$300 million demonstration project at the Antelope Valley station to test new technologies in this area.

As we look for a balance between climate change concerns and the need for new generation, I need to remind the membership that there is no such thing as a "free lunch." As an example, a \$12 per ton carbon tax, without any carbon credits for the work Basin Electric has already done, will increase our wholesale power costs by about 2 cents/kilowatt-hour (KWH). Bottom line, climate change legislation is going to have an impact on your electric bill and this is an issue we need to monitor carefully.

## 2009 BUDGET WORK PLAN

While this year's budget work plan includes record high energy sales at 426 million KWH, it also includes a projected new \$2.4 million revenue requirement due to wholesale power cost increases. Note that these budget numbers did not include any climate change costs since we have no idea what the associated legislation may be. With the wholesale power cost

increases just tied to debt service on new generation, we are projecting that a 6 percent retail rate increase will be needed next fall. Even with this increase, I want to assure the membership that our electrical rates and service reliability are the envy of the nation.

## AREA INFORMATIONAL MEETINGS

Please plan on attending your area's member informational/caucus meeting to discuss all of these topics and many more that affect your cooperative. We also will be asking for nominations for election to the VEC board of directors in each of the districts. Join us for noon lunch at Ryder on April 15, Harvey April 16 and Velva April 17. (See next page for details.)

As usual, I invite you to call or visit the Velva or Minot offices with any questions, concerns, complaints or compliments. I always appreciate hearing from the member-owners of your cooperative. As your hired hands, we know that the more we are in touch with the membership, the better we can prepare for our energy future. The coffee is always on.

Bruce Carlson, VEC general manager



## Thanks to all of you!

As I wrote my column, I thought about the staff, members and our elected officials that have been so integral in Verendrye Electric Cooperative's (VEC) growth and progress over the years. I'd like to use this opportunity to recognize some of them:

### THANKS, OLLIE

Most importantly, I want to thank Ollie Glasoe, Verendrye Electric Cooperative's business manager for 30-plus years. On behalf of the membership, we want you to know that you are in our thoughts and prayers regarding your health concerns.

### CONGRATULATIONS, MARTY

Congratulations to Marty Dahl, former VEC Minot service area manager, on his new job as general manager of McLean Electric Cooperative, headquartered in Garrison. Good luck heading up our neighboring cooperative to the south.

### THANKS, NORTH DAKOTA LEGISLATORS

With all the activity at our state Capitol, it is very important that we recognize our elected officials and thank them for representing us. Please be sure to thank our local officials for serving in an elected office and our state legislators for consideration of our tax proposal.

Our state legislators will be making a decision on electric utility taxes as they consider SB 2297 which would convert us from a 2 percent gross receipts tax to one based on kilowatt-hour sales, which we think is more equitable. VEC just paid \$461,780 in gross receipts and it doesn't seem right to us that taxes go up as electric rates increase, reflecting rising wholesale power cost. Actual KWH sales seem logical as a more realistic and consistent indicator for distribution utilities to determine tax obligations. Call the VEC office if you have any questions on this critical piece of legislation, which North Dakota electric cooperatives are supporting.