



By Dan Korn

Spring 2008 Dairyland Director Report

Vernon Electric Cooperative is one of 25 member distribution cooperatives that receive all of their power from Dairyland Power Cooperative, which is headquartered in La Crosse. The Dairyland system serves over 255,000 meters across our region, providing the benefits of electricity to over a half million consumers. I've been a director of Vernon Electric Cooperative for five years and have served as your representative on the Dairyland Power Cooperative board for four years.

In 2007, Dairyland experienced several milestones and challenges in its business. As our wholesale power supplier meets growing energy needs, rail transportation rates and high purchased power costs continue to be issues.

Significant progress was made on the rail issue in 2007, culminating with the U.S. Senate Judiciary Committee voting to send the Railroad Antitrust Enforcement Act of 2007 to the full Senate and setting the stage for potential action in 2008. Dairyland supported this rail reform bill to enhance competition and improve opportunities for reasonable transportation rates for railroad-dependent businesses in the future. Other legislation reforming rail regulation is also moving forward.

Dairyland has worked with other rail shippers to form state CURE (Consumers United for Rail Equity) organizations in Wisconsin, Minnesota, and Iowa to seek legislative support in this area, and our elected representatives have responded. Regional champions of rail reform include Sens. Herb Kohl (Wisconsin) and Amy Klobuchar (Minnesota), as well as several congressional representatives.

Growing Energy Requirements

Between now and 2025, Dairyland estimates that energy requirements for the 25 cooperatives it serves will grow by about 2.6 million mwh — or 62 percent.

Many factors, including increasing renewable energy requirements, growing attention and potential regulation regarding CO₂ and climate change, and the availability of and price of conventional and renewable resources, are considered in the planning process to meet these energy needs. Other key factors include transmission availability, fuel and transportation prices, financing and, of course, member rate impacts.

Latest Generation Facilities

Construction is nearly complete on the approximately 531 megawatt Weston 4 power plant currently being built near Wausau. Dairyland has a 30 percent ownership, or 159 mw share, of the facility in partnership with Wisconsin Public Service Corp. Commercial operation is scheduled for June of this year.

The \$752-million power plant addition will use clean coal technology, a high-efficiency boiler, and low-sulfur coal as fuel, and feature state-of-the-art emission controls to minimize environmental impacts.

In addition to the Weston 4 coal-fired power plant, Dairyland's power supply plans include the expansion of its renewable energy initiatives. Dairyland's diverse "green" portfolio currently includes wind, landfill gas-to-energy, and animal waste-to-energy.



Dairyland Power is expanding its renewable energy production at the Timberline Trail Landfill Generating Station, left, and the Seven Mile Creek Generating Station, right.

Dairyland also supplies renewable energy to member cooperatives from its 24 mw Flambeau Hydro Station near Ladysmith. In 2007, the Flambeau Hydro Station underwent a major drawdown to replace the plant's dam floodgate seals, in addition to other critical maintenance tasks. During that time, Dairyland cooperated with Rusk County and local conservation groups on a project to improve the Flambeau Reservoir's fish habitat.

Several expansions and additions to Dairyland's renewable energy portfolio are coming to fruition as well. Dairyland is expanding the Seven Mile Creek Landfill gas-to-energy renewable facility near Eau Claire with an additional generator this spring. Furthering its commitment to wind energy, Dairyland currently has 38 mw of wind generation under contract and is in discussions with various suppliers regarding an additional 30 mw.

Dairyland's power purchase agreement with Waste

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Feel the **LOVE** at the Vernon County Humane Society

The Vernon County Humane Society (VCHS) is a very active volunteer organization that is dedicated to the welfare and protection of all companion and domestic animals by promoting programs that benefit the health, safety, and well-being of all residents of Vernon County.

When you volunteer for the humane society, you really get to feel the love. You'll feel it when you give lonely, homeless pets the cuddles, walks, and playtime that they crave. You'll feel it when you work with other volunteers, people who love animals just as much as you. And you'll feel it when you go to sleep at night, feeling deeply satisfied because you helped the area's homeless dogs and cats today. There's nothing else like the feeling of volunteering for the humane society. Please join the VCHS volunteer team and feel the love!

VCHS runs a no-kill animal shelter. This shelter is a newly built, state-of-the-art facility (built three years ago). The new building was built with donations from members and friends of the Vernon County Humane Society. Large monetary gifts from estates were tremendously beneficial and were much appreciated. Without the generous donations, the shelter would not have been built. VCHS is a 501(c)(3) non-profit organization; therefore, all donations are tax deductible.

Design features of the new building include an entry with air locks, public reception area, visiting room for adoptions, dog adoption runs, cat adoption room, cat colony room, dog isolation, cat isolation, medical/intake room, food preparation area, laundry, garage, and night drop-off kennels.

If you are interested in adopting a pet, VCHS lists all of its adoptable pets on Petfinder.com and runs ads in the newspaper, on the radio, and on MWT to help the strays find their homes. Adoption fees are \$150 for dogs and \$95 for cats, and include spay/neuter surgeries; vaccinations (rabies and distemper); lymes, heartworm, feline leukemia, and FIV tests; flea and/or tick prevention; and an honorary VCHS membership for the remainder of the calendar year. There are no hidden costs. Potential adopters must fill out an application so the staff at VCHS can better match your family to one of its dogs or cats.



*Give some
furry, four-
legged friends
some love by
volunteering at the
Vernon County
Humane Society.*

If you have lost a pet, please check VCHS's website, www.vchumane.org, to see if your pet has been posted in the "Lost Pets" section on their home page. You may also e-mail or call VCHS. If you recognize a description of your pet on the website, please call VCHS right away to make arrangements to pick up your furry family member. To reclaim a lost pet, you must be the owner of the animal and be able to identify it by sex, colors and markings, collar if any, and location lost. You will also need to provide vaccination documents as required by state law (proof of rabies vaccination). You may also be required to pay a fee to help offset the cost of VCHS caring for your animal until it can be returned to you.

Last year VCHS took in 312 animals. Almost 50 percent were sent back to their original homes, and most of the others were adopted or sent to rescues or other shelters. The Vernon County Humane Society also offers Humane Education classes for school and other groups. Please give them a call if you are interested.

VCHS's hours are Tuesdays from 3 to 6 p.m., Thursdays from 3 to 7 p.m., and Saturdays from 12 to 4 p.m. Other visiting hours are available by appointment — call 637-6955 to schedule. VCHS's address is 1150 Nelson Parkway, Viroqua. ■

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Management, Inc., for the renewable energy from the Timberline Trail Landfill Generating Station (Bruce) has also recently expanded. The landfill gas-to-energy power plant at Timberline Trail has grown from 3.2 mw to 5.6 mw with the addition of three new 800-kw engines.

Environmental Investment

As a provider of energy that utilizes natural resources, Dairyland recognizes its relationship with the environment. Dairyland is committed to a healthy environment, today and in the future. As Dairyland conducts business, Dairyland intends to comply with the intent, the letter, and the spirit of all applicable environmental laws, regulations, and commitments, while providing leadership in environmental stewardship.



A baghouse was recently installed at Dairyland's John P. Madgett power station to enhance particulate matter capture.

Dairyland has commenced work to retrofit its approximately 380-mw Genoa Station #3 (G-3) and approximately 400-mw John P. Madgett Station (JPM) with state-of-the-art environmental control equipment that will result in significant reduction of air emissions. (The G-3 coal-fired plant is located in Genoa. The JPM coal-fired plant is located in Alma.) More than \$350 million has to be planned in Dairyland's budget over the next few years for the current and future emissions control work.

Regional air quality is benefiting from Dairyland's installation of fabric filter "baghouses" at G-3 and JPM in 2007. These baghouses capture particulate matter (very light ash) at an efficiency of greater than 99 percent. This equates to an average daily removal rate of more than 180 tons per day, which is 7,000 pounds per day greater than prior control technologies.

Future planned environmental control projects include the installation of a dry flue gas desulfurization system, or "scrubber," to remove sulfur dioxide, as well

as technologies to reduce nitrogen oxide and mercury emissions. Preliminary estimates indicate upward of 90 percent of sulfur dioxide could be captured by the scrubber. These technologies are scheduled to become operational over the next few years.

Planning for the sulfur dioxide control equipment created a major challenge for Dairyland in 2007. The implementation of the sulfur dioxide "scrubber" technology will change the composition and volume of the coal combustion byproducts, making much less of the coal ash eligible for recycling. Therefore, Dairyland has been evaluating alternatives to disposing of the ash, including a proposed landfill relatively near the Genoa power plant. The Wisconsin DNR and the Waste Facility Siting Board are the state regulatory bodies responsible for permitting this type of facility. Dairyland will continue to communicate with local residents regarding the proposed project and evaluate new alternatives and beneficial reuse options as they become available to reduce the waste volume.

Dairyland has already reduced sulfur dioxide emissions by 80 percent since the early 1970s and developed a market to recycle coal combustion byproducts (bottom ash and fly ash) from the coal used to generate electricity. In 2007, about 56 percent of Dairyland's bottom ash and fly ash was recycled for beneficial reuse, mainly in road construction and the production of concrete. Dairyland is proud of its history of ash recycling and continues to evaluate alternatives to dispose of coal combustion byproducts in an environmentally responsible manner.

Dairyland's Peregrine Falcon Program continues to soar. Since 1997, 63 falcon chicks have been hatched at Dairyland's Genoa and Alma nesting sites. Bird cams are installed to allow anyone interested a close-up view of these raptors via Dairyland's website, www.dairynet.com.

Other examples of environmental stewardship include the construction of fish habitat structures at the Flambeau Reservoir, prairie restoration on the Genoa solid waste site, and assisting in purple loosestrife invasive plant control.

Promoting Efficiency and Conservation

Dairyland also works closely with its member cooperatives to protect the environment by encouraging the efficient use of electricity and ensuring that the load management program continues to help balance the energy needs of the system. Dairyland estimates that its load management program saves the system 70 mw of power in the summer and about 155 mw in the winter — the equivalent of a small power plant. This helps preserve our environment and reduces energy costs for all members.

Addressing Nuclear Facility Issues

Dairyland contracted with Energy Solutions, a national radioactive waste services contractor, to facilitate the removal and disposal of the reactor pressure vessel (RPV) and other low-level, non-fuel waste at its non-operating nuclear facility, the La Crosse Boiling Water Reactor (LACBWR) in Genoa.

This milestone project was successfully completed in June 2007 when LACBWR's RPV was shipped to a repository in Barnwell, South Carolina. The disposal site is owned by the State of South Carolina and operated by Energy Solutions.

LACBWR was shut down and placed in SAFSTOR in April 1987. Until the spent fuel at LACBWR is removed, Dairyland cannot fully decommission the facility. Although the current method for storing fuel is safe, the storage pool was not intended for long-term storage. It currently costs Dairyland members nearly \$6 million a year for security, maintenance and monitoring of this site.

Dairyland is in the planning phase to remove the fuel assemblies to a secure dry cask storage system on the LACBWR site, while awaiting the availability of a temporary or permanent centralized national repository for spent fuel. Unfortunately, progress on the national repository at Yucca Mountain, Nevada, is slowing due to political opposition in that state.

Delivering Power Reliably

Ever-growing electrical use is challenging the region's aging transmission system. Currently, Dairyland is collaborating with neighboring utilities as part of an initiative called CapX2020 to support power delivery projects in our region. The CapX2020 utilities filed a Certificate of Need application in August 2007 with the Minnesota Public Utilities Commission for three 345-kV projects. The proposed projects are critically needed to bolster our region's overtaxed transmission system, and therefore help ensure reliable, safe electric service for all of us.

2007 Financial Report

Dairyland's financial results for 2007 were strong, with margins at \$14.3 million. Earlier in the year, Dairyland implemented an average wholesale rate increase of 5.41 percent as it continues to face the challenges of rail transportation rates, fuel prices, and purchased power costs.

Economic Loans Encourage Growth

Part of Dairyland's mission is to "work with our members to improve the quality of life of their customers

and the economic and social well-being of the region." One way Dairyland seeks to accomplish this goal is through its Economic Development Loan Program. The program is focused on stimulating tangible economic benefits to local business and community development efforts. Dairyland has also been very successful in accessing funding for economic development through the USDA Rural Economic Development Loan and Grant Program.

Dairyland also helps enhance the quality of life in the region through participation in numerous community events and projects. Annually, employees have teamed up for the American Cancer Society Run-Walk and the Touchstone Energy-YMCA "Got Energy?" triathlon (supports the area YMCA's "Strong Kids" campaign). Dairyland also is a sponsor of Rotary Lights (a community event that brightens the holidays and raises donations for area food pantries) and coordinates its own Community Gift Program where employees purchase holiday gifts for neighboring nursing home residents.

Dairyland was also once again a "Pacesetter" company for the 2007 United Way campaign, and its more than 600 employees did an admirable job of setting the pace for generous community giving, with contributions matched at 65 percent by Dairyland.

If you would like to learn more about any aspect of Dairyland's business, the cooperative's website at www.dairyland.com is an excellent resource. Here you will find a wealth of information on our wholesale power provider's generating facilities, transmission, renewable energy sources, project updates, history, career opportunities, and more. If you're a bird enthusiast, don't forget to check on the Peregrine falcons on the website's bird cam this spring.

As your representative on the Dairyland board, I assure you that Dairyland is working closely with its member cooperatives and carefully evaluating all options to make the best decisions to reliably meet all of our future energy needs. Thank you. ■



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Your Touchstone Energy® Cooperative



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