

NEWS

February 2009

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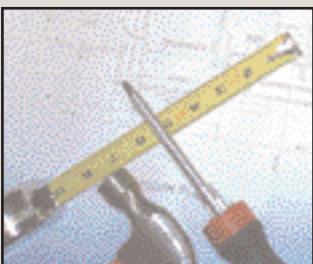
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Official publication of



www.mcleodcoop.com

Get involved in Minnesota's energy debate



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With energy issues before our Minnesota legislators this session, McLeod Cooperative Power is asking our members to participate in this important debate at the state level. We want to ensure that lawmakers find a balance between environmental goals and how these goals will affect power reliability and the price you pay for electricity.

One easy way to make your voice heard is to go to www.ourenergymn.coop and send an e-mail to your lawmakers asking them the four important questions listed below. It only takes a minute or two of your time and all of your legislators will be contacted via your one e-mail. Once you are on the web site, simple click on "Contact Elected Officials" on the left side of the screen and follow the easy steps.

It's Our Energy, Our Future

Start the dialog with elected officials at www.ourenergymn.coop



Capacity

Experts say that our nation's growing electricity needs will soon go well beyond what renewables, conservation and efficiency can provide. What is your plan to make sure we have the electricity we'll need in the future?



Technology

Our country faces a crisis as electricity use increases faster than available supply. I believe that by unleashing American ingenuity we can solve this problem. What are you doing to speed the development of new technology which will allow me to have the electric power I need while meeting our national climate policy goals?



Affordability

Balancing electricity needs and environmental goals will be difficult. How much is all this going to increase my electric bill and what will you do to make it affordable?



Jobs

How will you keep existing jobs and attract new businesses to Minnesota if our electric rates are higher than those in neighboring states?

Power cost adjustment increases for 2009

The new power cost adjustment (PCA) for 2009 for farm, residential, small commercial and most industrial accounts will be +\$0.0174. The cost increases are due to wholesale rate increases from Great River Energy and from Western Area Power Administration (power from federal hydro dams). General service energy will have an adder of \$.0174 per kWh. The load management PCA is 50% of the regular PCA, adding \$0.0087 per kWh to off-peak kWh purchases. Members will still save about 50 percent off the general service rate when participating in off-peak programs. The fixed charge remains the same for this year.

Rates for 2009 with the PCA will be:

General Service summer months
10.84 cents per kWh

General Service other months
9.84 cents per kWh

Off-peak (Dual Fuel and storage)
5.17 cents per kWh

Annual Meeting will be in Hutchinson this year

Mark you calendars.

This year's Annual Meeting is scheduled for **Wednesday, April 15, 2009** at the **Hutchinson Event Center**.

Business meeting is set for 10 a.m. with lunch to follow. Plan to attend this year's event.

Operation Round Up donation applications are being accepted until March 1



Community and civic groups, emergency responders and other non-profit organizations are welcome to apply to McLeod Cooperative Power's Operation Round Up Trust for donation assistance. The trust is able to donate funds to worthy local projects in McLeod, Renville, Sibley or McLeod Counties. Funding is from the generosity of electric cooperative members who round up their electric bills. Application forms are available by calling the Cooperative at 1-800-494-6272 ext. 502. Applications for funding must be completed and returned to the Cooperative by March 1, 2009.

CFL use not recommended for people with various diseases

Compact fluorescent lamps (CFLs) emit ultraviolet rays, like the sun. People who have sensitivity to sunlight or are allergic to UV rays can be affected in the same way when they are exposed to direct light from a CFL bulb. People with an allergy to UV rays are affected. Individuals with Lupus, epilepsy or migraine headaches can get sick when exposed to direct light from CFLs, according to an Eyewitness News report on KSTP on January 13. A doctor from the University of Minnesota reported that the UV rays from the bulbs can make Lupus patients sicker.

The easiest fix recommended at this time is to use a light fixture cover or a lampshade on fixtures where CFL bulbs are used, to prevent direct exposure to the rays. The other option is to use a more expensive LED lamp or a traditional incandescent bulb in a fixture that cannot be covered.

Manager's Message —

by Kris Ingenthron, General Manager
McLeod Cooperative Power Association



Doing our best to provide low cost reliable electricity

For many years, McLeod Cooperative Power Association members have experienced electric rates at or slightly below the state and national average. A recent survey we conducted with 24 electric utilities across Minnesota has shown us that an MCPA member using on average 1,400 kwh per month would have an electric bill lower than 9 of the 24 reporting utilities. Not the lowest cost provider but definitely not the highest. Granted there are many costs associated with your monthly bill (kWh charge, service charge, PCA — power cost adjustment, and winter/summer prices) and let us not forget customer service. But as always, we are doing our best to provide low cost reliable electricity.

While we hope to continue that trend, one thing is certain, electric rates are rising rapidly all across the country. Costs associated with generating electricity to keep up with demand and building more transmission lines have increased significantly. The rising cost of poles, wire, transformers, etc. at the distribution level has impacted us as well.

Adding to these increases in electricity costs is Minnesota's mandate that 25 percent of electricity must be from renewable resources by 2025. Great River Energy is actively working on meeting that goal and has 318 megawatts of wind energy in its portfolio to date. The downside is that wind energy costs are much higher than other resources such as coal. As we all know, the wind does not blow all of the time, so base load energy must still be available to ensure reliable power is there when you need it.

In 2009, McLeod Cooperative Power Association will begin a comprehensive rate study to determine the impact wholesale power costs will

have on us now and in the future. Also, a rate study will help us to identify what our true cost is to provide each rate class with electric service. As Great River Energy and Western Area Power Administration, (our two wholesale power suppliers) have raised their rates; we have passed these costs on to you in the form of a power cost adjustment (PCA). This is simply the increase in wholesale energy purchased to meet the needs of you our members.

At this time we cannot accurately predict if a rate increase is necessary. I can assure you that this is not easy for us to have to consider increasing our rates on top of the present wholesale increases. We understand the impact the present economy is having on you; however, we do know that you expect safe, reliable electricity during good times and bad times. We must continue to replace our aging facilities, rebuild overhead lines, replace underground lines, maintain our right-of-way and continue our day to day maintenance and repairs.

We will continue our discussions with local, state, and federal officials. I have mentioned it in past articles and will continue to remind you to contact your elected officials and tell them what the impact climate change legislation, cap and trade/tax proposal on CO2 emissions will have on you as a member of McLeod Cooperative Power Association.

In closing, I want to assure you that we will continue to control spending, implement cost-conscious and efficient practices and invest your dollars wisely into providing excellent service.

BOARD OF DIRECTORS

District 1 Oria Brinkmeier, <i>Lester Prairie</i>	District 6 Lester Ranzau, Vice-President, <i>Glencoe</i>
District 2 Dale Peters, <i>Brownston</i>	District 7 Bill Polchow, <i>Silver Lake</i>
District 3 Roger Karstens, <i>Hutchinson</i>	District 8 Doug Kirtz, President, <i>Hector</i>
District 4 Curtis Rossow, <i>Buffalo Lake</i>	District 9 Gerald Roepke, <i>New Germany</i>
District 5 Allan Duesterhoeft, <i>Hutchinson</i>	

MCLEOD COOPERATIVE POWER ASSOCIATION NEWS

The McLeod Cooperative Power Association News is published monthly by
McLeod Cooperative Power Association
PO Box 70
1231 Ford Ave.
Glencoe, MN 55336
General Manager: Kris Ingenthron
Editor: Sue Pawelk

The McLeod Cooperative Power Association News is the official member publication of McLeod Cooperative Power Association and focuses on our members, programs and events. All member story ideas and comments are welcome. Send to Sue Pawelk, editor, at the above address.

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Web site: www.mcleodcoop.com

Gopher State One Call 1-800-252-1166

Nominations by petition for director candidacy to be submitted by March 19

Cooperative members residing in Districts 4, 5, or 6 may petition to have their name added to the slate of candidates for the 2009 director election in their district. To have another name (in addition to the two candidate names selected by the nominating committee) on the ballot, you may file a nomination by petition.

The petition must be signed by 20 or more McLeod Cooperative Power Association electric members residing in your district and it must be submitted to the Cooperative secretary not less than 25 days prior to the Annual Meeting. The last day that a petition can be submitted is March 19, 2009.

The Cooperative secretary shall post at the Cooperative office the names of additional nominations and also persons selected by the nominating committee.

District 4 includes: Boon Lake, Preston Lake, Brookfield, Hector, Osceola, and a portion of Kingman Township, all in Renville County, and a portion of East Lake Lillian Township in Kandiyohi County, served by McLeod Co-op Power.

District 5 includes: Lynn, Collins, and Round Grove Townships in McLeod County.

District 6 includes: New Auburn, Green Isle, Arlington, Dryden and Transit Townships in Sibley County.

Explanation of Election Process

The Cooperative's Annual Meeting is scheduled for April 15. This is the time of year that we focus on planning for the meeting as well as the director election process. I believe it is important for you, our members, to understand how this process works and how you can participate in electing a person to represent your district on the MCPA Board of Directors.

The members of McLeod Cooperative Power have over the years adopted a democratic and fair process for electing members to the Board of Directors. This procedure is detailed in the Cooperative's Articles of Incorporation and By-Laws. It provides for two names on the ballot, so a director never runs unopposed. It also affords members the opportunity to play a part in the process by volunteering to serve on the Nominating Committee, possibly running for a board seat, and voting to elect candidates from their district.

The Articles and By-Laws allow for each director to be elected by residents of his or her district. This means candidates are elected by their neighbors, usually members living in their township or surrounding townships. Directors are not elected at-large, by all the voters from the whole Co-op. This process has served the Cooperative very well.

Members may volunteer to serve on the Nominating Committee for their district. If three members do not volunteer for the Nominating Committee, then the director from that district must find district members to fill the remaining seats on the committee. The Nominating Committee has the task of selecting two names to appear on the ballot. It is their job to find two qualified candidates even if no one expresses interest to serve. They may choose the incumbent director if running for re-election, any members who express an interest in serving as a director or other members from the district who agree to be a candidate. Any person who desires to have their name on the ballot, but who has not been selected by the Nominating Committee, can obtain the signatures of 20 MCPA members and submit it to the Cooperative secretary at least 25 days prior to the Annual Meeting. This is how a member may apply by Nomination By Petition to be a candidate. Using this method, we sometimes have had three or more candidates competing for one seat in a district election.

Director candidates cannot be close relatives of current directors or employees. This protects anyone from having an unfair advantage. Each candidate must be a member in good standing and possess leadership qualities.

All active members in voting districts are mailed a ballot before the Annual Meeting. Members may cast their ballot by mail, return it to the Co-op in person or bring it to the Annual Meeting. Votes are counted by the Nominating Committee under the supervision of the Co-op's legal counsel.

Members may sign up for Wellspring Wind Energy

Have you ever thought about supporting renewable energy? The Cooperative is now able to offer participation in the Wellspring Renewable Energy Program to our members at a cost of only 51 cents per 100 kWh block.

We are currently allowing members who want to support renewable energy to sign up for blocks of wind energy on the Wellspring renewable program. Participation in Wellspring is voluntary. It gives members who want to support green power the opportunity to do so with a small monthly premium. It gives members who want to see more renewable resources used to generate electricity the opportunity to partner with the cooperative to realize that goal. Wind is not a cheaper way to generate electricity than with coal, especially considering the high cost of wind turbine construction and the inability of wind to blow constantly. However, during the life of a turbine, wind energy will provide affordable electricity on days when the wind does blow and will reduce

the consumption of non-renewable resources such as coal, oil and natural gas. Technology improvements in turbine design have allowed for more efficient production of electricity and a lower cost per kWh produced.

Members may now sign up to purchase wind energy in blocks of 100 kilowatt-hours (kWh) per month. The cost to members is a \$.51 /block premium per month, which is in addition to their regular electric energy charges. A member with two blocks pays an additional \$1.02 per month. A member with 10 blocks pays an additional \$5.10 per month. Members may sign up for Wellspring energy equal to or less than the number of kWh they purchase from the Cooperative each month.

Members may sign up by completing the form and returning it to the Cooperative. You commit to participate in the program for a minimum of 12 months. Members are signed up on a first-come, first serve basis.

I want to purchase Wellspring Renewable Energy. Please sign me up for _____ blocks of 100 kWh. I understand that I will be billed \$.51 per 100 kWh block each month. I agree to participate for at least one year.

Name _____ Signature _____

Address _____

Phone _____ Acct. # _____

Return the form to: McLeod Cooperative Power, P.O. Box 70, Glencoe, MN 55336.

You may return it with your electric bill also or fax it to 320-864-4850.

Keith Benson heats his turn-of-the-century house with centuries-old technology

Keith Benson lives in the same house that his grandfather Benson purchased near Lake Washington in 1916. Although he can't put a finger on an exact year the house was built, he has a pretty good idea.

"Last year I saw in the Enterprise Dispatch newspaper history files that the house and cabins came up for sale in 1908, so it had to have been built before that," Benson said.

Benson used to heat his home with fuel oil, but over the years, the price went up so much he knew he had to make a change.

"During the winter I'd go through 600 to 700 gallons of oil, which cost about \$500 a winter in the beginning. Then it shot up to \$1,000, then \$1,500. Last winter I spent \$2,100."

He attended Meeker Cooperative's new home and energy seminar to get information on heating and cooling options, and did plenty of reading on his own. The more he investigated, the better a ground source heat pump system sounded.

"I like the fact that there is no combustion, so I don't have to worry about fire, carbon monoxide poisoning or fumes," Benson said. "And it's better for the environment."

Although ground source heat pump technology

(otherwise known as geothermal) is becoming more popular only recently, it actually has a long history of its own. The earliest records of people using geothermal heat was recorded roughly 10,000 years ago when native Americans used hot springs and pools to heat their living spaces. In 1930, Charlie Lieb developed the first heat exchanger to heat his Klamath Falls, Idaho home with ground heat.

"The technology has been around for so long, but people just haven't been sure about it, or the price was too high," said Meeker Cooperative Energy Management Staking Technician Dale Ackman. "Now that the price of fossil fuel is going up and people have heard more about others using geothermal systems effectively, these systems are being used more and more."

A geothermal system uses the constant temperature of the earth to provide heat to a building. In a closed-loop system like the one Benson uses, an excavator digs down eight or more feet into the ground and places specially designed plastic tubes that connect to a condenser in the home.

A food-grade glycol/water mixture circulates through the tubes, pulling heat from the ground and bringing it to the heat pump, where it is disbursed through a blower and vents throughout the home.



Keith Benson next to the existing fuel oil furnace, which he now uses as his dual fuel back-up during periods of peak usage.

"The technology is similar to a refrigerator," said Brian Streich of PALO Heating, Cooling and Plumbing of Cokato, who installed the system. "A condenser pulls heat from the inside of the refrigerator and blows it out the bottom. You can feel the warm air coming from under the refrigerator."

"Because it transfers heat instead of creating it, it is 350 percent to 400 percent efficient," Streich said. That means every kilowatt hour of electricity used gains up to four times that amount of heat.

In the summer, the geothermal process is reversed; heat is pulled from the home and deposited into the ground, keeping the home cool, with less humidity than a conventional air conditioning system.

"As a result of this new system, Keith will have central air conditioning, which he didn't have before," said Streich. "That's a nice added benefit."

There are many different types of ground source heat pump (GSHP) installations. The decision of which type to choose depends on available space in the yard, cost, zoning regulations, and other factors. Benson chose a horizontal system because he had a yard large enough to accommodate the four 100-foot trenches required for his 4-ton GSHP system.

Vertical systems are also available, whereby the shafts are drilled down into the ground, much like a well is dug. This works well for smaller spaces, but is more expensive.

An open loop system, or "pump and dump" can be as much as half the cost, but zoning boards are growing less comfortable with this type of system due to the amount of water spilled out onto the ground and possible environmental ramifications.

The heat pumps themselves are available as forced-air systems, like a standard furnace, but can also provide hydronic or in-floor water heat. Excess heat from the compressor can be used to heat a home's water supply.

An important factor with efficiency and satisfaction using a GSHP system is getting the most tubing-to-earth surface connection as possible, and making sure the earth is packed correctly around the tubing. Therefore contracting with an experienced GSHP installer is crucial to getting what you pay for.

After all is said and done, the bottom line is energy costs. A ground source heat pump system isn't cheap.

"I spent a total of \$21,300 on the heat pump system and excavating, and \$613 for electrical wiring," Benson said. "When fuel oil was \$4 a gallon, I figured I would have it paid off in seven years. Now that the price of oil is down, it may take a little longer, but I don't think fuel prices are going to stay this low."

Geothermal heat pump systems are gaining in popularity because they are efficient, reliable, home-grown energy that is constantly replenishing and environmentally responsible.

"We have nine ground source heat pump systems going in right now," Streich said. "They are the Cadillac of all heating systems. I would recommend this type of system especially for new home construction. When the excavation is being done for the basement, just have them dig trenches for the tubing. It should cost less, since the excavation equipment is already there."

Benson's GSHP system is part of a dual fuel system through the Cooperative, that provides an almost half-price electric rate for allowing the system to be "controlled" or shut down during times of peak usage. During this time, Benson uses his fuel oil furnace.



Four trenches 8 feet deep and 100 feet long were dug into Benson's yard. This is a horizontal loop system. For smaller yards, a vertical loop system is available.

PALO contractor unrolls the plastic tubing that will hold the 25% glycol to water mixture that will pull heat from the ground and bring it into the home.

"I've only used 30 gallons of oil so far," Benson said.

How much is Benson saving?

"My off-peak electric cost for heat during November was \$27.90. December it was \$68.45," Benson said. In 2007-2008, he was paying on average \$420 per month for fuel oil. With today's price of oil, he would be paying about \$295 per month on average.

"I am amazed that even during the coldest weather, the heat is always steady and warm," Benson said.

"I would recommend that in our climate, during especially frigid temperatures, that a back-up system is used," Streich said. "When the house calls for a lot of heat, the liquid returning to the ground can be below freezing."

When Benson installed his GSHP system, he received an \$800 rebate from the Cooperative. That rebate amount has doubled for 2009. Someone installing a GSHP system this year would receive \$1,600 for the same size system (see page 3 for rebates).

"Plus, there are government tax credits up to



Keith Benson (left) and Brian Streich of PALO, Cokato, stand near the ground source heat pump system. This compact system is able to heat the entire home.

\$2,000 to help with the cost," Benson said.

Benson is thrilled with the system, as well as the cost savings, especially since he plans to retire in November.

"Now all I have to worry about is property taxes," he said.

INDUSTRY

News

New technique 'banks' wind farm energy

A high-tech way of "banking" extra energy from high winds can improve wind power's ups and downs and make it more efficient, U.S. university researchers said.

The method uses an algorithm, or sequence of finite instructions, to take advantage of high winds and wind gusts. The algorithm adjusts a wind turbine's rotor speed so that when wind speeds are greater than average, the rotor speeds up and stores the excess energy. This energy is then released when the wind power falls below average. The approach ends any need for external batteries or capacitors to store electricity for bad days and the additional infrastructure and engineering they entail, researchers said. The method also captures wind energy more effectively and therefore improves wind farming's overall efficiency, potentially reducing the number of turbines required on a given wind farm, they said.

The United States has added more wind energy to its grid than any other country, growing 45 percent to 16.8 gigawatts in 2007 and is now the world's largest wind power producer, due in part to its better average winds. U.S. wind-power capacity could reach 300 gigawatts – or 300 billion watts – by 2030, meeting a fifth of all U.S. electricity demand, the U.S. Department of Energy says.

~Marketwatch

ND co-op gets \$300M loan for carbon project

Bismarck's Basin Electric Power Cooperative is getting a \$300 million loan for what the government says is the first commercial scale carbon sequestration project at an existing coal-fired power plant.

The loan was announced by federal Agriculture Secretary Ed Schafer. In a statement, the former North Dakota governor said it will allow a plant near Beulah, in central North Dakota, to capture 3,000 tons of carbon dioxide each day. The USDA statement said the carbon dioxide will be cleaned, pressurized and moved by pipeline to oil fields, then injected into oil-bearing formations below ground to help recover more oil.

The Antelope Valley Station near Beulah is next to Basin's Great Plains Synfuels plant, which has been capturing CO₂ since 2000. The carbon dioxide is piped 205 miles to oil fields in southern Saskatchewan, where it's pumped underground to force oil to the surface.

Basin spokesman Floyd Robb said CO₂ from the Antelope Valley Station would be put in the pipeline, which will have spurs to oil fields in western North Dakota.

~Associated Press

Co-ops and Congress need to work together to solve rising energy costs

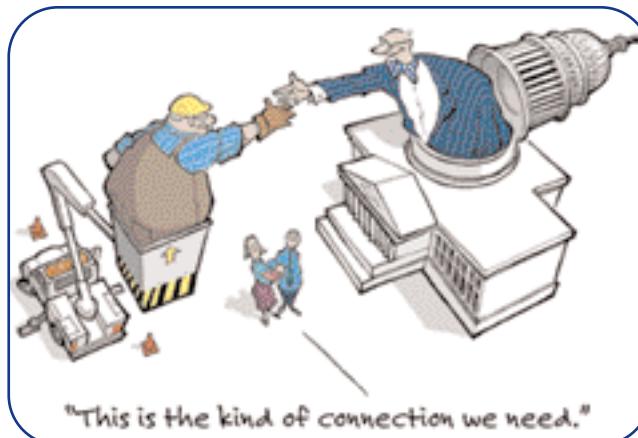
America has an energy crisis too big to ignore. Experts warn that unless we make more electricity available soon, some regions of the country may face power shortages within the next two years. And because of a number of economic and political factors, electric costs have climbed 40 percent since 2002 and are projected to go even higher.

We need an answer right now to keep electric bills affordable.

Over the last year, consumers like you have joined the "Our Energy, Our Future"™ grassroots awareness campaign to educate elected officials on the need to craft energy policies that will support a diverse mix of power generation while keeping energy affordable. More than 1.56 million messages have been sent to Congress through the campaign, asking three simple questions:

1. How will Congress help us meet the rising future demand for electricity?
2. How will Congress support the development of technology needed to reduce carbon dioxide emissions?
3. How will Congress make sure electricity remains affordable?

Today we're continuing our efforts with one key question: *Is Congress willing to work with electric cooperatives like us to ensure we have reliable power at a price our consumers can afford?*



It's a simple question, one that can be answered with a resounding 'Yes!' or 'No.' The answer is critical to our future.

Ask your U.S. representative and senators if they will work with electric cooperatives to develop policies that will keep electricity affordable. Co-ops were created to make safe, reliable, and affordable electricity available for all Americans. We take our role seriously, and have resources in place to help lawmakers find ways to address our nation's energy crisis without causing costs to rise beyond your means. We can find the right solution together.

Let Congress know where you stand in this critical debate. We thank those of you who have already started a dialogue with your elected officials through the campaign, and ask that you keep that conversation going.

Visit www.ourenergy.coop today, and tell your family and friends to do the same. We'll all be impacted by future energy policy changes; now is the time to work together and take a stand for affordability. We simply can't afford not to.

Power Line Worker Scholarships Offered



Students accepted into one of Minnesota's three power line technology programs for the 2009-10 school term, may apply for a \$500 scholarship. The Cooperative will award up to four \$500 scholarships for local students.

If you are graduating from a high school in McLeod, Renville, Sibley or Carver County, or are a resident of one of those four counties and have been accepted into the line worker program at Minnesota West in Jackson, Minnesota State in Wadena, or Rosemount Technical College in Rosemount, you are eligible to apply. Applications and informative career brochures are available by calling the Cooperative at 1-800-494-6272. Applications must be completed and returned by April 15, 2009.



Experience Washington D.C.

Time for high school juniors and seniors to apply

High school juniors and seniors have until March 6, 2009, to apply for the Cooperative's Washington Youth Tour competition. One local youth will win an all-expense paid trip to Washington D.C. June 13-18, 2009, from the cooperative.

For over 40 years, electric cooperatives have sponsored the annual Rural Electric Youth Tour by sending their high school students to experience

first-hand, the essence that is our republic. An information packet is available upon request to any high school junior or senior. Just call the Co-op at 1-800-494-6272. You will have until March 6, 2009, to submit your application. Students complete a questionnaire and application to qualify. Please encourage your child or grandchild to apply. They need only attend a high school in or reside in McLeod, Renville, Sibley or western Carver County.

Reservations being accepted for Coal Creek Tour



This year's Coal Creek Tour is August 4-6. Reservations are now being accepted for this popular tour. It is both an educational and fun trip to Bismarck, North Dakota. Tour participants will visit Coal Creek Generating Station, Falkirk Coal Mine, North Dakota Heritage Center, Headwaters Fort Mandan Visitors Center including Fort Mandan, a reconstructed and fully-furnished fort where Lewis & Clark spent a winter. Attendees go on a drive-through tour of Blue Flint Ethanol which is constructed adjacent to Coal Creek generating plant and a scenic tour of other generating facilities in the area, Garrison Dam and Lake Sakakawea overlook.

Cost for adults is \$150 per person. Students 10-18 years of age who share a room with their parents or grandparents pay only \$100 per person. This makes it an affordable mini-vacation. Motor coach transportation,

accommodations at the Best Western Ramkota Hotel and most meals are included. The hotel offers an indoor pool, water slide, hot tub and exercise room. The hotel is located across the street from a shopping mall. So there is plenty to do during free time.

The group leaves the Cooperative about 8 a.m. on Tuesday, August 4 and returns to Glencoe about 6 p.m. on Thursday, August 6. Members going on the tour need to be physically able to climb stairs and do a substantial amount of walking. The tour is not

suitable for children under 10 years of age.

If you have never been on this tour, we encourage you to sign up. If you have been on the tour before, we will accept your reservation; however, people who have never been to Coal Creek will be given preference. Call the Cooperative to make reservations with your VISA or Mastercard or return the completed form with your check. Call 1-800-494-6272 to sign up.

Please reserve _____ places for the Coal Creek Tour, August 4 - 6, 2009.

Name and Age of Students: _____

Name: _____

Address: _____

Amount Enclosed: \$ _____
Return to: McLeod Cooperative Power Assn., 1231 Ford Avenue,
P.O. Box 70, Glencoe, MN 55336.

CapX2020

Building Electric Transmission We All Will Rely On

Update

Primaries and secondary routes for building transmission lines as part of the CAPX2020 Project were submitted to the Minnesota Public Utilities Commission (PUC) in December for the Brookings to Twin Cities Line. The primary proposed route does not go through McLeod's service area. It is south of Winthrop, Gaylord and Arlington. The secondary route is slightly north of those cities and goes through Bismarck, Transit, Dryden and Arlington Townships. Substations are proposed near Granite Falls, Franklin or Morton, and New Prague.

Landowners within the proposed route area received information packets in December. The PUC will determine which route option will be selected after a long public hearing process. Detailed maps and updates on the project are available on the project web site at www.capx2020.com.

The addition of this transmission line will improve reliability for consumers from Brookings, South Dakota to the Twin Cities, as well as most of the cooperatives and municipal utilities along the way. Once this line is completed, it will improve access for renewable energy (like wind from western Minnesota) onto the grid. Construction of the line will take several years and provide many jobs.

Consumer Energy Tax Incentives

What the Economic Stabilization Bill Means to You

The recently passed Emergency Economic Stabilization Act of 2008 (P.L. 110-343) included, extended and/or amended many consumer tax incentives originally introduced in the Energy Policy Act of 2005 (EPACT). The bill also included tax incentives for businesses, utilities, and government. For a complete summary of the tax incentives included in the bill, read the summary of Energy Tax Incentives in The Emergency Economic Stabilization Act of 2008.

About Tax Credits

A tax credit is generally more valuable than an equivalent tax deduction because a tax credit reduces tax dollar-for-dollar, while a deduction only removes a percentage of the tax that is owed. Consumers can itemize purchases on their federal income tax form, which will lower the total amount of tax they owe the government.

Fuel-efficient vehicles and energy-efficient appliances and products provide many benefits such as better gas mileage meaning lower gasoline costs, fewer emissions, lower energy bills, increased indoor comfort, and reduced air pollution.

In addition to federal tax incentives, some consumers will also be eligible for utility or state rebates, as well as state tax incentives for energy-efficient homes, vehicles and equipment. Each state's energy office web site may have more information on specific state tax information.

Following is a summary of many of the tax credits available to consumers. Please see the ENERGY STAR®'s Federal Tax Credits for Energy Efficiency for complete details.

Home Energy Efficiency Improvement Tax Credits

Consumers who purchase and install specific products, such as energy-efficient windows, insulation, doors, roofs, and heating and cooling equipment in the home can receive a tax credit of up to \$500 for improvements "placed in service"

starting January 1, 2009, through December 31, 2009. The ENERGY STAR® website has a complete summary of energy efficiency tax credits available to consumers.

Residential Renewable Energy Tax Credits

Consumers who install solar electric systems can receive a 30% tax credit for systems placed in service from January 1, 2006, through December 31, 2016; the previous tax credit cap of \$2,000 no longer applies. In addition, consumers who install small wind systems can receive a tax credit up to \$4,000. Geothermal heat pumps also qualify for tax credits up to \$2,000.

Automobile Tax Credits

Individuals and businesses who buy or lease a new hybrid gas-electric car or truck are eligible for an income tax credit for vehicles "placed in service" after January 1, 2006, and purchased on or before December 31, 2010. The amount of the credit depends on the fuel economy, the weight of the vehicle, and whether the tax credit has been or is being phased out. Hybrid vehicles that use less gasoline than the average vehicle of similar weight and that meet an emissions standard qualify for the credit. There is a similar credit for alternative-fuel, diesel, and fuel-cell vehicles.

This tax credit will be phased out for each manufacturer once that company has sold 60,000 eligible vehicles. At that point, the tax credit for each company's vehicles will be gradually reduced over the course of another year. Read the IRS's Summary of the Credit for Qualified Hybrid Vehicles for information on the status of specific vehicle eligibility.

If individuals and businesses buy more than one vehicle, they are eligible to receive a tax credit for each. If a tax-exempt organization buys such a vehicle, the retailer is also eligible to receive another credit. Companies that buy heavy-duty hybrid trucks are also eligible for a larger tax credit.

Consumers who purchase plug-in electric drive vehicles can also receive a tax credit. The credit for passenger vehicles and light trucks ranges from \$2,500 to \$7,500 based on the tax code formula.

Taxpayers may claim the full amount of the allowable credit up to the end of the first calendar quarter after the quarter in which the total number of qualified plug-in electric drive vehicles sold in the U.S. exceeds 250,000.

How will this help me?

If you install an ENERGY STAR labeled geothermal heat pump, you qualify for a tax credit worth up to 30% of the cost of the project, up to a maximum credit of \$2,000. Tax credits are available for high efficiency window, storm door or exterior door replacement, if it meets the Energy Star criteria and federal guidelines. Insulation and roof projects also qualify if you meet the criteria described at www.energystar.gov. Air source heat pumps and high efficiency air conditioners qualify for up to \$300 credits if they meet the criteria set forth.

You file for federal credits using tax form 5695. Your tax preparer should be able to assist you with completion of the form.

In Minnesota, the state also made available in October, \$10 million for micro-energy and conservation home improvement loans. Interested homeowners apply directly through a Fix Up Fund lender. Types of projects that are eligible include solar thermal, solar electric, and wind turbines. Most of the home energy improvements that qualify for the federal tax credits above, also qualify for loan funding. Go to www.energy.mn.gov or www.commerce.state.mn.us for details.

* Source: ENERGYSTAR.gov

** The IRS will determine final tax credit amounts. As more information becomes available, it will be posted on our web site.

Bigger rebates to be offered for some programs in 2009

Getting customers to conserve more energy is an important part of Minnesota's mandated legislation requiring all utilities to reduce how many kilowatts they sell. One way to help us meet this requirement, is to help our members install the most efficient heating and cooling systems available. Increased rebates for high efficiency ground source and air source heat pumps will be offered in 2009 to encourage members to choose the optimum efficiency in heating and cooling. Higher rebates will also be offered for members installing storage space heating

which uses low-cost nighttime energy and storage water heating using the high-efficiency Marathon water heater.



Rebates for high-efficiency heat pumps and air conditioners will continue to require installation by a "registered contractor" which has been designated as a quality installer and is listed on the

www.hvacreduction.net web site.

A list of all "registered contractors" in Minnesota is on our Cooperative web site at www.mcleodcoop.com

2009 Rebates

Ground Source Heat Pump (controlled or uncontrolled)

Residential	\$400/ton
Commercial	\$200/ton

Air Source Heat Pump

13 SEER.....	\$330	14 SEER.....	\$480
15 SEER.....	\$580	16 SEER or higher	\$630

Ductless Air Source Heat Pump.....

Central Air Conditioner

13 SEER	\$30	14 SEER.....	\$180
15 SEER	\$280	16 SEER or higher	\$330

Storage Space Heating

Storage Water Heating with high efficiency water heater

*(Marathon or equivalent energy rated heater)

ENERGY STAR Room Air Conditioners

ENERGY STAR Refrigerator with recycling of old unit

ENERGY STAR Refrigerator or freezer

ENERGY STAR Clothes Washer

ENERGY STAR Dehumidifier

ENERGY STAR Dishwasher

McLEOD COOPERATIVE POWER ASSOCIATION
 GLENCOE, MINNESOTA
 NOTICE OF ANNUAL MEETING
 OF THE STOCKHOLDERS

TO THE STOCKHOLDERS OF McLEOD COOPERATIVE
 POWER ASSOCIATION:

You are hereby notified that the Regular Annual Meeting of the Stockholders of McLeod Cooperative Power Association will be held at the Hutchinson Event Center at 1005 Hwy. 15 S. Plaza 15, in the city of Hutchinson, County of McLeod, State of Minnesota, on April 15, 2009 at 10:00 a.m. to take action upon the following matters:

1. The reports of officers, directors and committees.
2. The election of directors of this association for director districts numbers 4, 5 and 6. The polls for the election of directors will be opened at the meeting place at 8:30 a.m. and will be closed at 10:15 a.m. on the date of the meeting, for voting by members who have not returned their ballots by mail.
3. To transact any other business which may properly come before said annual meeting or any adjournment thereof.

Dated at Glencoe, Minnesota this 27th day of January, 2009.

Dale E. Peters, Secretary

Hutchinson Home & Garden Show

February 20-22 at the
 Hutchinson Fairgrounds

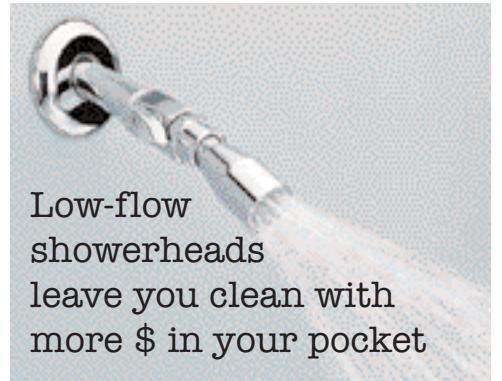
Stop by our booth – our knowledgeable staff will be available to help you with Energy, DIRECTV and WildBlue questions.

If you are planning to:

- Remodel your home
- Build a new home
- Update your DIRECTV system to HD
- Add satellite internet service to your rural home
- Purchase energy efficient appliances
- Save money with off-peak heating, cooling or water heating
- Replace your water heater

Hutchinson Home & Garden Show

Friday, Feb. 202 p.m. - 8 p.m.
 Saturday, Feb. 219 a.m. - 5 p.m.
 Sunday, Feb. 2210 a.m. - 4 p.m.

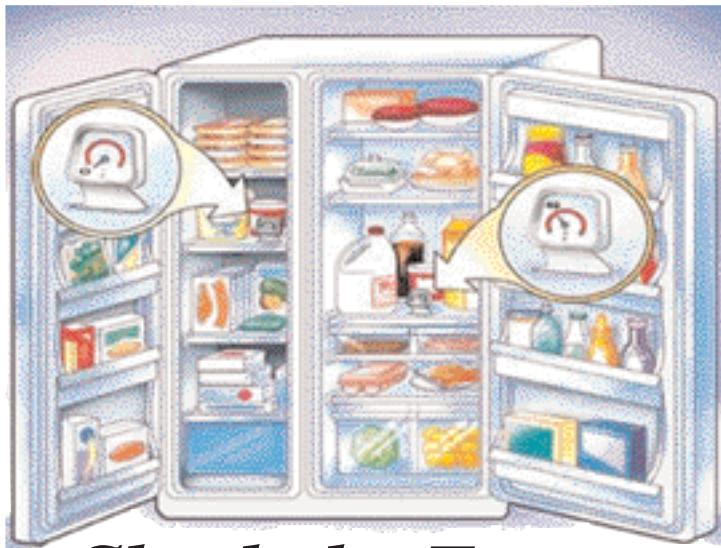


Low-flow showerheads leave you clean with more \$ in your pocket

A low-flow showerhead is an easy and inexpensive way to conserve water, energy and your money.

According to the U.S. Department of Energy, a couple taking ten minute showers, installing a 1.5 gallon-per-minute showerhead instead of a standard 2.5 gallon-per-minute showerhead will save each year:

- 7,300 gallons of water
- 949 kWh of electricity (electric water heater)
- \$29 in water
- \$63.58 in electricity



Check the Temp

Refrigerator

40°F or lower is the recommended refrigerator temperature to slow bacterial growth and maintain quality. Freezing occurs at 32°F; adjust refrigerator accordingly between 38°F and 40°F for the greatest energy efficiency.

Freezer

0°F or lower is the recommended freezer temperature. At this temperature, bacterial growth will be stopped. However, freezing does not kill most bacteria, nor does it stop flavor changes that occur over time. Though food will be safe indefinitely at 0°F, quality will decrease the longer the food is in the freezer.

Keep freezer at 0°F or lower and refrigerator at 40°F or lower.



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