

A newsletter from the Arrowhead Electric Cooperative, Inc.

The High Line

By Line

January 2010, vol. 16



Providing reliable service, competitive rates and informing our members are keys to 2010 success!

Arrowhead Electric Cooperative provides reliable service, competitive rates and tools to assist our members with energy conservation and controlling energy costs. As your local electric cooperative these are our most important goals. We work hard to meet these goals despite many conditions which make the utility marketplace very difficult. Looming federal legislation on carbon emissions, recent state legislation, and an economy without growth challenges your electric cooperative every day.

The service Arrowhead Electric provides our members is reliable. We continue to improve upon this service by investing and working with our partners. Our reliability when major transmission related problems occur has improved with the installation of the Arrowhead Generation facility in Colvill. We've recently completed a major infrastructure upgrade serving the Gunflint Trail, Caribou Trail and Pike Lake areas. In the coming year, we plan to invest in existing power lines serving Grand Portage, the Gunflint Trail and a re-building of the Lutsen Substation.

In 2009, we faced a March ice storm and a September windstorm which tested the reliability of our system during extreme weather events. These weather events prove the necessity to properly maintain right of ways. We will continue to focus much of our efforts on ensuring proper management of our right of ways.

Significant investment in the distribution system, labor to restore outages after hours and upgrades to aging equipment comes with significant expense. Fortunately, much of this work is capitalized and spread over time. Still, significant obstacles impact your cooperative. The State of Minnesota requires utility companies to generate 25% of their energy from renewable sources by 2025. In Minnesota this means that Wind Energy will generate the vast majority of this energy while other things such as biomass, refused derived fuel, small hydro and others play a smaller role.

Other impacts of a depressed economy or low demand include the loss of revenue to neighboring utilities. Energy can be produced and sold to our neighboring utilities which provide a revenue source to offset our electric rates. During a normal summer, Great River Energy can make millions of dollars through sales to other regional utilities. However, the cool summer resulted in less air-conditioning use in the Midwest. Coupled with a down economy in the commercial sector this non-member revenue stream simply did not exist in 2009.

To offset higher energy costs Arrowhead Electric strongly encourages our members to invest in energy efficient home improvements (don't forget about federal tax credits – see www.energystar.gov for more info.) and to participate in our EnergyWise demand response programs such as Electric Thermal

Storage (ETS) heating (off-peak) or the Interruptible Dual Fuel program. These programs include significantly lower costs associated with home space and water heating by allowing Arrowhead to turn off the system during the day and/or during times of peak energy demand based upon the program.

Near the end of each year Arrowhead Electric budgets for the upcoming year. The largest cost to Arrowhead Electric— and growing— is wholesale power. All of our power is provided by Great River Energy through long term contracts to ensure relative rate stability. Our 2010 budget includes approximately a 9% increase in wholesale power costs. In 2010, 61% of Arrowhead Electric revenue goes towards wholesale power purchases for our members. To put this in perspective, the cost of power as a percentage of revenue averaged 49% from years 2000 – 2007. In other words, since 2007 Arrowhead Electric has cut expenses by 12%.

In addition to wholesale power costs Arrowhead Electric incurs distribution side increases. In an ongoing attempt to reduce our rate increase we have refrained from filling positions, reduced travel expenses, eliminated right-of-way spraying, and eliminated the employee incentive plan.

Following a substantial review and examination of expenses, Arrowhead Electric will implement the following rates in 2010. They are shown and compared to the 2009 rates.

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Arrowhead Electric has been Blogging since May 2009 - Are you a blogger?

www.arrowelec.wordpress.com - that's our latest and greatest communication medium. If you're not familiar with blogs, it's simply a way for people to communicate and write about the happenings in their life or organization. Blogs can be updated from computers or web enabled phones and allows Arrowhead Electric to communicate a variety of information quickly and easily at a very low cost.

How to find Arrowhead Electric's Blog:

To follow us via the Boreal feed go to www.boreal.org and click on Member Blogs. You can also access our blog through our website at www.aecimn.com and clicking on the Wordpress button, inviting you to follow us.

Our blog has information on the Watt Savings energy contest, which started June 1st, a few polls

inquiring about various topics and links to helpful websites. We continue to expand the blog weekly providing information on energy efficiency and conservation, industry news, projects we're working on and more. We encourage all members to write comments and ask questions on the blog and we'll be sure to respond in short order. We sincerely hope our members ask questions and read our comments.

Together We Save - National Co-op Campaign to Reduce Your Bill

Energy Conservation – it's time to do something... anything. Press a button. Flip a switch. Control what you can. Take matters into your own hands and just watch what happens to your energy bill. Find out how the little changes you make add up by taking the Touchstone Energy home tour at <http://www.TogetherWeSave.com>.

Together We Save is a new Touchstone Energy cooperative campaign designed to teach members how they can easily reduce their home's electric consumption and bills.

The online home tour shows what happens when you unplug unused appliances, adjust your hot water heater, insulate, caulk, change light bulbs, adjust blinds, and replace older appliances. An online calculator adds the dollars you'll save on your electric bill. You can even have your results e-mailed to you.

As an example, if you change out a standard refrigerator on the website home tour to a new energy star model, you'll save \$100 a year. Unplug unused electronics and save \$140 a year. Adjust your

hot water heater and save \$70 or more. The savings and computer website is intended to give you a ballpark of the amount of money you can save by doing simple things.

Why would an electric company encourage you to use less? We want you to conserve energy because wholesale electric prices have been rising for Arrowhead Electric which in turn increases rates to our members. We also have to pay extremely high electric rates during heavy demand times.

Congratulations Russ Stephens!

Russ Stephens was awarded a \$100 credit on his electric bill. Russ was the random winner of the residential electric use survey GRE had mailed out in September.

Thank you to all Arrowhead Electric members who participated in the residential electric use survey.

Right of way clearing continues on North Devil Track area.

Please mark survey pins and septic systems within the right-of-way and remove any personal items that may be damaged due to flying debris. AECI will not accept liability for any damage if not notified of the above mentioned. If you are not at your property, please call and let us know the proximity of the items mentioned previously to avoid any damage.

MEMBERS RECEIVE DISCOUNTS, PHARMACY SAVINGS & COUPONS

Arrowhead Electric members are the cooperative's owners. It's only right they should have member/owner rewards. New Co-op Connection discount cards are available here in the Lutsen office.

Most pharmacies throughout the United States accept the Co-op Connection card because it's a national Touchstone Energy Cooperative program. Arrowhead Electric is a Touchstone

Energy Cooperative, giving us national advantages and programs available to cooperative members. Nationwide, 150 electric cooperatives now offer the program in 30 states, together distributing over 22 million cards to their members. Cooperative members have discounts available at nearly 12,000 businesses nationwide.

Members that want to print coupons are notified by email when new coupons are available.

There are some amazing grocery and retail savings available to cooperative members through this coupon feature.

To see all the benefits of the Co-op Connections discount program go to www.cwpower.com and click on business discounts.

To receive your Co-op Connection card FREE, please contact the office at 218-663-7239, email us at rthoreson@accimn.com or stop by the office to pick up your card!

Continued from cover . . . Providing reliable service, competitive rates and informing our members are keys to 2010 success!

	2010	2009
Service Availability Charge:	\$42.00/month	\$36.00/month
Energy Charge:	kWh Charge	
Summer (June, July & August)	11.4¢	10.8¢
Other	10.0¢	09.6¢
EnergyWise Rates:		
Off Peak-Electric Thermal Storage	04.54¢	04.3¢
Interruptible Dual Fuel	05.56¢	05.3¢

The service availability charge is designed to recover a portion of the cost of delivering electric energy to all members. The service availability charge is reflective of the investment in poles, wires, transformers, and equipment that it takes to provide you with electric service. It also supports fleet, facility and customer service functions, such as line maintenance, right-of-way clearing and general administrative responsibilities. Regardless of how often you flip on the light switch or the TV, these costs are part of the bill you pay so that electricity is available to you when you want it regardless of how much electricity you consume each month.

No matter how we use energy increasing electricity costs do not go unnoticed by anyone in any economy. Increasing electric rates is done only after careful consideration by both staff and the board of directors. While we must increase our rates to ensure our financial obligations are met we also feel it is equally important to provide the tools you need to reduce your energy bill through conservation, energy efficiency and EnergyWise demand response programs. We want you to get involved with your energy costs. Look for ways to reduce your costs around the house, at work or at the cabin. Participate in EnergyWise demand response by enrolling in our Off-Peak or Dual Fuel program.

Look to the future; get involved by contacting your legislators to ensure future climate change legislation is fair, affordable and achievable. Go to www.ourenergy.coop to learn more. Finally, as your local and trusted energy cooperative we always welcome your questions, comments and feedback. After all, it's one of the benefits of being an owner of your local electric cooperative.

Rebate Information:

Below are the current rebate offers through AECI.

- CFL Bulbs (minimum 5)
- Energy Star Appliances
- Ground Source & Air Source Heat Pumps
- Energy Star Air Conditioners
- Water Heaters
- Storage Space Heating

You will find the necessary forms for the above listed AECI rebates at www.aecimn.com or call our office.

WAY TO GO FALL "WATT SAVERS" !!

Name	kWh's Saved	% Saved	Credit Earned
David/Virginia Hahn	2583	77%	\$30.00
Susan Scherer	3120	61%	\$30.00
Richard/Rachael Drake	2153	60%	\$30.00
Leslie Wilson	1157	51%	\$30.00
Joseph/Barbara Knox	2423	50%	\$30.00
John/Eliza Patten	1897	46%	\$30.00
Paul/Sue Haugen	1321	42%	\$30.00
Park Johnson	1110	34%	\$30.00
Raymond/Andrea Zickrick	754	34%	\$30.00
Rev. Dennis Schutte	817	33%	\$30.00
Shirley Lindgren	2135	32%	\$30.00
Warren Anderson	1081	30%	\$30.00
Larry McNeally	818	29%	\$30.00
Mike/Val Littfin	305	27%	\$30.00
Rick/Jenni Schubert	912	27%	\$30.00
Eleanor Waha	323	27%	\$30.00
Joe/Kris Buttweiler	2310	26%	\$30.00
Clifford/Michelle Kuck	735	25%	\$30.00
Louis Terrizzi	787	24%	\$30.00
Robert/Bernadette Brooks	1064	23%	\$30.00
Tim Nickolay	823	22%	\$30.00
Lawrence/Elizabeth Martinez	363	21%	\$30.00
Stanley/Dianne Pelto	1042	21%	\$30.00
Lonny/Cheryl Kauppi	594	19%	\$30.00
Sandi Furlow	1157	18%	\$30.00
Annette Dunsmoor	1177	17%	\$30.00
Tim/Rose Thoreson	413	15%	\$30.00
Elizabeth Murray	1150	14%	\$30.00
John/Andrea Westphall	859	13%	\$30.00
Dick Betz	1226	12%	\$30.00
William/Mary Lou Huron	666	10%	\$20.00
Douglas/Sharon Brenner	185	9%	\$20.00
Thomas/Arvis Thompson	365	9%	\$20.00
Lyle/Shelby Anderson	1075	8%	\$20.00
Richard Swanson	727	8%	\$20.00
Charles/Leanne Benjamin	131	7%	\$12.00
Craig/Dianne Peterson	456	6%	\$12.00
Russell/Connie Almquist	265	5%	\$12.00
Eleanor Hattery	223	5%	\$12.00
Gary Maciejewski	478	5%	\$12.00
Judy Nelson	966	5%	\$12.00

41,986 = kWh's SAVED

Five additional members were able to save:

843 kWh

Fall Total Saved 42,829 = kWh's SAVED

Summer kWh saved 13,791 kWh

Fall kWh saved 42,829 kWh

GRAND Total kWh Saved
56,620 kWh

Congratulations Eleanor Waha!

Eleanor Waha is the lucky winner for the ham drawing held in the Arrowhead Electric Office on Tuesday, December 15, 2009. We would like to thank members for bringing and sending in their entries. The coupon drawing was held through the Cook County News Herald.



Safety Notice

Be aware of where the piles of snow are being put.

During the winter months, the snow piles up and everyone needs to clear their driveways. It is important that you stay aware of obstacles in the snow, including transformer cabinets. AECI tries to mark all the transformers with a sign but there are places that they are not marked. Please do not pile snow in front of or on top of a transformer cabinet. It makes it a hidden obstacle for someone plowing later on or for snowmobilers, etc... These cabinets are high voltage and can seriously hurt someone if they come in contact with an energized part of the cabinet.



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Cooperative Board Meeting last
Thursday of each month @ 9:00 a.m.

