

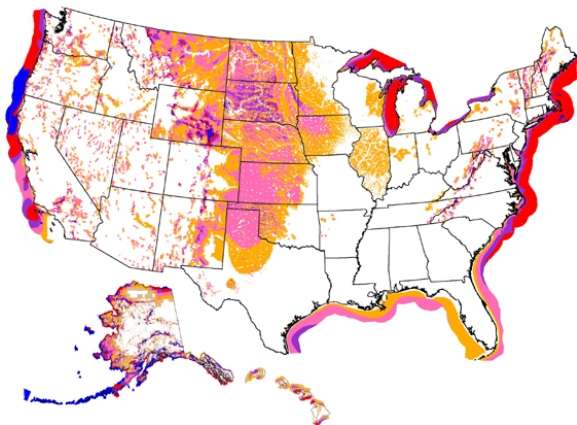


California has always been on the leading edge of the conservation movement, sometimes years ahead of most other states. They designated the “Sane Lane” more than 30 years ago. They called it the Diamond Lane. California also set emission standards early on, which included recapturing fuel vapors at the pump. However, I think one of the most visually striking projects has to be the wind farms. Installed in the early 80’s, by 1985 the total capacity was more than 1,000 megawatts, enough electricity to supply 250,000 homes. However, these early units were hastily installed and very inefficient. Most of these early units ended up being removed and replaced by 1989. By 1990 more than 2,200 megawatts of capacity had been installed, more than half the world’s capacity at the time. In 2007, wind power provided 5 percent of the renewable energy in the U.S. Wind power in the U.S. produced enough electricity on average to power the equivalent of over 2.5 million homes. As of September 30th 2007, the installed wind power capacity was nearly 14,000 megawatts, 4 times the capacity available in 2000.



An early wind farm near Palm Springs CA.

Other windy states soon followed California’s lead. Texas has a total wind capacity of 6,200 megawatts. Kansas and Nebraska both have several wind farms. There are several more farms in Iowa,



North and South Dakota and Minnesota. The most famous locally is Buffalo Ridge, 60 miles long and the second highest point in Minnesota it’s located in Lincoln County in the southwestern corner of the state. With a total capacity of 187 megawatts, there are plans for another project to increase the capacity to 493 megawatts. The map to the left shows the wind capacity for the U.S. The darker colors indicate the better potential for wind energy capacity.

As with everything there are pros and cons to wind energy. On the pro side, wind energy is fueled by the wind, so it’s a clean fuel source. Wind energy doesn’t pollute the air like power plants that rely on combustion of fossil fuels, such as coal or natural gas. Wind turbines don’t produce atmospheric emissions that cause acid rain or greenhouse gasses. Wind energy is a domestic source of energy, produced in the United States. The nation’s wind supply is abundant. Wind energy relies on the renewable power of the wind, which can’t be used up. Wind is actually a form of solar energy; winds are caused by the heating of the atmosphere by the sun, the rotation of the earth, and the earth’s surface irregularities. Wind energy is one of the lowest-priced **renewable energy** technologies available today, costing between 4 and 7 cents per kilowatt-hour, depending upon the wind resource and project financing of the particular project. Wind turbines can be built on farms or ranches, thus benefiting the economy in rural areas, where most of the best wind sites are found. Farmers and ranchers are compensated and can continue to work the land because the wind turbines use only a fraction of the land.

However rosy the picture looks, there are some down sides to wind energy. Wind power must compete with conventional generation sources on a cost basis. Depending on how energetic a wind site is, the wind farm may or may not be cost competitive. Even though the cost of wind power has decreased dramatically in the past 10 years, the technology requires a higher initial investment than fossil-fueled generators.

The major challenge to using wind as a source of power is that the wind is intermittent and it does not always blow when electricity is needed. Wind energy cannot be stored (unless batteries are used); and not all winds can be harnessed to meet the timing of electricity demands. Good wind sites are often located in remote locations, far from cities where the majority of electricity is needed, which means new transmission lines must be constructed or existing lines must be upgraded. Delano would be a poor choice for a wind turbine. We are in a low spot in the county and the wind is unreliable. Wind resource development may compete with other uses for the land and those alternative uses may be more highly valued than electricity generation.

Wind farms have grown from small, experimental sites to facilities capable of generating hundreds of megawatts. As a result of technology advances and tax credits, wholesale wind-generated power has dropped in price from more than 30 cents per kilowatt-hour 10 years ago to a 4 cent to 7 cent range today. Governmental support for wind generation has been a key to the economic development of projects. State and federal programs have included production tax credits and accelerated depreciation allowances. Without additional governmental financial support, the price of wind power is greater than more conventional options.



Buffalo Ridge, MN

Scheduled Rate Increase

Beginning with our January bill you will see our annual rate increase. As recommended by Springsted Inc, our financial consultants, there is a scheduled 5% rate increase between 2008 and 2009. This rate increase is designed to help keep up with inflation.

Water Rates	2008	2009
Residential Customer Charge	\$8.00	\$8.40
Commercial Customer Charge	\$12.00	\$12.60
Industrial Customer Charge	\$24.00	\$24.20
Usage Charge per 1000 gallons	\$3.93	\$4.13

Electric Rates	2008	2009
Residential Monthly Minimum	\$5.44	\$5.71
Commercial Monthly Minimum	\$7.24	\$7.60
Industrial Monthly Minimum	\$24.08	\$25.28
Residential Energy Charge (KWh)	\$0.10220	0.10731
Commercial Energy Charge (KWh)	\$0.10220	0.10731
Industrial Energy Charge (KWh)	\$0.07029	0.07380
Industrial Minimum Demand Charge (KW)	\$138.92	\$145.87
Excess Demand Charge (KW)	\$5.56	\$5.84