



NETWORK NEWS

A publication for directors and employees of NIPCO and its member systems

Winter 2012

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Construction Gears Up on FEMA Retrofit Projects

The clock is ticking on NIPCO's project to replace 151.14 miles of transmission line with financial assistance from FEMA and the state of Iowa.

All construction work must be completed by March 23, 2014 to qualify for state and federal funding, which could total more than \$23 million. The work will retrofit and upgrade almost 17 percent of NIPCO's transmission lines.

Construction is broken into three phases. A contractor was expected to start work on phase 1 – 54 miles of main line – around Feb. 1. Bids on phase 2, which will replace nearly 30 miles of additional main line plus four tap lines totalling 21 miles, are due Feb. 21. The winning bidder on

phase 2 is expected to be approved Feb. 28 by NIPCO's directors.

The remaining work – five tap lines plus 15.62 miles of main line – will be phase 3, out for bids in July. The five tap lines all will be moved from the middle of farm fields to road rights-of-way and require re-franchising because of the relocation. The new franchises are expected to be approved by mid-summer. Phase 3 construction should begin in fall.

When completed, the new transmission lines will be much more durable. The phase 1 project, which includes 700 poles in the original line, will have 950 poles when completed. Spans from pole to pole will be shortened and new conductor will be

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Phase 1

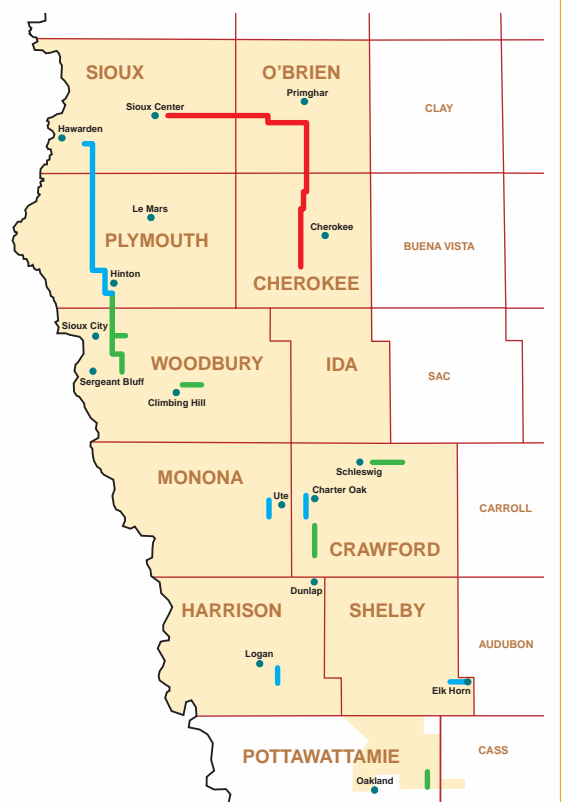
- 54 miles of main line east from Sioux Center to Primghar, then south to Cherokee County

Phase 2

- 29.33 miles of main line going south from near Hawarden to the WAPA substation south of Hinton
- Elk Horn tap line 5.5 miles
- Hardscratch tap line 4.75 miles
- Charter Oak tap line 6 miles
- Ute tap line 5 miles

Phase 3

- 15.62 miles of main line from WAPA substation south of Hinton to Sergeant Bluff area
- Relocate Griswold tap line 4.5 miles
- Relocate Schleswig tap line 8.5 miles
- Relocate half of J12 to Dunlap tap line 8.8 miles
- Relocate Climbing Hill tap line 5.5 miles
- Relocate Lawton tap line 3.5 miles



Co-op Business Group Honors Le Mars Ag Dealership

Icon Ag & Turf of Le Mars was recognized with the Iowa Venture Award at a December event in Des Moines.

The regional John Deere dealership has a new facility along U.S. 75 on the western edge of Le Mars in North West REC's service area. The new location offers greater access for serving customers and getting equipment in and out.

The dealership's headquarters location provides services and support to other northwest Iowa stores in Ireton, Doon, Paullina and Lawton more efficiently than its previous location. The 40,000 square foot facility employs 23 people.

The Iowa Venture Award is presented by the Iowa Area Development Group on behalf of Iowa's rural electric cooperatives and member municipal electric systems. The award program was created in 1988 and has honored more than 190 of Iowa's finest business leaders and companies. ❖

Pollution Control Drives Up Power Costs

The cost of pollution control devices is a growing part of the cost of electricity.

The Environmental Protection Agency has required new and stricter pollution control efforts in recent years and promises to make even stronger efforts in the future.

Basin Electric Power Cooperative, which provides 80 percent of the power flowing into the NIPCO service area, estimates that 6.7 percent of the wholesale rate charged to its members (such as NIPCO) goes to cover the cost of pollution control. Basin Electric's average member rate contains about one-third of a cent per kilowatt hour attributed to pollution control costs. ❖



Tim Harrison, standing, NIPCO's transmission superintendent, explains substation safety at a meeting with crews from Western Iowa Power Cooperative, a NIPCO member. Harrison; Steve Harringa, crew foreman; and Jeff Persinger, control and relay technician, are holding a series of meetings with crews from all NIPCO member cooperatives and municipal electricians. Local utility linemen occasionally are called on to enter NIPCO substations, and the sessions have been planned to help those workers better understand how to operate switches and controls within the substations. ❖ (Photo by Mari Miller, WIPCO)

Pole Inspection Program Starts Over

An electric transmission system is only as good as its poles.

So NIPCO is starting a new round of pole inspection and treatment of its 15,000 poles that bring electricity to residents and businesses all along the western edge of Iowa.

It takes about seven years to inspect and treat, or replace if necessary, all the wood poles in the system. The most recent program began in 2001 and was completed in 2008.

In 2012, some 1,500 poles are slated for inspection. The cost of the work will be about \$35,000.

With no snow on the ground in early January, conditions were perfect for inspection and treatment, as well as other maintenance work, says Steve Ver Mulm, NIPCO's vice president of engineering and operations. ❖

FEMA projects

continued from page 1

heavier. The result will be a transmission system capable of carrying more power and operating even more reliably.

The project arose from the 2008 floods and tornadoes that struck Iowa. The Federal Emergency Management Agency authorized affected utilities to apply for financial assistance to retrofit and strengthen electric transmission systems to make them less susceptible to future severe weather damage.

In addition to the construction projects approved by FEMA, NIPCO also will be completing some minor side projects, such as relocating the Larabee tap line and switch. These projects also will enhance system reliability and efficiency.

Each phase of the construction project is expected to take about a year. ❖



NIPCO Subsidiary Dissolved, Efficiencies Expected to Result

A for-profit NIPCO subsidiary – NIPCO Development Corporation – was dissolved at the beginning of 2012, with dollar savings expected to result from the change.

The subsidiary, commonly called NDC, was created in 1991 to conduct economic development activities on behalf of NIPCO’s members. In the late 1990s, NIPCO designed and installed a fiber optic system throughout its service area to carry communications between NIPCO’s control center near Le Mars and the substations, switches and towers. Ownership of the fiber optic assets was placed in NDC and NIPCO leased space on the fiber optic rings for utility business. Over the years since, NDC’s business included leasing space on the fiber

optic rings to other businesses, as well as operation of NIPCO’s business development loan program.

At the end of 2011 and prior to the dissolution of the subsidiary, NIPCO purchased the NDC assets. NIPCO will continue operating both the fiber optic system and leasing fiber capacity, but under the NIPCO not-for-profit corporation.

“NIPCO’s purchase of NDC’s assets will allow for greater administrative efficiencies and less overhead expenses moving forward,” said Matt Washburn, NIPCO’s vice president of management services and chief financial officer.

“The consolidation will allow greater access to cheaper capital for future fiber optic improvements.”

The consolidation will not have a negative effect on the NIPCO wholesale power rates to its members. ❖

Efficiency Rebate Program Tweaked

A small change in NIPCO’s energy efficiency program will increase benefits to non-residential cooperative members who install commercial water heating equipment.

A \$20 per installed kilowatt rebate will be available starting in 2012 on newly installed water heating systems totaling 18 kilowatts or more.

New units must meet industry standard efficiency requirements.

Information about the new rebate is available from local electric cooperatives and municipal electricians in the NIPCO service area. ❖

14-Year Energy Sales Growth Cycle Ends With 2011

NIPCO’s electric sales declined in 2011 from the previous year, the first time the cooperative has seen a decrease in annual sales since 1997.

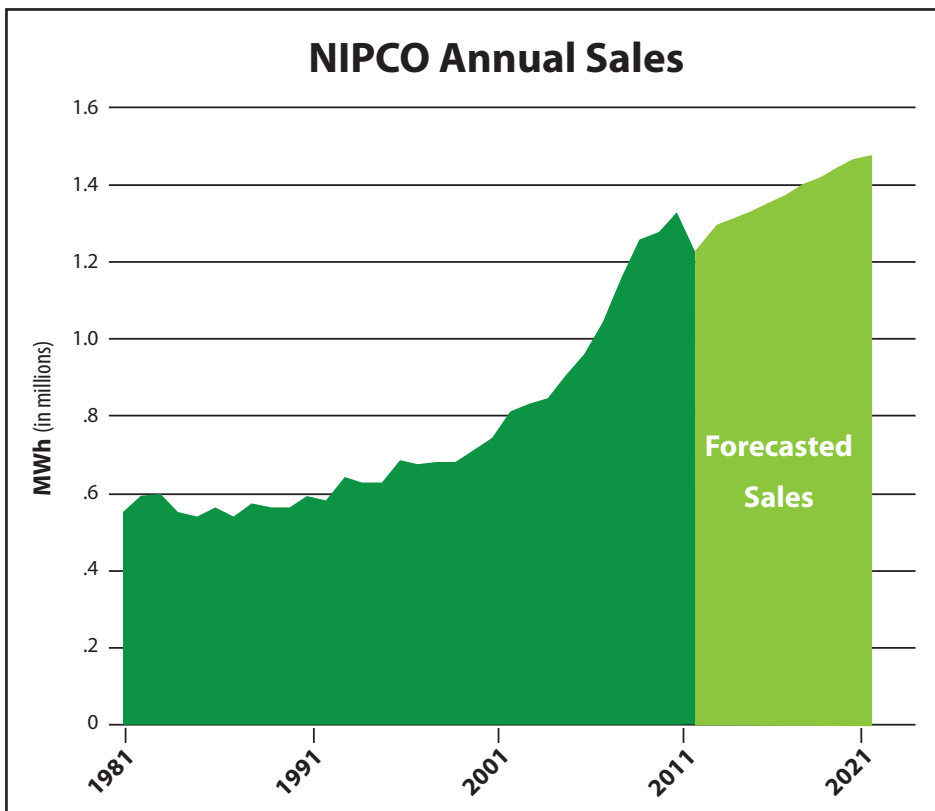
Total kilowatt hours sold during 2011 were down 2.19 percent from 2010.

Chuck Soderberg, NIPCO vice president of planning and legislative services, attributed the sales slowdown to several causes: moderate temperatures, no crop drying, the effects of the 2011 Missouri River flood, and the nation’s economic slowdown.

While total energy sales were down, peak demand was up. Peak demand is the highest average use of electricity during any 30-minute period. The price of electricity is generally calculated both on actual kilowatts used and the highest peak demand.

Peak demand in 2011 grew 3.09 percent from the previous year. Peak demand in eight of the year’s 12 months were above the same month’s usage in 2010. Peak demand was greatest in February with 239,872 kilowatts used at the same time.

Heating degree days for 2011 were only 1.4 percent above normal. Cooling degree days were just under 20 percent above normal. ❖



Co-ops Collect Winter Gear for Kids, Others

NIPCO and its members are helping keep kids and others warm this winter.

The cooperatives were collection points for the annual KMEG-TV Coats for Kids program



during November and December. The electric cooperatives and other participating businesses in northwest Iowa together collected about 1,800 coats for distribution by the Salvation Army.

“Please extend our thanks to those who donated coats,” said Salvation Army Capt. Von R. Vandiver, corps officer. “There are literally hundreds of children, and adults, who are wearing a warm coat in today’s wintery weather because of the KMEG Coats for Kids program.”

Nearly 600 coats had already been given to those in need by the beginning of January. About 1,200 coats remained on hand for distribution

Graduations, New Jobs for NIPCO Offspring

Two daughters of NIPCO employees graduated from college in December and are out in the work force.

Jana Freml, daughter of Gerry and Diane Freml of Harlan, graduated Dec. 17 from the University of Northern Iowa with degrees in accounting and international business with an emphasis in Spanish. She has accepted a job in the accounting field and will be studying for the certified public accountant exam.

Kayla Hansen, daughter of Tim Hansen, was awarded a bachelor of science in business administration with a major in marketing by the University of Nebraska at Lincoln. She has accepted a job with ConAgra in Dallas. ❖

throughout the cold winter months. The Salvation Army works with charitable and social services organizations throughout the region to provide coats and other assistance to persons in need. Anyone in northwest Iowa who needs warm winter clothing can contact the Salvation Army in Sioux City at 1415 Villa Ave., or call the office at 712-255-8836.

While the program is called Coats for Kids, donations typically include both new and used winter clothing for persons of all ages. This is the second year that NIPCO, North West REC, Iowa Lakes EC, Woodbury County REC and Western Iowa Power Cooperative — all in the KMEG-TV coverage area — were part of the program. ❖

Co-ops Partner to Help Schools Get Supplies

A partnership of electric cooperatives and other organizations has resulted in more than \$200,000 worth of school supplies arriving at 27 Iowa rural school districts.

In western Iowa, supplies went to Denison-Schleswig, Maple Valley, Whiting and Anthon-Oto school districts.

The materials were made available through Teacher Tools 4 Tomorrow and were distributed by Hy Vee Corporation. Coordinating organizations include Iowa’s rural electric cooperatives and independent telecommunications companies, Iowa Area Development Group and Ripple Effect. ❖



Crew foreman Tom Berkenpas feeds brush into a wood chipper in rural Cherokee County. The snow-free winter has been perfect weather for tree-trimming, an essential part of maintaining NIPCO’s system reliability. Overgrown trees are a hazard to overhead electric transmission and distribution lines. ❖ (Photo by Roger Armstrong)

Co-op Employees Contribute As Community Volunteers

Employees of Northwest Iowa Power Cooperative and its member electric utilities donated nearly 7,500 hours in volunteer service to their communities during 2011.

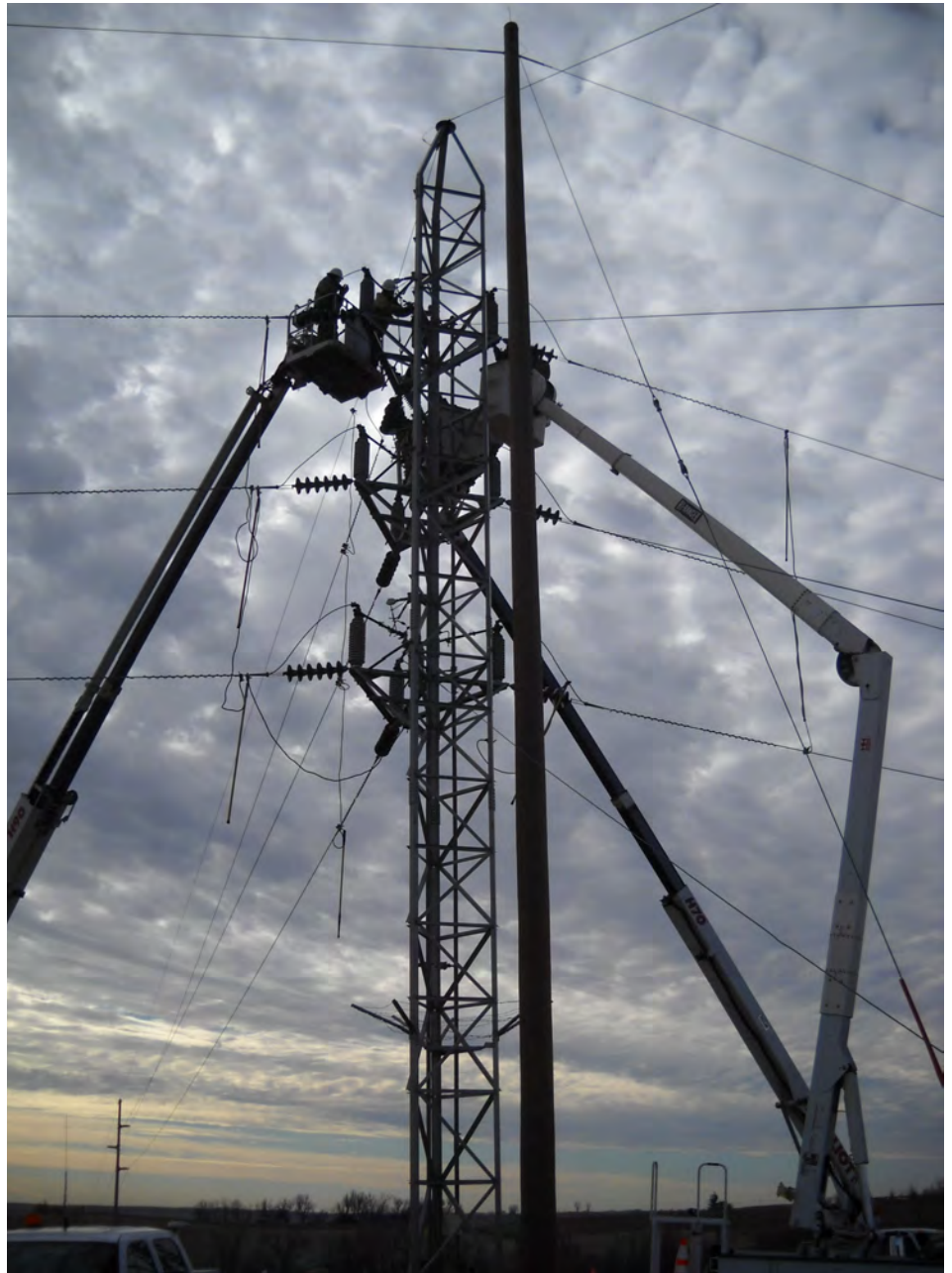
All of the electric cooperatives are Touchstone Energy® cooperatives. Because commitment to community is one of the four core values of Touchstone Energy cooperatives, NIPCO has recognized the employee volunteers for their service. Each of the employees who volunteered at least 25 hours during the year received a Touchstone Energy logo clothing item of their choice.

Volunteer service completed by cooperative employees includes community and youth group activities, refereeing sports contests, city council and other city government boards, hospital and church boards, volunteer firefighting, and working on community celebrations.

The number of hours donated from each cooperative includes: Northwest Iowa Power Cooperative 1,265.5; Iowa Lakes Electric Cooperative, 3,119; Western Iowa Power Cooperative, 636.5; Nishnabotna Valley Rural Electric Cooperative, 610.5; North West Rural Electric Cooperative, 982.5; Woodbury County Rural Electric Cooperative, 357; Harrison County Rural Electric Cooperative, 398; Anthon Municipal Utility, 87; Manning Municipal Utility, 40. ❖



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Jan. 6 offered perfect weather for NIPCO line crews to change out nine bearings at the Ewoldt switch near Manning. ❖ (Photo by Roger Armstrong)

Newest Substation Goes Online for Casino

The newest of NIPCO's substations is up and running.

Lakeport Substation was energized in early December.

Located in southwestern Woodbury County, it provides power to WinnaVegas casino near Sloan. NIPCO's directors on Jan. 5 authorized final payment for construction of the new 5.5-mile tap line bringing power into the sub.

The casino has planned a series of improvements to the entertainment complex, including a motel.

The summer-long flood of 2011 made construction of the substation and tap line a bit more difficult. Shallow water covered a portion of the tap line route, but construction was completed within the expected time schedule. ❖

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NETWORK NEWS

Published by
Northwest Iowa Power Cooperative
P. O. Box 240, 31002 County Road C38
Le Mars, Iowa 51031-0240
712-546-4141
www.nipco.coop



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Melody Sherrill Honored With 25-year Award

Melody Sherrill, NIPCO's senior administrative assistant, was honored at the annual meeting of the Iowa Association of Electric Cooperatives for 25 years of service.

She was one of 17 25-year honorees from Iowa cooperatives who received commemorative certificates from IAEC president Marion Denger. "Sherrill exemplifies the steady dedication that Iowa's electric cooperatives have to providing reliable, affordable and safe electricity to members," he said. "It is a commitment first made during the 1930s – and is the same commitment we maintain with our members today." ❖

