A LOOK BACK IN TIME

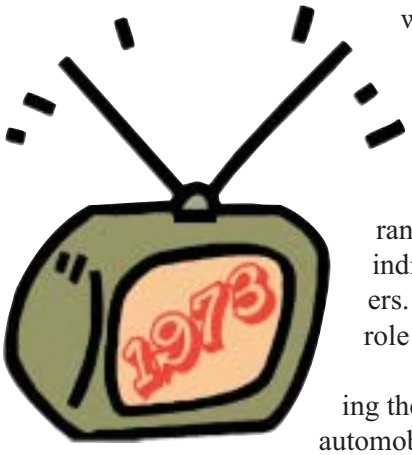
Similarities and Lessons Learned

Tim Stewart
CEO / General Manager

It seems like rising prices are on everyone's minds these days. While prices are going up for just about everything, including electricity, I am reminded of days gone by and the potential lessons that we can learn.

If "The Sting" were back in theaters and "The Sonny and Cher Show" were once again a popular variety show, it would look a lot like 1973 all over again. Today's lines and prices at gasoline stations certainly hearken back to those days.

Some of our members will remember the energy crisis of the 1970s. Some are too young to remember. But it's important to recall the lessons of 1970s because, when you stop to think about it, there are a lot of similarities to today's energy situation.



Here are Some of the Similarities that Come to Mind:

- Prior to both 1970s and 2005, we enjoyed periods of relatively low-cost energy, and our high usage levels reflected that.
- In 1973, gas-guzzling vehicles were standard on our nation's roads. Today, low-efficiency SUVs crowd our highways.
- In both 1973 and today, we experienced an increasing dependence on foreign oil imports.
- In 1973, the world was experiencing political unrest and economic instabilities across the globe. Today, the situation is much the same. Only the locations are different.
- Low cost and high availability of energy made us complacent about conservation in the early '70s and in the first years of the 21st century.

With the similarities of these two eras, more than 30 years apart, it might do us good to examine the lessons we learned from the 1970s energy situation and apply/adapt them for today.

In the 1970s, low fuel costs and high availability lulled us into a false sense of security. Energy conservation was not a priority because an energy crisis was inconceivable. Today, we know that an adverse energy situation is indeed possible, and so we must all work together to use energy more wisely. This responsibility extends to everyone — from the lawmakers who set energy policy to the utilities, such as your cooperative, that plan to meet your long-range energy needs, and to individual businesses and consumers. We each have an important role to play.

In the decade or two following the energy crisis of the '70s, automobile manufacturers turned out high fuel-efficiency vehicles, and Americans, fresh from the deprivation of the gas-rationing period, purchased these vehicles in droves. And it worked. The availability of gasoline rose. But we humans have short memories, and before long, we once again longed to indulge our travel experience with roomier and more powerful vehicles. Thus was born the SUV, which dominates our roadways today.

Here at Clark Electric Cooperative, we are doing everything possible to keep your electricity affordable. The cooperative implemented our load management program over 25 years ago. The load management program helps conserve energy when power demand is at its peak. It helps delay

needed construction of power plants, which ultimately keeps capital needs and cost down. In addition, Clark Electric Cooperative offers a Time of Use rate that helps shift consumption to non-peak hours. This helps the cooperative and our members save costs.

However, there is a host of costs that we have no control over, such as the market price of fuels needed to generate electricity. The cost of fuels such as natural gas and coal are increasing steadily, as well as the many factors that affect those prices such as rail transportation. Do we need to conserve electricity? Of course. Will that alone solve our energy issues? Absolutely not. Conservation of electricity is just one avenue for managing energy costs. We must all conserve energy in other ways.

Does this mean we should all get rid of our SUVs? Not necessarily. But we can save fuel by avoiding unnecessary trips, combining errands, and sharing rides to work.

Visit our website at www.cecoop.com for energy-saving tips.

Tim Stewart

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GREEN IS FOR RENEWABLES

Renewable energy generation is a priority for our wholesale power supplier, Dairyland Power Cooperative. Member interest, improving technologies, and increasing regulatory requirements are some of the key drivers in the push to develop more renewable energy generation.

The challenge for Dairyland is to achieve renewable energy goals and requirements while looking out for the interests of all 25 of its member cooperatives in Wisconsin, Iowa, Minnesota, and Illinois, including Clark Electric Cooperative. Dairyland pursues opportunities to add a variety of forms of renewable generation to its power supply through a thoughtful process taking into account availability, project size and location, transmission issues, regulatory requirements, and cost.

Decisions are made by the Dairyland Board of Directors, representing the needs and concerns of the entire cooperative membership. Clark Electric Cooperative brings your questions and concerns to the decision-making process through representation by Clark Electric Cooperative's director, Clarence Hoesly.

Legislative Requirements

Dairyland needs to meet differing requirements in the four states where it does business, and — as importantly — anticipate future regulations through proper planning. A Renewable Portfolio Standard (RPS) is defined as the percentage of retail electric sales in the state that must be generated by renewable sources.

As such, Dairyland has been steadily working to increase its already progressive renewable energy portfolio.

What's Here and What's Ahead

Dairyland issued two requests for proposals (RFPs) earlier this year seeking renewable power resources from wind and biomass generation facilities. The RFPs are being coordinated by Clearspring Energy Advisors of Madison.

The wind RFP sought proposals for a minimum of 20 mw of capacity no later than 2010. Responses to the wind power RFP were due in June. Dairyland will be making a decision soon regarding the responses it received from the wind energy RFP.

Currently complicating wind expansion is the basic problem of supply and demand. The worldwide demand for wind generation has greatly increased costs and constricted turbine supply in the renewable market. Production of wind turbines is not currently meeting demand, sometimes requiring extensive waits for necessary equipment.

The biomass RFP seeks proposals for a total of at least 20 mw of capacity no later than 2015. Responses to the biomass RFP were due on July 31, and are being reviewed. This biomass will supplement Dairyland's existing investment in manure digester and landfill gas facilities in its system.

Both the wind and biomass proposals could take the form of either long-term power purchase agreements or the sale of a facility to Dairyland.

A summary of Dairyland's current and planned renewable generation follows:

- 22 mw of water-powered generation from Dairyland's Flambeau Hydro Station, Ladysmith,.
- 18.5 mw of wind generation from three projects.
  - 10 mw of additional wind power from the G. McNeilus Wind Energy Co. will be brought online for Dairyland members in early 2008.
- 11 mw landfill gas from three facilities, with additional generation coming in planned expansions. Includes:
  - 3 mw Veolia ES Seven Mile Creek landfill gas-to-energy (LGE) facility, Eau Claire. Generating units are owned by Dairyland. *This plant will add a 1 mw generating unit in spring 2008.*

CLARK ELECTRIC REPRESENTED AT 2007 YLC

Learning About Cooperatives and Having Fun

Clark Electric was once again lucky to be represented by seven young adults at the 2007 Youth Leadership Congress (YLC).

The YLC is a program designed to help students achieve the skills to be better young leaders at school, work, and elsewhere.

This year the program was held in the new Student Center on the campus of UW–River Falls.

New this year for Clark Electric was the election of Jason Hansen, a junior from Greenwood High School, to the Youth Board, which is responsible for planning next year's YLC event. This is a big honor and we congratulate Jason.

Jason Hansen

Front Row: Amelia Pucker, Granton; Steve Lenz, Spencer; Jason Hansen, Greenwood; Melinda Mueller, Greenwood. Back Row: Rachel Taylor, Spencer; Cole Rasmussen, Granton; Andrew Gaede, Greenwood.

- 3.2 mw Timberline Trail Landfill Generating Station, Bruce, Wisconsin. Power purchase agreement with Waste Management, Inc. *This plant will increase by 2.4 mw in 2008.*
- 4.8 mw Central Disposal Landfill Generating Station, Lake Mills, Iowa. Power purchase agreement with Waste Management, Inc.
- Dairyland and Allied-BFI are finalizing agreements to develop the 2.4 mw Lake Area Landfill Generating Station. Construction should begin in 2008.

- 2.4 mw of animal waste "cow power" from three dairy farm manure digesters (Elk Mound, Rice Lake, and La Farge). Dairyland-owned generation. Plans for more manure digester facilities in Dairyland's service territory are underway.

For detailed information on Dairyland's renewable energy generation, see www.dairynet.com.