

Minnkota Messenger

January-February 2017



**Small-town grocery
store a big hit**

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Jim Palubicki has been in the business for more than 40 years.

Palubickis invest in small-town Minnesota

Family rewards customers with grocery store that belies Fosston's population

Jim and Nina Palubicki planned to be living in Arizona and relaxing after more than 40 years in the grocery business. They have put those retirement dreams on hold.

Instead they are key players in a dream-like grocery store for a city of about 1,500. The Palubickis' daughter, Leah, has built a 43,000-square-foot store in Fosston, Minn., that also includes a pharmacy, Caribou Coffee, a bistro with on-sale beer, the local Red Poppy and a liquor store.

Small-town Minnesota. Big-time grocery store.

All but the pharmacy are up and running at Palubicki's Family Market and Spirits along U.S. Highway 2 in Fosston,

which is about 70 miles east of Grand Forks. The Caribou Coffee opened first in December 2016, followed by the grocery store and liquor store. The pharmacy will be open in March.

Fosston Municipal Utilities powers Palubicki's, which is taking advantage of energy efficiency rebates through the PowerSavers program. The program provided energy expertise during the planning stages of the new store. Fosston is one of the Northern Municipal Power Agency municipals in PowerSavers, which also includes Minnkota's eight Minnesota cooperatives.

The grocery store employs 106, up from 70 when it was in a building next door to the new facility.

Doug Hoialmen, a Fosston City Council member, was asked about the new grocery store, which replaced a 18,000-square-foot



A customer is greeted by dry concrete as she enters the store after a recent snowfall.

store that began as a 5,000-square-foot area before a series of remodels.

"It's got wide aisles," Hoialmen said of the new building. "It's set up nicely; it's easy to find what you're looking for. And I found a few items I didn't find in the old store that I like. I like hot food, and there are a few things they're carrying now that I really appreciate."

Want a piping-hot pizza? You can get one in 2 to 3 minutes. And you can sit down in the bistro and have a beer with it. The Palubickis aren't competing for the bar crowd; they close the bistro at 8 p.m., but they do think the on-sale beer sales boost pizza sales.

In addition to wide aisles and bright lights, the store has many of the latest technologies, including LED lighting, a fogger for produce, heated outside and entryway concrete to protect the store floors from sand and snow, occupancy sensors for lighting in low-traffic areas, energy-efficient refrigeration cases and computerized temperature controls that notify the Palubickis and a refrigeration company if attention is needed.

The Snow Melt sidewalk system has been a big hit.

"We can get rid of sand and snow," Jim Palubicki said. "Customers can drive right up with their elderly mother or father, let them off and they can get right out on dry concrete with the cart."

Leah bought the business from her parents about seven years ago. She said after a couple of good years and with box stores popping up in many northwestern Minnesota cities, the family decided something different was needed to compete.

While Leah owns the business, it's a family affair. Sisters Meghan and Tara both work at the store. Meghan runs The Red Poppy and Tara runs the produce, dairy and frozen areas, along with the Caribou and specialty products.

The Palubickis' other daughter, Alison, works in homeopathic care in town, but Jim hopes she will be involved in the business as well. Leah's nieces and nephews, from 12 years old and up, also help at the store. Mom Nina works in the office.

In addition to family, the Palubickis stress healthy living. They have a large section of organic and gluten-free items that covers two aisles. On a wall in the immaculate store is the following saying, "Shop Well, Live Well, Eat Well."

Palubicki's has become a destination grocery store for people in the area. One goal is to attract those who have about the same distance to drive to Fosston as they do to drive to stores in larger cities such as Detroit Lakes, Crookston and Thief River Falls.

Getting them in the door is the key. Leah said she can read customers' lips as they walk in the store for the first time: "Wow."

Hoialmen said: "I'm a little surprised by how big it is, but not surprised that it's nice and well-designed. They are very intelligent and do their research."

Food supplier SuperValu helped the Palubickis design the store, which took less than a year to build. Kraus-Anderson was the general contractor, but the family made sure as many local trades as possible were involved in the construction. Even the school band came over to stock shelves to help pay for a trip.

"We've had an unbelievable reception from the people," said Jim Palubicki, who now hopes to retire in six to seven years. "The space, the size, the selection, the looks. We've had a lot of compliments and a lot of letters."

After all, the store is something to write home about. □



Above: Leah Palubicki is the store owner.

Left: Meghan Palubicki runs The Red Poppy in the store.



Workers serve a customer while a couple enjoys a beverage in the bistro area across from the Caribou Coffee.



Photo copyright Minnesota House of Representatives.

Back in session

Minnkota advocating for members in Bismarck, St. Paul

Lawmakers returned to Bismarck and St. Paul in early January for a pivotal legislative year packed with issues important to electric cooperatives.

Minnkota and its partners in both states are keeping an eye on industry-related legislation and advocating for a balanced approach to meeting reliability, affordability and environmental goals. Ensuring the voice of the membership is heard on these issues starts well before each session, according to Stacey Dahl, Minnkota external affairs and communications manager.

“Our engagement in the political process doesn’t take place every two or four

years during election cycles,” Dahl said. “It is a critical part of everything we do – both at the state and federal levels. Telling and retelling our story is a year-round effort.”

The 2017 sessions feature many new faces following the November elections. In North Dakota, Republicans bolstered their House and Senate majorities, reducing the number of Democrats in the 141-member Legislature to 22. In Minnesota, Republicans now control both houses. The GOP gained a 34-33 seat advantage in the Senate and an expanded 76-57 majority in the House.

Minnkota remains committed to working with lawmakers on both sides of the aisle

for the betterment of electric cooperatives and their members. The following are some of the key priorities Minnkota has been focused on this year.

North Dakota

The North Dakota Legislative session began Jan. 3 with the state facing budget shortfalls related to the prolonged weakening of oil and commodity prices.



Minnkota is working with newly elected Gov. Doug Burgum and the Legislature on advanced energy research and development funding to preserve the state's existing coal power

plants, as well as provide options to build the next generation of power facilities.

Minnkota continues to evaluate the feasibility of Project Tundra, which proposes to retrofit Unit 2 at the coal-based Milton R. Young Station with post-combustion carbon capture and sequestration technology. The potential \$1.1 billion project aims to transport the captured CO₂ by pipeline and use it for enhanced oil recovery (EOR).

"We continue to explore technological solutions, like Project Tundra, to help us find a path forward in a carbon-constrained future," Dahl said. "We've been pressing hard in meeting with legislators to urge the state to assist utilities with those R&D efforts and preserve what is a critically important industry to the region."

In addition to Project Tundra, Basin Electric Power Cooperative is pursuing the construction of a coal-based Allam Cycle power plant. The Allam technology captures CO₂ and uses it to drive the turbine. After cycling through the process, the CO₂ could then be sequestered or used for EOR.

Outside of R&D funding, Minnkota is supporting an act separating transmission lines from natural gas lines in the regulatory process, and another effort to preserve the

current property tax structure for cooperatives.

Minnesota

The Minnesota Legislature has a lot of unfinished business from last year's session, including a tax bill, bonding bill and transportation bill. In addition to these bills, Gov. Mark Dayton and the Legislature must also pass a two-year budget.

For Minnkota, a significant focus is on Local Democracy legislation. Currently Minnesota Statute allows the state's Public Utilities Commission (PUC) to re-regulate decisions made by member-elected cooperative boards. This overregulation is unnecessary and provides no benefit to the member-owners of the electric cooperative.

Recent regulatory action at the PUC involving cooperatives could have been resolved locally without the cost and time of PUC proceedings. Several PUC Commissioners have noted that these issues should be handled locally working directly with cooperative boards.

"The current regulatory process is stopping innovation and increasing costs for electric cooperatives," Dahl said. "As member-owned electric cooperatives, each member elects a local regulator to serve on the board. These governing boards are responsible for setting rates, fees and charges that reflect the unique needs of the communities the cooperative serves."

Minnkota is also monitoring proposed changes to the transmission tax calculation.

"In the current political climate, public policy continues to play a critical role in our industry," Dahl said. "It's more important than ever that we find ways to participate in the political process. We must do all we can as cooperatives to preserve and protect the vital service we provide to our membership." □



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— STACEY DAHL
External Affairs and
Communications Manager
Minnkota Power Cooperative



Oliver III wind farm online

Minnkota receiving energy from 100 MW addition

Energy from the new Oliver III wind farm began flowing into the Minnkota Power Cooperative-Northern Municipal Power Agency (NMPA) system in January.

Following several months of construction during fall 2016, approximately 48 GE turbines south of Center, N.D., are now fully operational. Minnkota officially began purchasing wind energy from the facility Jan. 1 following a testing and commissioning phase.

The 100-megawatt (MW) addition to the Oliver Wind Energy Center was developed by NextEra Energy Resources. All production is sold to Minnkota under a 35-year Purchase Power Agreement (PPA). The project was able to fully utilize the federal Production Tax Credit, which is scheduled to phase out over the next few years.

Minnkota and NextEra have a longstanding and mutually beneficial business partnership that has helped to greatly expand wind generation in North Dakota. In addition to the Oliver III project, Minnkota has PPAs in place with affiliates of NextEra for 357 MW of wind power from the Langdon and Ashtabula Wind Energy Centers

on the eastern side of the state.

“Wind conditions and available transmission lines made the Oliver III wind farm an ideal project for Minnkota,” said Todd Sailer, Minnkota senior manager of power supply & resource planning. “It is anticipated that this site will provide diversity to the wind production currently in our portfolio.”

The PPAs ensure Minnkota is well-positioned to maintain long-term compliance with a renewable energy mandate in Minnesota and an objective in North Dakota. The Minnesota Renewable Energy Standard requires a 25 percent renewable energy supply component by 2025, and the North Dakota Renewable Energy Objective has a 10 percent goal, which began in 2015.

The Oliver III wind farm is located near the Minnkota-operated Milton R. Young Station, a coal-based power plant that serves as the cooperative’s primary source of generation. This allows Minnkota to use its recently constructed Center to Grand Forks 345-kilovolt (kV) transmission line to efficiently deliver both coal and wind energy to its members in eastern North Dakota and northwestern Minnesota.

The Oliver III project roughly doubled the size of the Oliver Wind Energy Center. The first two phases of the project were completed by Nex-

tEra in 2006 and 2007. All energy produced from those projects is purchased by Minnesota Power of Duluth, Minn.

Readying Roughrider

To accommodate the delivery of energy from the Oliver III wind farm, NextEra and Minnkota crews constructed the Roughrider 230-kV switching station, which includes three circuit breakers. NextEra built about 5.5 miles of 230-kV transmission line to connect to the site.

The Roughrider station connects Oliver III to the Center to Mandan 230-kV transmission line. Supporting the additional energy required the line to undergo phase-raising. This process included cutting the wooden H-frame poles at their base and hydraulically lifting them anywhere from 5 to 15 feet. Steel braces are added to stabilize the structure at its new height. The higher structures help support the additional load on the line.

“NextEra and Minnkota have developed a very good working relationship over the years that helped contribute to a successful project,” said Wayne Lembke, Minnkota civil engineering manager. “Since this was our third joint wind farm project, both parties had a good understanding of their responsibilities and expectations to complete the interconnect substation.” □



Minnkota crews work to construct the Roughrider substation, which connects the Oliver III wind farm to the electric grid.



Crews stand near a newly constructed stretch of 230-kV line that transmits power from the wind farm.

Year-round ice house



Corey Pink, general manager of Glacier Ice House, shows off one of the ice houses.

They are billed as ice houses and have a frigid name – Glacier Ice House. In reality, though, these higher-end ice houses are almost used as much for camping and hunting as they are for ice fishing.

“It’s an RV camper that can lower down to the ice,” Glacier Ice House General Manager Corey Pink said. “It’s the full RV package.”

Since moving from the Blackduck area to the Bemidji area in 2015, Glacier

Glacier Ice House finds success setting up shop near Bemidji

Ice House has been booming. The move allowed the company, which also manufactures smaller ice houses in the Brainerd area, to find a strong workforce, more dealers and more demand.

Employees have found year-round work at Glacier, which builds one ice house per day at its Bemidji manufacturing facility. The company receives its power to keep things moving from Beltrami Electric Cooperative, one of the 11 cooperatives that own Minnesota.

With cold temperatures in December through mid-January and again in early February, this 2016-17 ice fishing season has been ideal.

“We can’t build them fast enough,” Pink said. “They’re hitting dealer lots and they’re disappearing. We are quite a ways behind.”

Dealers in Minnesota, North Dakota and New York state sell the ice houses. Dealers buy the ice houses from Glacier and transport them to their lots. Retail prices for new units range from \$8,000 to \$37,000.

The Bemidji location builds units that are 8 feet wide by anywhere from 16- to 24-feet long. The company says its ice houses are “the ultimate way to play.”

After all, the houses come with dinettes, countertops, three-burner range with large oven, dual pane windows, LED hole lights, outside floodlight, two LP bottles, a 30,000 Btu forced air furnace, AM-FM stereo and cable TV prep, among other things.

Options include rubber floor, vinyl wood plank, flat wall fireplace, nonducted air conditioning, extra cabinet set, tri-fold sofa, a 32-inch LED TV, a microwave oven, electric awning with speakers, queen lift bed, digital TV antenna and fireplace.

“This has turned into more of a family outing, these ice houses,” Pink said. “It’s family camping on the ice. . . . But we’ve

“This has turned into more of a family outing, these ice houses. It’s family camping on the ice. . . . But we’ve had customers take them to the mountains elk hunting. One of our customers, who was in here this morning, just got back from Alberta, Canada, with his. He set up a deer hunting camp there.”

– COREY PINK, *general manager*, Glacier Ice House

had customers take them to the mountains elk hunting. One of our customers, who was in here this morning, just got back from Alberta, Canada, with his. He set up a deer hunting camp there.

“Customers let us know the positives; they help us improve the product, too, with feedback after they’ve been using it.”

The company employs 17 in Bemidji, which builds all of the RV Explorer models and the units with hydraulic lifts and tandem axles, and 16 in Brainerd, which builds the hand cranks and nonRV Explorer models, including some of which can be pulled by an ATV.

All Explorer models come with a full shower, bathroom, sink, microwave, awning, AC and curtains. Perhaps the greatest amenity on the tandem axle units is a hydraulic lift that allows you to lower or raise them with a handheld remote. Within seconds after reaching your destination, you are ready to fish.

Sam Mason, Beltrami Electric manager of energy services & facilities, says the business is a nice fit with the cooperative and the region.

“Glacier Ice House is an important part of our local economy, providing employment opportunities and a direct manufactured product to bolster ice fishing and camping, essential parts of our local tourism,” Mason said. “Beltrami Electric strives to provide a powerful value, keeping our communities moving forward.”

Glacier Ice House’s manufacturing space in Bemidji once housed an indoor horse-riding arena. One of the viewing windows that was removed from that set-up is still noticeable along one wall. Now instead of neighing and whinnying, one hears the sounds of drills and saws.

There is life back in the old barn. □

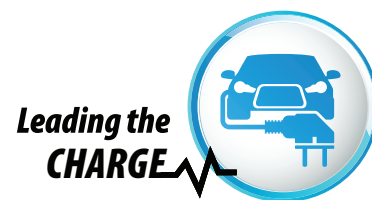


Top and middle: Workers build the frame for one of the ice houses and put the finishing touches on another ice house.



Left to right, a house waits to be insulated while a completed house has its awning out and its LED outdoor light on inside the production facility.

Minnkota members offering electric vehicle rebates



As part of its Value of Electricity campaign, participating Minnkota member cooperatives and associated Northern Municipal Power Agency (NMPA) cities are offering new rebates to encourage the use of electric vehicles.

A \$50 per kilowatt (kW) incentive is offered following the installation of 240-volt Level 2 chargers on direct load control. The average rebate per member will be \$330, with a maximum set at \$500 per ac-

count. Minnkota provides the electric vehicle program to each participating utility in its system. The utility, in turn, incorporates the rebate with its own set of restrictions and qualifications.

Not only does the rebate support the adoption of all-electric and plug-in hybrid cars, it is designed for use with golf carts, motorcycles, forklifts, Zambonis and all other vehicles that require an electric charging station.

In addition to the rebate, having the charger on direct load control qualifies the consumer for the money-saving off-peak rate, which is 40 to 50 percent below the regular electric rate. According to a Department of Energy calculation, the average off-peak rate in the Minnkota system is equivalent to about 65-cent gasoline.

In exchange for the off-peak rate, Minnkota can control the charging station's electrical use during on-peak hours, a strategy that helps manage the cooperative's power resources and

interaction in the wholesale energy market.

There are three basic charging options for most electric vehicles. The charging times vary based on the vehicle and the charger setup.

Charging options:

- **Level 1 – 120 volts**

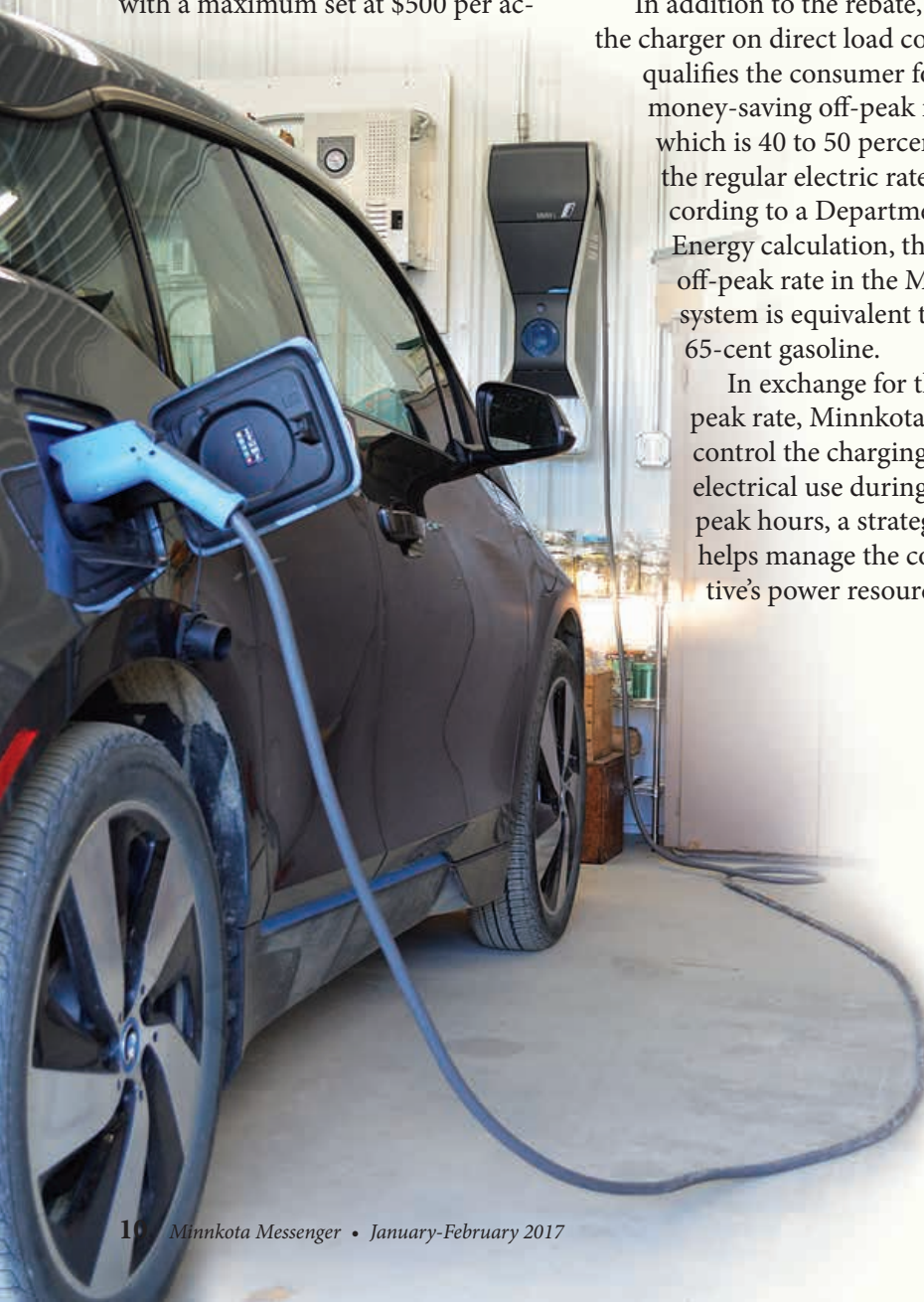
Charging a vehicle at Level 1 means plugging into a standard 120-volt outlet. All drivers can charge their electric vehicle at Level 1, although it takes significantly longer (10-20 hours) than other charging options.

- **Level 2 – 240 volts**

Using 240-volt service, a dead battery can be fully charged in approximately 2 to 4 hours. Some models can charge in as little as 30 minutes.

- **Direct Current (DC) Quick Charging**

This charging option is typically only available for public charging at gas stations or along major transportation corridors. On average, the DC charger can add 40 miles of range for every 10 minutes of charging. □



The first Level 2 electric vehicle charging station on Minnkota's demand response program was installed late last year. (Above) A 240-volt charging station (seen on far right) can fully charge a vehicle's battery in 2 to 4 hours.

Minnkota director receives Cooperative Leadership Award

After 25 years of service to the electric cooperative industry, Minnkota Power Cooperative Director Lee McLaughlin was recognized with the 2017 Cooperative Leadership Award.

Given by the North Dakota Association of Rural Electric Cooperatives (NDAREC), this award recognizes outstanding leadership demonstrated by a rural electric director or manager. As a result of the individual's efforts, cooperative philosophy and principles were promoted and the prestige of rural electric cooperatives enhanced.

A resident of Lankin, N.D., McLaughlin plans to retire from his positions on various electric cooperative boards this year. He has been on the Nodak Electric Cooperative board since 1991. He began serv-

ing as Nodak's representative on the Minnkota board in 2010. Between those positions, he also served on the NDAREC board from 1997 to 2010, and from 2014 to 2017.

McLaughlin became a Credentialed Cooperative Director (CCD) and has received the Board Leadership Certificate (BLC) from the National Rural Electric Cooperative Association (NRECA).

"Nodak and its members have been fortunate to have a director who is as dedicated, focused and member-driven as Lee," said Mylo Einarson, Nodak president & CEO. "His honesty, integrity and common sense approach have made him a true cooperative leader. We cannot think of a more deserving recipient for this award."

Outside of his electric coopera-



Lee McLaughlin is Nodak Electric Cooperative's representative on the Minnkota board. He plans to retire from the board in April 2017.

tive career, McLaughlin's leadership and commitment to service were also evident with the Walsh Rural Water District, Walsh County Farmers Union, Walsh County Fair board, 4-H and serving as a volunteer firefighter with the Lankin Fire Department.

McLaughlin and his wife, Judy, have three grown children and seven grandchildren. □

Minnkota, Square Butte annual meetings to be held April 7

Minnkota Power Cooperative and Square Butte Electric Cooperative will host their annual meetings on Friday, April 7.

While Minnkota hosts its 77th annual meeting, Square Butte will host its 43rd annual meeting at the Alerus Center in Grand Forks, N.D.

At the meetings this year, reports on operations and year-end results will be presented, along with planned generation and transmission projects. Other business will include the election of directors and adoption of policy resolutions on issues of importance to the Minnkota and Square Butte cooperatives.

Registration begins at 8 a.m. A noon lunch will be served.

Joint informational sessions for

the two cooperatives will begin at 9 a.m.

Business meetings will be held in the afternoon with Minnkota Chairman Collin Jensen, Roseau, Minn., and Square Butte President Mark Habedank, Twin Valley, Minn., presiding. Minnkota begins at 1 p.m.,

followed by Square Butte at 1:45 p.m.

The 11 Minnkota member cooperatives supply electricity to more than 132,000 consumers in a 35,000-square-mile area. Square Butte owns Unit 2 at the Milton R. Young Station and is governed by the cooperatives associated with Minnkota. □



In Memoriam



Clyde Howe
Instrument Technician

Clyde Howe, Minnkota instrument technician, died Dec. 14 in a house explosion north of Mandan, N.D.

The blast killed Howe, 60, and his wife, Elizabeth Howe, 58. Howe's stepdaughter, Ellie Vazquez, was seriously injured in the accident.

Howe worked for Minnkota for more than 36 years.

"We are overwhelmed with grief by this tragic accident and extend our deepest condolences to Clyde's family and loved ones," said Mac McLennan, Minnkota president & CEO. "He was a quiet guy who was open, honest and very respected as an employee."

In his spare time, Howe enjoyed riding motorcycles and taking trips to the Black Hills. He interacted with many employees outside of work, including hosting gatherings during deer hunting season.

Howe's supervisor, Kendal Rose, said he enjoyed working with the U.S. Navy veteran.

"Clyde was always somebody I could count on and have confidence in to get any job done safely and correctly and have fun while doing it," Rose said. "He enjoyed working for Minnkota. A couple of our younger techs, including myself, learned a lot from his 30-plus years of knowledge."

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Minnkota is a generation and transmission cooperative supplying wholesale electricity to 11 member-owner distribution cooperatives, three in eastern North Dakota and eight in northwestern Minnesota. Minnkota also serves as operating agent for the Northern Municipal Power Agency, an association of 12 municipal utilities in the same service region. Together, the Joint System serves more than 147,000 customers.

Visit Minnkota's website at www.minnkota.com.



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On the cover: Sloane Peterson, Brandy Garrison and Feadotia Piatkoff, left to right, get a pizza ready for a customer at Palubicki's Family Market and Spirits in Fosston, Minn. *See story on page 2.*