



Genoa Coal Combustion Byproduct Management Plan Announcement
Charles Sans Crainte, Vice President, Generation
November 3, 2008

Good morning.

Today, Dairyland Power Cooperative is extremely pleased to announce that we are indefinitely suspending the permitting process for a proposed off-site disposal facility for coal combustion byproducts in Vernon County. All testing and permitting activities and future development plans will be halted at all three potential sites: the two sites in the town of Harmony and the site adjacent to the Vernon County landfill. We would like to take this opportunity to provide you with the background that led to this decision.

In 2003, Dairyland began installing additional air emission controls at our Genoa Station #3 power plant. The controls include a scrubber, now under construction, that will further improve air quality by reducing sulfur dioxide emissions. The scrubber will generate significant amounts of a new type of coal combustion byproduct that has fewer opportunities for recycling.

Therefore, a little more than a year ago, Dairyland announced plans to begin the lengthy siting process for a potential facility in Vernon County for safe disposal of the material that could not be recycled.

At that time, we explained that we needed to start the siting process for a disposal facility because there is a multiyear permitting process required by state and federal agencies. We also told the public that we would continue to try to find alternatives to a disposal facility, including recycling.

Keeping to our word, we have continued our assessment of fuel supply, recycling, environmental impacts and operational requirements. As a result, we have developed an alternative plan that allows us to suspend the permitting process for a disposal facility in Vernon County. The plan will significantly reduce the amount of scrubber byproduct by using a different coal blend at our Genoa facility.

International demand for high energy coal, which is currently blended at the Genoa plant, has increased dramatically in the past six months, impacting the prices and availability of this type of coal for our facilities. By using a greater proportion of lower energy, lower sulfur coal at the Genoa plant, Dairyland's members will have economic benefits and Dairyland can reduce the amount of scrubber byproduct.

However, this decision does not come without compromise. Since the Genoa power plant was not designed for lower energy coal, the power plant will produce less electricity while burning this modified coal blend. Despite this reduction, we have determined it is in the best economic interest of our members to pursue this strategy.

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Dairyland's ongoing additions of renewable energy resources, such as the 20 MW of wind generation recently brought online in Winnebago County, Iowa, as well as our commitment to purchase 40 MW of biomass-produced energy at the DT Energy Services' Cassville plant, will help replace the reduction in electricity generation at Genoa. We will continue to work to develop biomass projects, enhance landfill gas operations, buy wind energy and work with farmers on manure digesters. We are also taking a leadership role in a new national cooperative to develop renewable resources for all electric cooperatives across the nation.

Also, the addition of new generation from our share of the Weston 4 power plant this past summer provides increased energy to our system to help fill this gap in electricity production.

Our professional staff has also worked very hard to develop recycling alternatives for scrubber byproducts. While the future is still not certain in this regard, we feel much more confident than a year ago that a recycling market can be developed. We will soon issue a Request for Proposals to provide technical and economic assessment of manufacturing light-weight aggregate material from our coal combustion byproducts. We believe we will receive viable proposals and will be looking to the community for support in the development of facilities for recycling. Our ultimate goal continues to be to find recycling opportunities for as much of the material as possible.

In addition, by implementing a new coal strategy, we will be greatly reducing the volume of material requiring disposal. We will be able to continue to use our existing disposal facility near Alma, Wis., to safely store the material that cannot be recycled, as we do today.

We are also initiating a study which we believe will lead to retrofitting our byproduct vehicle fleet with compressed natural gas engines. This technology offers significant potential to reduce the environmental impact of our vehicles.

"Concern for the Community" is one of our cooperative principles and it has always been our practice to listen to our members and the greater community. We are pleased to make this announcement and appreciate the support and patience of the landowners who have worked with us throughout this process. We also thank cooperative and community members who listened, offered constructive ideas and have trusted in Dairyland's long history of working with members.

As a cooperative organization, our stated goal has always been to continue to provide affordable and reliable energy, which we have done and continue to do 24 hours a day, seven days a week, for 67 years. We recognize that this process has been difficult for the Vernon County community, and we hope this announcement will be welcomed.

In light of this decision, we are canceling the Open House which was scheduled for Wednesday, November 12, at the VFW in Viroqua.

Thank you very much. Our staff will now take questions.