



GREAT RIVER ENERGY
2008 SOCIAL RESPONSIBILITY REPORT



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ABOUT THIS REPORT

We are pleased to share with you our 2008 Social Responsibility Report. This is the first year we have issued a report of this kind; however, social responsibility has been at the heart of our organization since it was formed 10 years ago. Our commitment to the communities in which we live and work is ingrained in everything we do – it is the essence of being a cooperative.

Our complete report details Great River Energy's environmental stewardship, community and employee activities in 2008. The report provides a baseline performance review and sets goals for our future endeavors. As our organization continues to evolve, so will our social responsibility efforts. We realize we will make frequent adjustments in response to economic and regulatory changes.

We are proud of our organization and its continuous improvement in the area of social responsibility. We hope this report will show you our efforts to be a responsible corporate citizen.

Our social responsibility guiding principle

While social responsibility has always been a part of our organization, in 2007 we formed a team to help create the framework behind the effort. In 2008, the team began the process of defining our social responsibility guiding principle to provide a common focus for everyone at Great River Energy.

Our social responsibility guiding principle:

Great River Energy pursues its business as part of a responsible cooperative family, rooted in our vision, mission, values and cooperative principles, bringing together members, employees and partners to benefit our local communities and society.

COMPANY OVERVIEW

Who we are

Great River Energy is a not-for-profit electric cooperative owned by its 28 member cooperatives. We generate and transmit electricity for those members, located in the outer-ring suburbs of the Twin Cities up to the Arrowhead region of Minnesota and down to the farmland region in the southwestern portion of the state.

Great River Energy's cooperative structure has proven to be central to our continued success in delivering on our mission. Collaboration with our members, stakeholders, community leaders and employees has made us the strong and respected organization we are.

Like other cooperatives, Great River Energy exists to serve its membership and is dedicated to helping the communities in which it operates. We are member-owned and governed by a democratically elected board of directors who are electric cooperative members themselves. Board members establish rates and develop policies in the best interest of Great River Energy and its members.

Social responsibility has been at the heart of Great River Energy since it was formed 10 years ago.



Collectively, our member cooperatives serve nearly 639,000 member-consumers — or about 1.7 million people. We are the second largest electric power supplier in Minnesota. Great River Energy owns and operates nine power plants which generate more than 2,500 megawatts (MW) of electricity, plus we purchase additional power from several wind farms and other generating facilities. Our generation capability consists of a diverse mix of baseload and peaking power plants — including coal, biomass, natural gas and oil plants.

Great River Energy owns and operates nearly 4,500 miles of transmission line and owns or partly owns more than 100 transmission substations. Great River Energy's more than 865 employees are dedicated to serving our member cooperatives with integrity and accountability in an environmentally sensitive manner. It's the nature of being a cooperative.

Our vision

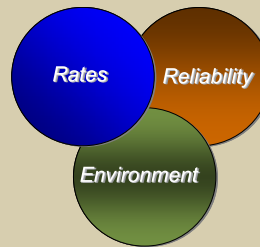
Leading, collaborating, energizing ... to benefit our members and our world.

Our mission

Provide members with reliable energy at affordable rates in harmony with a sustainable environment.

Our triple bottom line commitment to our members

Great River Energy maintains a commitment to economic, social and environmental responsibility to our members. Every decision we make as an organization is carefully considered and held up to these three standards as we work to achieve a balance between the three of them.



Commitment to our members:

- **Affordable rates**
- **Reliable electric service**
- **Environmental stewardship**

We have adopted a decision-making process that gives equal consideration to our three highest priorities: affordable rates, reliable energy and environmental stewardship. Our organization will not deploy strategies affecting rates and reliability without also assessing the environmental implications. But, by the same token, we won't do anything for the environment without fully considering the impact on rates and reliability. Ultimately, it is about conducting business in a way that benefits both sustainability and the bottom line.

In other words, everything we do as a company is intended for the good of our members ... and our world.



Our culture and values

The culture of any organization is its lifeblood, and Great River Energy has created a culture driven by the following set of values:

Ethics – We promote trust, honor, and social and environmental responsibility.

Focus on customers – Our business decisions are made with our customers' needs in mind.

Commitment to employees – We create a safe work environment that promotes teamwork and a sense of employee ownership. Each employee is valued and recognized for his or her accomplishments.

Open and honest communication – Employees are encouraged to share ideas and deliver honest, direct, respectful and constructive feedback.

Accountability – We do what we say we'll do.

Safety – We ensure a culture of safety for our employees, families and communities.

Ethics and code of conduct

Great River Energy has key policies in place to help ensure we are in compliance with federal, state and local laws as well as to promote a work environment where all employees have the maximum opportunity to be successful. The following are considered key policies of Great River Energy; they were created to educate employees on the importance of conducting our business legally and ethically, and to fit our culture of a respectful work environment.

- Alcohol- and drug-free environment
- Business conduct
- Computers and electronic communications
- Equal employment opportunity
- Inappropriate conduct, discrimination and harassment
- Problem resolution
- Reporting wrongdoing

Great River Energy employees take individual responsibility for ethical behavior — not only because it is the right thing to do, but also because it is fundamental to our goals of providing our members with reliable, affordably priced power in harmony with a sustainable environment.

We expect every employee to practice ethical behavior in all dealings and relationships with members, suppliers, communities and co-workers. In addition, courtesy and professionalism are expected from everyone at the organization.

The Great River Energy board of directors also is guided by a set of policies. These policies provide a clear understanding of the board's expectations of its directors and Great River Energy staff, and establish broad guidelines to promote efficient and prudent operations.



Solid business model leads to sound finances

Since it was formed 10 years ago, Great River Energy's financial strength has grown significantly: Our assets and revenues have doubled and we have increased our equity from \$106 million in 1998 to \$309 million at the end of 2008. Our organization's financial liquidity has never been better and we maintain investment-grade ratings.

Each month, our board of directors reviews the financial and business operations, ensuring financial goals and objectives are met.

Working with elected officials

Great River Energy continually partners with other organizations in an effort to shape public policy. Recently, our efforts have focused on impending climate change legislation.

In 2008, Great River Energy worked closely with the Minnesota Rural Electric Association (MREA) to develop a common message for Minnesota. The "Our Energy, Our Future" campaign was developed to provide cooperative members an opportunity to voice their opinions on energy policy. The Minnesota-specific campaign was modeled after a national campaign developed by the National Rural Electric Cooperative Association (NRECA).

Procurement practices

At Great River Energy, we believe that who we do business with is a reflection on our organization. Therefore, we have taken the following actions to ensure we purchase materials and supplies from like-minded organizations.

- Joined the Minnesota Minority Supplier Council.
- Established Contractor Work Rules for health, safety and environmental compliance at Great River Energy sites ("supplement" and "on occasion" are more stringent than state and federal OSHA rules) and require documented compliance.
- Joined the Energy Coalition for Contractor Safety and require North Dakota vendors to adhere to safety guidelines.
- Require vendors provide an annual Equal Employment Opportunity (EEO) compliance certificate.
- Require lobbying and debarment certificate from vendors.
- Purchase order terms and conditions require compliance with laws, including health, safety, EEO and state licenses. All goods and services must comply with all federal, state and local regulations.



EMPLOYEES

Our valued employees

It may sound cliché, but Great River Energy truly values its employees. Our 865 employees really are the organization's greatest asset. We work hard to provide them with the safest and healthiest working environments, give them opportunities to volunteer and serve the community, and compensate them fairly for their hard work and dedication. Again, it is not only good business – it is the right thing to do.

Health and wellness

Healthy employees are happy and productive employees. Great River Energy offers a broad range of medical plans for employees, their spouses or domestic partners, and their dependents, and pays a significant portion of the cost to ensure all employees receive affordable and comprehensive health care.

Great River Energy also helps employees manage health care costs by offering healthy lifestyle education opportunities. The lifestyle choices employees make affect their health and quality of life – both today and in the future. Better lifestyle choices also affect the amount Great River Energy and its employees spend on health care costs.

Our health management program includes an employee health risk questionnaire (HRQ) and a health management incentive (HMI). These tools reward individuals who actively manage their health by getting regular preventive care, being knowledgeable about their health and maintaining a healthy lifestyle.

The HRQ provides each individual with personalized health information and tools for personal health improvement. Behaviors such as smoking, poor diet and lack of exercise are some of the factors that increase a person's risk of developing health problems. However, general knowledge of these risks does not always change behavior, and people don't necessarily know which risks need the most attention. HRQs turn intuitive knowledge into actionable information.

The HMI is designed to reward individuals for actively managing their health with a cash incentive. Our employees actively participate in this program: 85 percent of eligible employees and their spouses/domestic partners participated in the program in 2008.

Another healthy lifestyle resource offered to our employees is our Energy for Life wellness initiative. We sponsor Energy for Life Committees which consist of employees from across the organization. The Energy for Life members act as wellness advocates and are responsible for building interest in wellness efforts at Great River Energy.



The Energy for Life Committees sponsor events around several objectives:

- Foster an environment that offers healthy lifestyle choices.
- Provide tools and resources that support Great River Energy's wellness themes:
 1. Eat a healthy, balanced diet;
 2. Strive for 30 minutes of physical activity daily;
 3. Do not use tobacco products;
 4. Drink alcohol responsibly;
 5. Always wear your seatbelt;
 6. Get regular checkups and screenings.
- Encourage employees and their families to move to a higher level of health and wellness.

At Great River Energy, we do all we can to keep our employees safe. One example is at our Coal Creek Station near Underwood, North Dakota. Coal Creek Station was the first power plant in the United States to become registered to the Occupational Health and Safety Management System (OHS S) 18001 standard. The purpose of the OHS S program is to promote overall safety, improve personal safety, and conduct third-party audits of safety and safety training programs.

Coal Creek Station's safety policy contains a commitment to continuous improvement of the safety program and prevention of injury and ill health. One tool the OHS S utilizes to continuously improve personal safety is a risk assessment by plant work groups. Risk controls and mitigation are then targeted to the safety risks associated with the specific work groups.

Great River Energy works with all employees and contractors to promote a culture of safety for our employees, families and community.

Success sharing

Great River Energy also offers employees a Success Sharing Plan. This monetary incentive plan gives employees an opportunity to share in the success of the organization by setting annual operational and financial goals. The Employee Success Sharing Plan is part of Great River Energy's overall Total Reward Philosophy, which also consists of base pay, benefits, recognition and our work culture.

Business improvement

Great River Energy employees are committed to cost management with regular and careful examination of expenditures. Through our business improvement process, employees achieve real dollar savings by finding better ways to conduct business. A business improvement can be the result of a process change, cost reduction, revenue enhancement, environmental improvement, safety enhancement or a reliability improvement.

Business improvements submitted by employees totaled more than \$16 million in 2008 and more than \$30 million in savings over the last four years. The benefits of identifying, measuring and deploying business improvements are shared throughout the organization. Our members save through cost reductions and our employees save through work efficiencies.



Committed employees

Great River Energy employees are dedicated to the organization. Our employee turnover rate is a remarkable 2.8 percent – well below the industry average – and the average employee has been with us for nearly 15 years. Our employees continually tell us in our biennial employee feedback survey that they view Great River Energy as a great place to work.

Great River Energy’s overall commitment score has improved consistently since 2002 and is above both the national and energy/utilities norms.

Great River Energy has a committed workforce who understands the organization’s goals and directions, earning Great River Energy an overall employee engagement index of 80 percent, significantly higher than national and industry norms. This index measures our employees’ commitment as well as their understanding of how their job contributes to the organization’s success.

In 2008, the *Minneapolis/St. Paul Business Journal* named Great River Energy one of the Best Places to Work in Minnesota. Great River Energy also was recognized in *Minnesota Monthly* magazine as a Great Place to Work for exhibiting great employee voice.

Employee voice

Great River Energy has a very unique goal-setting process – one that seeks the input of employees at all levels of the organization. Our Connect the Dots program seeks employee input on the organization’s strategic impera-

tives. Through a careful interview process, employees have the opportunity to provide feedback on draft strategies. Employee feedback is incorporated into strategies before the board of directors’ strategic planning process.

ENVIRONMENT

Environmental stewardship

Great River Energy understands our operations impact our environment and it is our responsibility to do all we can to minimize that impact. Great River Energy has always taken great pride in conducting its business with a high concern for environmental matters. We are committed to conserving resources through environmental stewardship, pollution prevention, waste minimization, recycling and reuse. This dedication is demonstrated by the inclusion of environmental sustainability in our organization’s mission.

To guide employees in their decision-making processes and to ensure environmental considerations are part of the process, Great River Energy established an environmental policy in 1999, which is reviewed annually and continues to guide our conduct.



Great River Energy's environmental policy:

- Maintain a management system with defined objectives designed to minimize the environmental impacts of our business activities.
- Continuously improve our environmental management system through periodic audits, management review and corrective action.
- Conserve resources through environmental stewardship, pollution prevention, waste minimization, recycling and reuse.
- Comply with the spirit, intent and letter of environmental laws, regulations and other requirements to which Great River Energy subscribes.
- Support research and public policymaking.
- Provide outreach to the communities in which Great River Energy's facilities are located and with which we have a direct relationship through our operations, products and services.
- Communicate this policy to all employees.
- Make this policy accessible to the public.

Supporting renewable energy

Great River Energy continued to deliver on its commitment to renewable energy in 2008. We currently meet or exceed state-mandated renewable energy requirements and have renewable energy resources under long-term contract to meet near-term compliance milestones. According to the American Wind Energy Association's 2008 ranking, Great River Energy once again has more wind generation than any other electric cooperative in the United States.

In late 2008, we began taking power from the new Elm Creek Wind Farm near Trimont, Minnesota. The 99-MW wind farm is owned and operated by Iberdrola Renewables and features 66 wind turbines at 1.5 MW apiece. The project encompasses about 9,500 acres of land leased from 56 local landowners. The farmers continue to farm corn and soybeans around the base of each turbine.

With the addition of Elm Creek's output, Great River Energy has more than 315 MW of wind capacity under contract. This figure includes our existing 100-MW partnership with the Trimont Area Wind Farm located near the Elm Creek Wind Farm and the 100-MW Prairie Star Wind Farm near Austin, Minnesota.

Great River Energy and its member cooperatives continue to offer the popular Wellspring Renewable Energy[®] Program through which customers may choose to buy additional wind energy for a subscription price. At the close of 2008, more than 6,600 member cooperative customers participated in the program.

Knowing our renewable sources cannot be limited to wind energy, Great River Energy is continually investigating ways to further diversify our energy portfolio, including biomass solutions such as refuse-derived fuel (RDF). Our Elk River Station power plant uses processed municipal solid waste, or RDF, as its fuel stock.



Great River Energy purchases power generated from several landfill methane gas collection systems in Elk River, Minnesota. Methane is a greenhouse gas which, when released into the atmosphere, is 23 times more potent than carbon dioxide (CO₂). Once captured, the methane is typically destroyed through “flaring,” during which it is burned through a flame that flares out the end of a pipe. The business earns carbon offsets or carbon reduction credits based on the amount of methane destroyed in the process, which is measured by a third party.

Great River Energy also purchases the output from anaerobic digesters located on dairy farms in Princeton, Minnesota and St. Peter, Minnesota. The digesters capture methane gas and use it to run a 150-kilowatt engine and generator unit.

These anaerobic digesters are large, cement tanks outside a barn, mostly underground, which capture the cows’ waste. This step greatly reduces odor from the dairy operation. When manure breaks down, it creates a bio-gas, which is primarily methane. The methane rises to the top of the tank and is captured.

Environmentally sound generation facilities

Construction progressed in 2008 on our newest North Dakota generation facility, Spiritwood Station. This combined heat and power plant, located near Jamestown, North Dakota, will generate up to 62 MW of baseload electricity and up to 37 MW of peaking electricity for the regional energy market. Initially, plant generation will

be limited to 50 MW due to transmission constraints. The facility also will supply up to 200,000 pounds of steam per hour to an adjacent malting facility.

A combined heat and power plant (also known as cogeneration) is an efficient, cleaner and reliable approach to generating power and thermal energy from a single fuel source. Refined lignite processed at Coal Creek Station will be used at Spiritwood Station. In addition to utilizing refined lignite, Spiritwood Station will use the best available technologies to control emissions. A circulating fluidized bed (CFB) boiler in conjunction with a polishing scrubber will remove more than 90 percent of the sulfur dioxide. The CFB boiler inherently generates less nitrogen oxides (NO_x), but will be fitted with selective non-catalytic reduction equipment to further control NO_x emissions.

Coal refining for efficient power generation

Construction of our patented coal refining project, called DryFining™, continues at Coal Creek Station. This innovative project will refine lignite coal, producing a fuel with lower moisture content which will generate power more efficiently with fewer emissions.

Refining — or beneficiating — lignite coal before it is burned increases its heat (Btu) value and, therefore, its efficiency. The process uses waste heat streams from Coal Creek Station to reduce the coal’s moisture content by approximately 25 percent. This means less coal is needed to generate the same amount of energy — resulting in fuel savings and an estimated 5 percent increase in efficiency at Coal Creek Station.

It is Great River Energy's responsibility to do all we can to minimize our impact on the environment.



ISO registered facilities

Great River Energy's Stanton Station, a 189-MW power plant located near Stanton, North Dakota, received ISO 14001 registration for excellent environmental management programs, including the recent implementation of a comprehensive environmental management system. As part of the registration process, an independent registrar completed a rigorous audit of Stanton Station's environmental management system and environmental programs.

The International Organization for Standardization (ISO) 14001 registration demonstrates conformance to a voluntary international standard that reflects global consensus on superior environmental management practices.

Great River Energy also maintains ISO 14001 registrations for Coal Creek Station, Pleasant Valley Station, Lakefield Junction Station, Elk River Station and its transmission system, making Great River Energy one of very few utilities in the United States with ISO 14001 registered facilities.

Also in 2008, Great River Energy completed an ISO 14001 re-registration for its transmission system. An ISO 14001 registration is valid for three years, at which point, the entire system is subject to a comprehensive review which is required to renew the registration.

Great River Energy currently is pursuing ISO 14001 registration for our North Combustion Turbine (NCTs) facilities. Once we achieve registration for the NCTs, we will reach our goal of registering all existing generation assets by the end of 2009.

Reporting our emissions

In 2007, Great River Energy became a founding reporter to The Climate Registry, a nonprofit organization established to publicly report greenhouse gas emissions in a common, accurate and transparent manner. Through this program, we voluntarily commit to measuring, independently verifying and publicly reporting our greenhouse gas emissions on an annual basis utilizing The Climate Registry General Reporting Protocol. Although Great River Energy has been publicly reporting its greenhouse gas emissions since 1995 under other voluntary programs, the scope of emissions is broadened under The Climate Registry protocol. We expect to complete independent verification of our past greenhouse gas emissions by a third-party verifier in late 2009.

Sulfur hexafluoride (SF_6) is a greenhouse gas that we closely monitor. SF_6 has a global warming potential 23,900 times that of CO_2 over a 100-year period. We recognize our responsibility to reduce emissions of this greenhouse gas. When Great River Energy joined the U.S. Environmental Protection Agency's SF_6 Emissions Reduction Partnership for Electric Power Systems in 2005, our annual baseline emissions were 3,335 pounds. We established an aggressive goal to keep these emissions below 1,500 pounds per year. Our goal for 2008 was even more aggressive — not to exceed 1,200 pounds. We are pleased to report that SF_6 emissions for 2008 were 1,146.5 pounds.



Supporting research efforts

Great River Energy supports and relies on numerous research efforts to ensure we have the best available information when making decisions about our future. We face many challenging decisions in planning our future generation resources. For example, if we utilize agricultural residuals and wastes as a fuel source, we must consider the effect on soil conditions in the farm fields and the price of livestock feed. If we install additional air emission controls on an existing coal-fired power plant, we must consider the effects of those alterations – additional waste may be generated or additional electricity may be required to operate the controls. Following are some of our current research efforts and partnerships.

The Electric Power Research Institute (EPRI) provides comprehensive research on all aspects of electric energy planning, power systems design and operations, and environmental controls and impacts. We have partnered with EPRI to test numerous mercury emission control systems at our plants in North Dakota and continue to follow its mercury research at other plants.

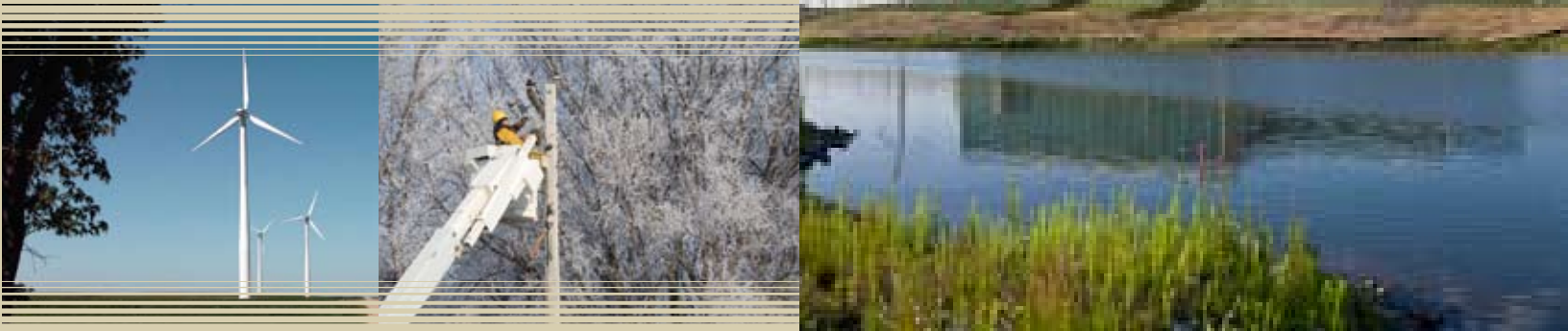
Also in 2008, Coal Creek Station employees participated with EPRI and RMB Consultants in an industry-wide effort to confirm the accuracy of elemental mercury emissions calibrators. Typically, the National Institute of Standards and Technology takes the lead in developing calibrator standards; however, given the complexity of elemental mercury calibration, it was unable to perform the task. Coal Creek Station was one of several sites around the country that volunteered to test the new calibrator and work on procedural refinements so this technology will operate accurately.

A senior engineer for Great River Energy serves as chair of the Coal Fleet for Tomorrow program, which assesses opportunities and roadblocks to developing new coal-based power plants.

Some of the drivers for the work conducted under the Coal Fleet for Tomorrow program are high natural gas prices, energy security concerns and reducing CO₂ emissions, while keeping the price of electricity affordable. Coal Creek Station is one of approximately six plants serving as model sites for assessing the cost, operational and environmental impacts of retrofitting an existing power plant with carbon capture and storage technologies.

Great River Energy is hoping to use biodiesel at some of our power plants instead of petroleum-based diesel oil. However, there are concerns about fuel storage issues and stability of the fuel over time. We are working with EPRI and a local research firm to test biodiesel and biodiesel blends to mitigate our concerns.

Great River Energy and SarTec are working together to grow algae at our power plants that would be used as a feed stock to produce biodiesel. Algae absorb CO₂ from the atmosphere and convert it to cell mass, fats and oils. The fats and oils can be extracted from the algae and converted to biodiesel, which can be used as a substitute for petroleum-based diesel fuel. CO₂ is emitted from the combustion of fossil fuels at our plants, and we hope to enhance the algae growth by bubbling CO₂ through algae



ponds. In 2009, we plan to bubble flue gas from Coal Creek Station through several algae test cells with different algae strains. This will determine how much CO₂ can be removed from the flue gas and how the flue gas can enhance algae growth and oil production.

Great River Energy is working with a consortium of stakeholders to explore the feasibility of cofiring up to 10 percent biomass at our Spiritwood Station. Experts assert the combustion of biomass does not contribute to global climate change.

With the Spiritwood Station Biomass Study, Great River Energy strives to:

- Identify the types and amounts of biomass that could be used by Spiritwood Station.
- Investigate opportunities to increase the energy density of the biomass using technologies such as pelletizing or gasifying in order to reduce transportation costs.
- Assess the potential for land use conversion.
- Develop a Producer Economic Model with Farm Gate Pricing that will enable a farmer to run pricing and profitability scenarios.

Other project partners include the Great Plains Institute, the North Dakota Natural Resources Trust, the North Dakota Department of Agriculture, the North Dakota Association of Rural Electric Cooperatives, and the North Dakota Farmers Union. A final report for the project is expected in 2009.

Great River Energy continued its participation in the Plains CO₂ Reduction (PCO₂R) Partnership, a joint effort with North Dakota's Energy and Environmental Research Center, the U.S. Department of Energy and nearly 60 partners. The partnership is testing CO₂ sequestration, which removes exhaust gas and injects it into depleted oil and gas reservoirs. When sited properly, CO₂ injection can be used to extract oil and natural gas, presenting a potentially valuable oil-and-gas recovery tool.

Great River Energy has sponsored all three phases of PCO₂R's studies. The latest phase features three small-scale geologic CO₂ sequestration projects and the development of multi-year, commercial-scale CO₂ sequestration demonstration projects. A key goal of the PCO₂R Partnership is helping determine best practices for carbon sequestration.

Leading by example

In April 2008, Great River Energy dedicated its new headquarters facility in Maple Grove, Minnesota. Designed to be the most energy-efficient building possible, the structure was awarded Platinum LEED (Leadership in Energy and Environmental Design) certification from the U.S. Green Building Council, the highest level of recognition for sustainable building. It is the first Platinum LEED-certified building in Minnesota and one of the first 100 in the world.

The facility was designed to serve as an example of energy efficiency and conservation for our members and the community. Since it opened, more than 6,000 people have toured the building and learned about its energy-efficient features.



Great River Energy also is pursuing LEED certification for its new Bismarck, North Dakota office building and the new line shop in Big Lake, Minnesota.

In 2008, we provided many opportunities for our employees to learn about, practice and promote stewardship. Great River Energy's Eco Team, comprised of nearly 30 employee volunteers dedicated to educating their co-workers about how to be more environmentally conscious at work and at home, led a number of hands-on activities. Among them were an office recycling education campaign and the creation of an organics recycling program in our cafeteria. The group also encourages employees to reduce waste through smarter purchasing. The Eco Team also hosted an office clean up and recycling effort that greatly reduced the waste associated with our headquarters office move. Over 250 employees participated in the clean up event and recycled 4,420 pounds of paper and donated 1,000 pounds of office supplies and other items to local charities.

In June 2008, Great River Energy and our 28 member cooperatives worked with the Center for Energy and Environment to sponsor the first free statewide compact fluorescent lamp (CFL) collection and recycling program in Minnesota. By partnering with Minnesota Menards® locations, we were able to provide residents across the state with a free and convenient CFL recycling opportunity. In the last seven months of 2008, the program collected and recycled 23,125 bulbs – the equivalent of 115,625 milligrams of mercury.

Great River Energy has planted several prairies over the last few years, as part of our stewardship programs. We started with our New Prague facility in 2003, continued with Pleasant Valley Station in 2005, Lakefield Junction Station in 2006, Cambridge Station in 2007 and, most recently, our new headquarters facility in Maple Grove. Native prairies have numerous environmental benefits, such as reducing erosion/runoff, promoting carbon sequestration, providing wildlife habitat and reducing plant maintenance activities – like mowing and irrigation. While native prairies take a few years to establish, they are truly sustainable once they fully mature.

Great River Energy held its third employee tree sale in May 2008. Great River Energy employees purchased more than 130 crabapple, maple, oak and pine trees, which were then added to the Minnesota and North Dakota landscapes.

Before Great River Energy was formed in 1999, North Dakota and Minnesota employees were involved in highway revitalization, and that volunteering effort continues. In both the spring and fall of 2008, about 15 employees at each site cleaned up a section of U.S. Highway 10 in Elk River, Minnesota, U.S. Highway 83 near Underwood, North Dakota, and U.S. Highway 200A in front of our Stanton Station. Great River Energy continues to partner with the U.S. Department of Transportation to participate in the Adopt-A-Highway program.



Minimizing our waste

Great River Energy is an active member and sponsor of Minnesota Waste Wise, a nonprofit organization that helps businesses and organizations reduce waste, save money and protect the environment. Our Waste Wise efforts include tracking and reporting waste prevention, technical equipment donations, and recycling. In 2008, Great River Energy recycled 5,215,495 pounds of waste including: batteries, scrap metal, fluorescent lights, electronics, construction debris, beverage containers, paper and more.

Scrap metal	4,514,706 pounds
Batteries	12,230 pounds
Fluorescent lights	6,748 pounds
Electronics	37,591 pounds
Construction debris	112,380 pounds
Beverage containers	12,141 pounds
Paper	121,834 pounds

In 2008, Great River Energy received the Minnesota Waste Wise Leader award. The award is given to Minnesota Waste Wise members who have shown true leadership in sustainable business practices, including waste reduction, recycling, energy efficiency, purchasing and employee involvement. Great River Energy submitted an application highlighting our comprehensive recycling program and green building efforts.

These same efforts were acknowledged with receipt of the Governor's Award for Pollution Prevention. This award recognizes Minnesota's businesses, nonprofits, pri-

ivate institutions and governmental institutions that demonstrate a superior commitment to waste and pollution prevention, source reduction and resource conservation. Accomplishments must go beyond traditional waste management practices, focusing instead on preventing, reducing and reusing through innovative and creative strategies.

Great River Energy's commitment to waste minimization extends beyond recycling to include purchases and donations. By purchasing products made with recycled content, Great River Energy is helping close the loop. In 2008, purchasing staff worked with their primary office materials supplier to identify available recycled products, including 100 percent post-consumer recycled office paper. In addition, Great River Energy's Minnesota operations donated over 17,000 pounds of computer equipment, valued at nearly \$90,000, to Minnesota Computers for Schools. Our North Dakota operations donated nearly \$150,000 worth of items, including office furniture, computers, instrumentation, lockers and more.

Reuse of fly ash continues to be one of Great River Energy's more important emission reduction programs. Fly ash is the lightweight, fine ash produced when coal is burned in power plants. The bulk of the high-quality fly ash is used throughout the Upper Midwest to replace a portion of portland cement in concrete production, making the concrete more durable. Manufacturing and using portland cement releases significant amounts of pollution. Using one ton of fly ash instead of portland cement reduces one ton of greenhouse gas emissions.



In 2008, 396,681 tons of fly ash were sold from Coal Creek Station by our fly ash marketer, Headwaters Resources, Inc. Notably, a high concentration of Coal Creek Station fly ash was used in the new Interstate 35W bridge in Minneapolis, Minnesota.

Great River Energy used more than 2,000 tons of fly ash in the concrete within our headquarters building. Coal Creek fly ash also was used in EcoWorx polyolefin backing on the building's carpeting.

Stanton Station also marketed a record volume of fly ash, selling 29,568 tons in 2008. Fly ash from Stanton Station is used to solidify liquid oil waste and for soil stabilization projects, which reduces the need for clay – another valuable natural resource.

Each year, Great River Energy coordinates an audit of one or more compliance media. This is an important step toward continual improvement of our environmental programs. In 2008, Great River Energy worked with an outside consultant to complete a thorough independent review of our compliance with solid waste facility permits in North Dakota and the solid waste-related permit conditions at our Elk River Resource Recovery facility. The audit was conducted through site visits to each applicable location and extensive document review. The comprehensive audit uncovered no major findings.

Great River Energy carefully considers the impact of any construction project it undertakes. This is true for both power plants and power lines. Often, power line projects require us to work in rough terrain. In these instances, we employ specialized construction methods.

These efforts can range from extensive swamp or timber mat systems to the construction of ice bridges or roads to get heavy equipment and poles into environmentally important areas. These construction methods allow crews to complete the necessary work without disturbing streambeds or wetland bottoms. The ability to avoid altering natural terrain is an important consideration when constructing projects.

COMMUNITY

Concern for community

A cooperative's very existence is to serve the community at large. And because electric cooperatives are not-for-profit businesses, all revenue is invested in providing reliable electricity – and a cooperative's success is measured by its service, not profit. However, Great River Energy's role in the community doesn't end at the electrical outlet.

One of the cooperative principles is a concern for community. This principle states that while focusing on member needs, a cooperative must work for the sustainable development of the community it serves. As a wholesale electricity provider to much of outstate Minnesota, Great River Energy's responsibilities span throughout the state and also into North Dakota where we own and operate generation and transmission facilities.

In 2008, Great River Energy donated money, materials and services totaling more than \$650,000 to a variety of nonprofit organizations in Minnesota and North Dakota.



In addition to supporting community service programs, Great River Energy creates educational opportunities. Through Great River Energy contributions and employee donations, more than \$70,000 in scholarships were distributed to students in North Dakota and Minnesota in 2008, and additional funding supports research dedicated to the advancement of electrical technology and environmental efforts.

For example, Great River Energy recently donated \$25,000 to a study conducted by the University of North Dakota that will test various combinations of fly ash – a byproduct of coal-based electrical generation – in cement mixtures, by experimenting with different concentrations of ash and varying terrain. By finding uses for the byproducts of electrical generation, waste doesn't end up in a landfill.

Great River Energy also is dedicated to cooperating with the communities in which we operate. This is particularly evident when we build a facility or transmission line. Great River Energy works closely with neighbors and stakeholders to ensure that anything we build has as little negative impact as possible. We engage our stakeholders because we value their input.

Great River Energy also believes strongly in supporting our communities in times of crisis. Our goal is to help make a difficult time a little easier for those enduring a tragic event. When an apartment building caught fire in Elk River, Minnesota, our organization was quick to provide \$5,000 to support relief efforts.

Investment in the community isn't just a company value; Great River Energy employees also embody the cooperative concern for community. During the 2008 employee-giving campaign, employees were given the opportunity to fund charities through payroll deductions. Despite the trying economic times, 33 percent more employees participated than in the previous year. Not only did more employees contribute, but the company also increased its matching donation which led to a more than 40 percent increase in funds raised compared to the 2007 campaign. The campaign raised more than \$65,000 for charities in Minnesota and North Dakota.

Great River Energy's annual Toys for Tots drive was a success with employees in Minnesota and North Dakota and Great River Energy directors donating more than 700 toys. Great River Energy also assisted with toy pick-up from various Maple Grove drop-off sites, delivering the toys to the U.S. Marine warehouse.

Great River Energy also helps its members by finding ways to save money through energy conservation. Between mid-August and mid-October, Great River Energy member cooperatives and their consumers took small steps toward big energy-efficiency savings by participating in a first-of-its-kind CFL promotion. The promotion consisted of an instant, in-store markdown on select bulbs and resulted in cooperative members changing out more than 100,000 light bulbs. The program saved more than 9.6 million kilowatt-hours of electricity, which is enough energy to power nearly 900 homes for an entire year.



The 7 cooperative principles:

The cooperative principles are guidelines by which cooperatives put their values into practice.

1 - Voluntary and open membership

Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2 - Democratic member control

Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership.

3 - Member economic participation

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

4 - Autonomy and independence

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

5 - Education, training and information

Cooperatives provide education and training for their members, elected representatives, managers and employees, so they can contribute effectively to the development of their cooperatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of cooperation.

6 - Cooperation among cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

7 - Concern for community

Cooperatives work for the sustainable development of their communities through policies approved by their members.



Energy efficiency has long been a priority for Great River Energy and its member cooperatives. The reasons are simple: energy-efficiency efforts help members manage their bills, keep rates affordable and reduce the need for future power generation.

New Minnesota legislation will make saving energy a bigger priority in the years ahead. As part of the Next Generation Energy Act of 2007, electric utilities have been asked to conserve 1.5 percent of their annual retail energy sales in 2010 and every year thereafter.

Great River Energy and its member cooperatives are creating new programs and modifying existing energy-efficiency efforts to help homeowners and businesses save the necessary kilowatt-hours to meet the goal. In 2010, Great River Energy will again file a report on behalf of its 28 member cooperatives and collectively measure our energy savings.

Great River Energy was also a presenting sponsor of the 2008 Living Green Expo, presented by the Minnesota Pollution Control Agency. More than 25,000 people and 270 exhibitors shared real solutions for people to live with less impact on the environment. Great River Energy offered CFL recycling and collected more than 1,000 bulbs during the two-day event.

Great River Energy was created and is owned by Minnesotans. In turn, we feel it is part of our job to help maintain the communities throughout the state. The seven co-

operative principles (see previous page) guide our business and serve as a reminder of our responsibility: to provide reliable electric service at reasonable rates – and work for the sustainable development of the community.

GOALS

Moving forward

Great River Energy has several social responsibility goals it is working to achieve during the next few years. We look forward to sharing our progress with you in future reports.

Our 2009-2010 social responsibility goals:

Employees

- Implement Diversity Plan to enhance recruiting, training, communications, mentoring and other aspects of the employee experience.
- Draft human rights statement.

Governance

- Set up formal process for engaging key environmental stakeholders and assess how Great River Energy can engage with NGOs.
- Improve and enhance our business improvement process.
- Conduct training on social responsibility for our board of directors.

Great River Energy's commitment to communities is ingrained in everything we do.



Procurement

- Implement sustainable supply management strategy and write sustainable supply management policy.
- Reduce material use.
- Look for opportunities to purchase recycled materials.
- Procure materials and supplies that are produced in an environmentally responsible manner.
- Use green strategies to dispose of surplus and retired equipment.
- Encourage high-level environmental practices within supply base and with internal customers.
- Research and identify alternate products that are environmentally friendly and may replace chemicals or products currently in use.

Community

- Implement community involvement strategy including applying to be a part of the Minnesota Keystone Project (2 percent of pre-tax earnings donated as a contribution — this includes cash, employee volunteerism time and in-kind donations).

Environment

- Complete ISO 14001 registration for all existing and new Great River Energy facilities (2009: north combustion turbine plants; 2010: Elk River Peaking Station; 2011: Spiritwood Station).
- Set up formal process for engaging key environmental stakeholders and assess how Great River Energy can engage with NGOs.
- Continue to lead employee efforts around environmental stewardship.

- Ensure implementation of environmentally protective practices for all operations.
- Obtain third-party verification of greenhouse gas emissions pursuant to The Climate Registry protocol.
- Complete third-party audit of water quality component of 6-year audit cycle.

Energy efficiency and conservation

- Develop energy-efficiency and conservation programs and support with \$10 million of rebates.
- Invest in low-income programs for energy efficiency and conservation.
- Meet or exceed annual conservation goals.
- Partner with Clean Energy Resource Teams (CERTS) on community energy-efficiency and conservation programs.
- Promote loan program to increase number of energy-efficient commercial buildings in service territory.

The photos used throughout this report represent Great River Energy employees, member cooperative employees and cooperative members working together for a stronger tomorrow. We thank the following contributors for sharing their images with us:

Dakota Electric Association
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