



CAPITAL ELECTRIC COMMENTS

Capital Electric Cooperative • Bismarck, N.D.
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Lincoln expands, Capital Electric serves

Capital Electric's new substation, the Apple Creek Substation north of Lincoln, is a million-dollar investment. Inside, read how the substation's additional capacity strengthens the system and benefits the member-owners.

FEBRUARY 2010

INSIDE:

- Energizing the Apple Creek Sub
- Making co-ops a career
- Working with the Wizards
- Offering a scholarship ... and more!

LIGHTEN THE LOAD

Capital builds new substation to accommodate Lincoln growth



Capital Electric had many local partners to complete the new Apple Creek Substation. After the co-op's engineering staff designed the substation, property agreements were completed with the Bismarck School System. The survey and plat work was performed by Ultieg Engineers. West Dakota Contracting did the dirt work; S&B Landscaping provided the landscaping and seeding; Dakota Fence erected the chain-link fence; Gene Wiese Construction installed the concrete piers and pads; Fisher Contracting did the grounding and underground cable; Entzel Trucking provided the gravel surfacing and grading; and Industrial Enterprises constructed the control building. The Capital Electric crews then built the substation.



Rich Dunn, engineering assistant for Capital Electric, explains how the equipment inside the control room of a substation establishes a line of communication with technology at the co-op. From the headquarters building in Bismarck, dispatchers can open the substation's breakers and switches, or read the load on a particular circuit.

Story and photos by Carmen Devney

The directors and staff of Capital Electric closely watch the growth that occurs throughout the co-op's service area, in order to make long-range plans that provide the membership with affordable and reliable electric service. Over the past few years, our cooperative has monitored the growth in and around the city of Lincoln, and planned to build a new substation to accommodate the area's expansion. A substation is a fenced facility where electricity is "stepped down" or reduced to a voltage consumers can use in their homes or places of business.

Early last year, several co-op employees and directors met with the Lincoln City Council and worked with the Bismarck School District to purchase land north of town, to be used as the substation site. The site was chosen based on transmission line right-of-way and the consumers the substation would serve.

In the past, Capital Electric has outsourced the construction of substations to allow the co-op's line crews to focus on building and maintaining the system. Last year, Mor-Gran-Sou Electric, a neighboring Touchstone Energy Cooperative located to the south and west, built two substations using their employees. The successful completion of those two

projects prompted the Capital Electric engineering team to build one of their own.

Rich Dunn, engineering assistant for Capital Electric, says construction on the Apple Creek Substation began in April, using materials ordered primarily from Border States Electric. While this type of construction was a unique and challenging project for the line crews, Dunn says they followed a standard design and “bolted it together like a big erector set.”

The co-op then hired JB Construction to build a transmission line and connect the Apple Creek Substation to Capital’s transmission grid.

When construction of the substation and power lines was complete, the substation was energized at the end of December. On Jan. 11, the co-op added electric load to the new substation by transferring existing load.

Ron Lipp, engineering and operations manager for Capital Electric, says this transfer helped to lighten the load on two adjacent substations: the Fort Lincoln Substation north of the University of Mary, and the East Bismarck Substation located behind the Western Area Power Administration on Centennial Road. By decreasing the load on two substations and adding more capacity with the new substation, Lipp explains how the system is strengthened.

“We currently have a radial-feed transmission line, or one feed, going into the new substation. This summer, we plan to build more transmission lines to create a loop feed. That way if there is an outage, we can backfeed electricity from another source.”

The Apple Creek Substation currently carries a light load. Lipp says the 3,700 kilovolt-amp (KVA) transformer may be upgraded to increase the substation’s capacity, depending on how the area continues to grow.



To be “good neighbors” with Lincoln residents, Lipp says Capital Electric will plant trees around the substation this spring, to create a natural fence and decrease visibility of the equipment.

At this time, Capital Electric does not have plans to build another substation. But when the time comes, Lipp says the employees will embrace another challenge.

“It was a good experience for our employees and a cost-savings for our members,” he says. “We’ll do it again.”



Because of the extremely high voltage moving in and out of substations, these facilities are fenced for your protection. Parents: Take this opportunity to remind your children—young and old—that power lines and substations are always dangerous. Please respect the fences, and if you see a potentially dangerous situation such as a downed power line that may still be energized, please report it immediately by calling 911.

Employees choose to work for, and stay with, cooperatives

by Carmen Devney

Capital Electric Cooperative is one of 16 distribution cooperatives across North Dakota that contributes to employ more than 600 people. Many of these jobs are coveted—and rare—because a large portion of employees tend to make working for co-ops a lifelong career. Gordy Wiese, Rick Dressler and Paul Fitterer are three Capital Electric employees who have chosen to work for, and stay with, cooperatives. For Wiese and Dressler, Capital Electric is the only employer they've ever known. Fitterer worked for National Information Solutions Cooperative in Mandan before joining the Capital Electric team.

Wiese, Dressler and Fitterer were recently honored for

GORDY WIESE, OPERATIONS SUPERVISOR

After Gordy Wiese graduated from Washburn High School and attended the Bismarck Junior College (now Bismarck State College) line school program, he accepted his first and only job with Capital Electric. He started as a lineman, taking orders from Dick Meyer, the former line superintendent. When Meyer retired 15 years into Wiese's career, Wiese was the senior lineman so he applied for and was awarded Meyer's position.

"I was only 35, which was pretty young for a line superintendent at the time," he reflects.

Wiese figures Lars Nygren, general manager of Capital Electric, took a chance on promoting him. But there was no chance involved. Nygren based his decision on Wiese's knowledge and leadership skills, and Wiese has proven he's the man for the job. As line superintendent for the past 20 years, Wiese plans when the line crews and contractors will build power lines and substations, and orders the necessary materials for the jobs. He also serves as a member of the Apprenticeship Training & Safety Committee which is administered by the North Dakota Association of Rural Electric Cooperatives.

A year or two can change a lot for Wiese, both at work and at home. At work, the winters used to be a slower time for the line crews. But the Capital Electric service area continues to grow, and Wiese says the lineworkers stay busy year-around.

At home, this proud grandpa and his wife, Eileen, watch in awe as their

significant milestones they've reached in their co-op careers. Wiese, operations supervisor, was recently honored for 35 years; Dressler, lead lineman, was commended for 25 years; and Fitterer, business manager, was thanked for the five years he's been with Capital Electric.

Our cooperative currently employs 34 full-time and two part-time employees who work hard to keep electricity reliable and affordable for our member-owners. The managers and board members of Capital Electric thank all these individuals for their dedication, and congratulate Wiese, Dressler and Fitterer for their recent accomplishments.

granddaughter grows and learns.

"At three-and-a-half years old, what she knows just blows my mind," he says. "She's taught me a lot about life in the past three years, and I enjoy it whenever I can."

RICK DRESSLER, LEAD LINEMAN

Rick Dressler compares his job to that of a firefighter. When the co-op's system experiences a large outage, his adrenaline kicks in and he anticipates the challenge of restoring power to the members.

One of the co-op's three lead lineworkers, Dressler oversees a team of apprentice and journeyman lineworkers who construct and maintain overhead and underground power lines, and perform substation checks. The role of lead lineworker adds more responsibility to Dressler's daily duties, but he welcomes the opportunity to mentor his coworkers and appreciates the confidence the management places in his abilities.

Last month, the lineworkers braved sub-zero temperatures and substantial snow drifts to perform scheduled line inspections. Dressler says these common winter working conditions might deter some students from choosing line work as a career.

"It's a good-paying job, and it's rewarding to go out and get somebody's lights back on. But the risk factor is there, and you have to be able to climb a pole in various elements," he stresses. "It's not for everyone."

Prior to his hire with Capital Electric 25 years ago, Dressler graduated from Flasher High School. Inspired by his

father, who retired as a lineworker for Mor-Gran-Sou Electric Cooperative in Flasher, Dressler enrolled in the Bismarck State College line school program.

He and his wife, Val, have three grown sons: Travis, Weston and Ryan.

PAUL FITTERER, BUSINESS MANAGER

The most challenging and important part of Paul Fitterer's day starts around 7:45 p.m., when he partners with his wife, Danna, to get their three daughters ready for bed. For the next hour, they take turns finding pajamas, giving baths, brushing teeth, reading books and saying prayers with Hatti, 6, Haven, 5, and Holland, 3.

"It's exhausting!" he reveals. "But it's a priority for us to try and keep them on a schedule."

Multitasking is one of Fitterer's strengths, both at home and at the office. As business manager for Capital Electric, he stays involved in the co-op's accounting, billing, human resources and information technology departments.

Prior to joining Capital Electric, Fitterer worked for National Information Solutions Cooperative (NISC) in Mandan, where he helped design accounting software for nine years. During that time, he also traveled both in-state and out, to train employees on how to use the software products.

A native of Juneau, Alaska, Fitterer graduated from Minnesota State University Moorhead before moving to the Bismarck-Mandan area and starting his career with cooperatives.



Gordy Wiese



Rick Dressler



Paul Fitterer

Attention, high school seniors!

Capital Electric offers scholarship

Last year, James Carroll, the son of Shane and Claudette Carroll from Mofit, applied for and received a scholarship from Capital Electric Cooperative. In an interview last year, James admitted he worries about the cost of college. He indicated that other students do, too, and that's why he encourages seniors to apply for scholarships as soon as they can.



James Carroll earned last year's Capital Electric scholarship.

Seniors, if your parents are members of Capital Electric Cooperative, one of those scholarships should be the annual Capital Electric/Basin Electric Power Cooperative scholarship for the 2010-2011 school year.

To qualify for the \$1,000 scholarship, you must be a student who is enrolled or planning to enroll in a full-time undergraduate or graduate course of study at an accredited two-year or four-year college, university or vocational/technical school. Your parents must also be members of Capital Electric Cooperative.

Our co-op will assemble a panel of impartial judges to review all applications. The judges will select the winning application based on academic performance, potential to succeed, leadership and participation in school and community activities, honors, a statement of education and career goals, work experience and an outside referral.

The scholarship will be awarded without regard to other awards, loans or financial assistance the applicant may have obtained.

Application forms may be downloaded at www.capitalelec.com or picked up at co-op headquarters at 4111 State St. N. in Bismarck. Applications need to be completed and returned to Capital Electric on or before **Monday, Feb. 15, 2010.**

THANK YOU FOR YOUR SUPPORT

During the last couple weeks in January, fog and frost clung to power lines as a storm dumped snow and levied blustery winds on the Capital Electric system. Your co-op fixed several broken poles and lines, and some of our members experienced power outages. Line crews worked around the clock to restore outages and reconnect the system. Capital Electric says THANK YOU to:



- Country House Deli and Cookies For You, two businesses in Bismarck, for donating much-needed food and treats to our crews. Members, please support these businesses for giving so generously to our employees who worked continuous, long hours in order to restore your power.
- Members, for moving snow so line crews could work more efficiently, and for making sandwiches and coffee for our lineworkers.
- Members, for their patience as the power was restored.

MEMBERS: If you experienced an outage and appreciated the Capital Electric line crews working extended hours to restore your power, please send a thank-you to the co-op! They deserve to hear from you.

TOGETHER WE SAVE

Capital Electric Cooperative and now more than 700 other Touchstone Energy® Cooperatives in 46 states are educating consumers on how to use energy more effectively and efficiently through a national campaign called “Together We Save.” The campaign illustrates how people can reduce their utility bills if they make small changes in the way they use electricity. A few of the changes include pulling the plug on entertainment electronics, lowering the thermostat in the winter and replacing incandescent light bulbs with compact florescent light bulbs. Simple changes can add up to create significant savings!

A unique component of the “Together We Save” campaign is the interactive Web site at www.togetherwesave.com.

Visitors can take a virtual home tour and learn how they can save energy in each room.

The Web site also provides informative and instructional videos on topics from weather sealing to installing a programmable thermostat. The videos are designed to offer easy-to-follow advice on energy savings tips and techniques.

The success of the “Together We Save” campaign depends on you — and the 40 million other electric cooperative members across the nation who are joining together to save energy.

Please visit www.togetherwesave.com today and learn how you can do your part to save energy, and help us to continue providing affordable and reliable electricity.



ONE SMALL CHANGE X 134,663.

Imagine if everyone in our co-op made one small change. Now, stop imagining. Flip a switch. Seal some cracks. Screw in a CFL. Install a programmable thermostat and actually program it. Doesn't take a lot of energy to save energy. But it sure pays off. For all 134,663 of us. What can you do? Find out how the little changes add up at TogetherWeSave.com.

**Capital Electric
Cooperative**

TOGETHERWESAVE.COM





A publication, "Wind Turbine Lease Considerations for Landowners," is available from the North Dakota State University (NDSU) Extension Service. Dwight Aakre and Ron Haugen, NDSU Extension farm management specialists, wrote the publication.

"This publication outlines considerations for landowners who are considering signing a wind turbine lease," Aakre explained. "Contract specifications, including lease payment structure and liability issues, are outlined."

"All considerations involving a wind turbine lease are discussed from a landowner's perspective," Haugen said. "However, a qualified attorney should be contacted before signing any lease."

To obtain "Wind Turbine Lease Considerations for Landowners" (EC-1394), call (701) 231-7882 or write to NDSU Agriculture Communication Distribution Center, Dept. 7070, P.O. Box 6050, 10 Morrill Hall, Fargo, ND 58108-6050. Requests may be faxed to (701) 231-7044 or e-mail NDSU at distributioncenter@ndsu.edu.

The publication also is available through NDSU Extension county offices. The publication is on the Web at www.ag.ndsu.edu/pubs/farmmgmt.html. The direct links to the files are at www.ag.ndsu.edu/pubs/agecon/market/ec1394.htm or www.ag.ndsu.edu/pubs/agecon/market/ec1394.pdf.

With continued interest in harnessing North Dakota's prairie winds, North Dakota landowners, and electric cooperative members, are asking more questions about renewable energy.

Here is an information guide on wind energy:

Q. How are North Dakota's electric cooperatives developing wind power?

A. In 2005, Basin Electric Power Cooperative's membership passed a resolution requiring that 10 percent of their electricity demand be provided from renewable forms of energy.

Ron Rebenitsch, Basin Electric's manager of alternative technologies, said that voice gave rise to Basin Electric's journey into renewable energy.

"Basin Electric has been working to meet that directive ever since, and today, the cooperative is emerging as a national leader in developing renewable energy in the region," he indicated.

By the end of 2010, Basin Electric is on track to have renewable generation with an installed capacity equal to 20 percent of current member load.

"Through direct investments and annual payments under power purchase agreements from other renewable resources, these projects represent a capital investment of more than \$1 billion in renewable energy," Rebenitsch pointed out.

The Basin Electric subsidiary, PrairieWinds ND 1 Inc., was formed to develop the PrairieWinds 1 wind project near Minot, which will initially be the largest wind project owned and operated by a cooperative in the United States.

Basin Electric's core business is generating and transmitting wholesale bulk electric power to customers, primarily to 136 member electric systems in nine states.

Q. Where can landowners learn more about wind leases?

A. With the recent increase in wind development in the state, landowners are searching for guidance before signing a wind turbine lease.

Q. What should a landowner consider when signing a lease?

A. Landowners should follow four simple rules before signing a contract with a wind developer, according to Haugen. They include:

- Study the contract
- Consult with an attorney with experience in wind leases and agreements
- Don't sign unless you are completely satisfied with the agreement
- Understand that you have the right to negotiate points in the contract

As landowners review a contract, Haugen advised they determine several points:

- How much is paid and the nature of the payments
- The impact on land use; how much land will be tied up and for how long
- The intent of the developer
- If this is the best option for you
- The tax consequences
- The liability issues
- The impact on land enrolled with U.S. Department of Agriculture programs

"Learn as much as you can about the wind industry and be well-informed," Haugen advised. He also recommended having an insurance agent review any agreement.

Haugen also advised landowners to have concerns about signing a confidentiality agreement which would limit them from consulting with experts or neighboring landowners. Another concern is signing a perpetual lease. A typical contract is 15 to 20 years, he said.

Another aspect to check is the specifics of removal once the wind turbines are no longer needed or functional. The contract should specify who is responsible for removal of the towers and how the land will be restored.

BOARD OF DIRECTORS



Wrangham



Olson



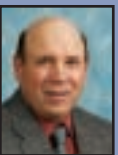
Liuska



Mund



Hawkins



Eckroth



Hollenbeck



Hilken



Vilhauer

CAPITAL ELECTRIC COOPERATIVE *board minutes report*

Dec. 17

The regular meeting of the board of directors of Capital Electric Cooperative (CEC), Inc., was held Dec. 17 at co-op headquarters in Bismarck.

Financial review (November 2009): Prior to the board meeting, Directors Vilhauer and Wrangham had reviewed the November 2009 check register and expenditures. It was reported that all checks were in order and approval was recommended. It was moved, seconded and carried to approve the November expenditures in the amount of \$1,682,571.63.

Business department report: The manager reviewed the November financial and statistical report with the board. Total kilowatt-hour (KWH) sales reported for November 2009 were above budget by 3.1 percent. Year-to-date KWH sales are 9.2 percent over budget.

The margin for October is \$155,964, an increase of \$83,527 over budget. The year-to-date margin is \$2,359,336; however, this is inflated due to a Dakota Gasification Credit revenue credit of \$529,207, which was received in the form of a power bill adjustment. Excluding the credit/revenue, the year-to-date margin is \$1,830,129.

In November, 47 new services were billed, bringing active services to 15,137 versus 14,649 at this time last year. This is an increase of 488 accounts over the last 12 months.

Capital's current audit year covers the dates of April 1 through March 31, and changing this to a calendar year audit has been reviewed. The USDA Rural Utilities Service's (RUS) chief of the accounting and auditing staff has indicated that the change to audit timing could be made in 2009 if desired, but it would have to be done in December in order to make the cutoff for this year's audit window. The audit performed in April 2010 would cover 12 months, beginning on Jan. 1, 2009, and ending as of Dec. 31, 2009. The following year's audit (performed in April 2011) would also be for the full calendar year, ending Dec. 31, 2010, and annual audits would continue each year thereafter.

It was moved, seconded and carried to adopt the resolution attached as "Minute Exhibit 1" to adopt a calendar year audit for 2009.

On Dec. 8, Policy 1-8, Identity Theft Prevention (Red Flags Rule), was reviewed at the all-employee meeting. To date, there have been no known security breaches of personally identifying information at CEC.

In response to the recent national focus on identity theft (i.e., Red Flag Rules), Federated and the National

Information Solutions Cooperative (NISC) have partnered to offer network security insurance, which covers the loss of sensitive electronic information. It was moved seconded and carried to authorize the chairman to request a quote from a second vendor through Federated for comparison purposes. Once rate quotes have been received, further discussion will be scheduled. The manager reviewed the comparison of actual-to-budget expenses for the month of November 2009 and for the year-to-date through November 2009. Accounts receivable balances as of Dec. 16 were also reviewed.

Capital credits: Following review and recommendation of the financial condition of the cooperative and recommendation by management, it was moved, seconded and carried to authorize payment of capital credits to the following deceased members' estates:

Virginia Monson	\$681.75
Hazel WhiteEagle	66.55
Pauline Schwede	128.76
Lois E. Andrusak	228.16
Gayle L. Davis	9.33
Warren Harvey Wilson	83.30
TOTAL	\$1,197.85

The manager reviewed with the board the most recent Borrower Statistical Profile (BSP) for CEC, which was provided by USDA highlighting key profiles.

Engineering and operations report: The manager reviewed the written report from the engineering and operations department. With 92 work orders completed this month, 108 new consumers were added to the system.

Contractors are wrapping up construction for the year and crews have started on the annual oil circuit recloser maintenance program. On Dec. 1, management met with representatives from Montana-Dakota Utilities (MDU) about converting a portion of Capital's transmission system for joint use. Following discussion, MDU has elected to construct its own facilities.

Member services department report: The manager reviewed the written report from the member services department. Construction activity on the 66th Street 41.6-kilovolt transmission project has been completed.

Total electric heat material sales for 2009 have decreased from 2008, although the heat pump market remained strong throughout the year as gas prices continued to be unstable. Presently, there are 11 cooperatives and five contractors in the inventory group sharing inventory costs, and we will continue the "Electric Heat Joint Inventory Program" in 2010.

Capital continued to make a strong commitment in 2009 to increase KWH

sales in all electric-heat areas, and that goal has again been accomplished. A total 3.1 megawatts of new residential electric heat have been connected this year to date.

Communications and public relations department: The manager reviewed the written report from the communications and public relations department.

Central Power Electric Cooperative report: Mund reported on Central Power matters, noting that the board approved a resolution to repay the net over-billed purchased power to Capital, resulting from the use of incorrect loss factors used to calculate the total billing units.

Cliff Gjelstad, Central Power director, has been elected president of Basin Electric's board of directors.

Central Power's year-to-date margin is \$1.3 million.

The manager reviewed the Basin analysis of a coincidental bill analysis of CEC and Central Power systems. The analysis covers March 2008 through October 2009. In addition, the manager reviewed information from the Upper Missouri G. & T. Electric Cooperative.

Safety report: There were no lost-time accidents this month. The annual Disaster Recovery Tabletop for RUS was completed on Dec. 8, and the annual CPR training was conducted Dec. 2.

North Dakota Association of Rural Electric Cooperatives report: There was no NDAREC meeting this month.

Adjournment: There being no further business to come before the meeting, without objection, the meeting was adjourned.

CAPITAL ELECTRIC COOPERATIVE

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