



CAPITAL ELECTRIC COMMENTS

Capital Electric Cooperative • Bismarck, N.D.
(701) 223-1513 or (888) 223-1513
www.capitalelec.com



Strengthening a battered system

Now that electric service has been restored to all occupied accounts, Capital Electric's members should expect more brief outages in the weeks and months ahead. Learn why, and read how this mighty spring storm affected the co-op's members and power system ... all in the Capital Electric May center pages of North Dakota LIVING.

Working 14-plus-hour days over the Easter weekend, line crews repaired broken power poles and lines across the Capital Electric service area.

PHOTO BY CARMEN DEWNEY

MAY 2010 IN THIS ISSUE

- Spring storm disrupts power supply
- Scholarship winner shares career plans
- Board member candidates announced
- Annual meeting reminder
- Co-op thanks Hawkins for service
- Meeting minutes ... and more!

Spring storm disrupts Easter, power supply

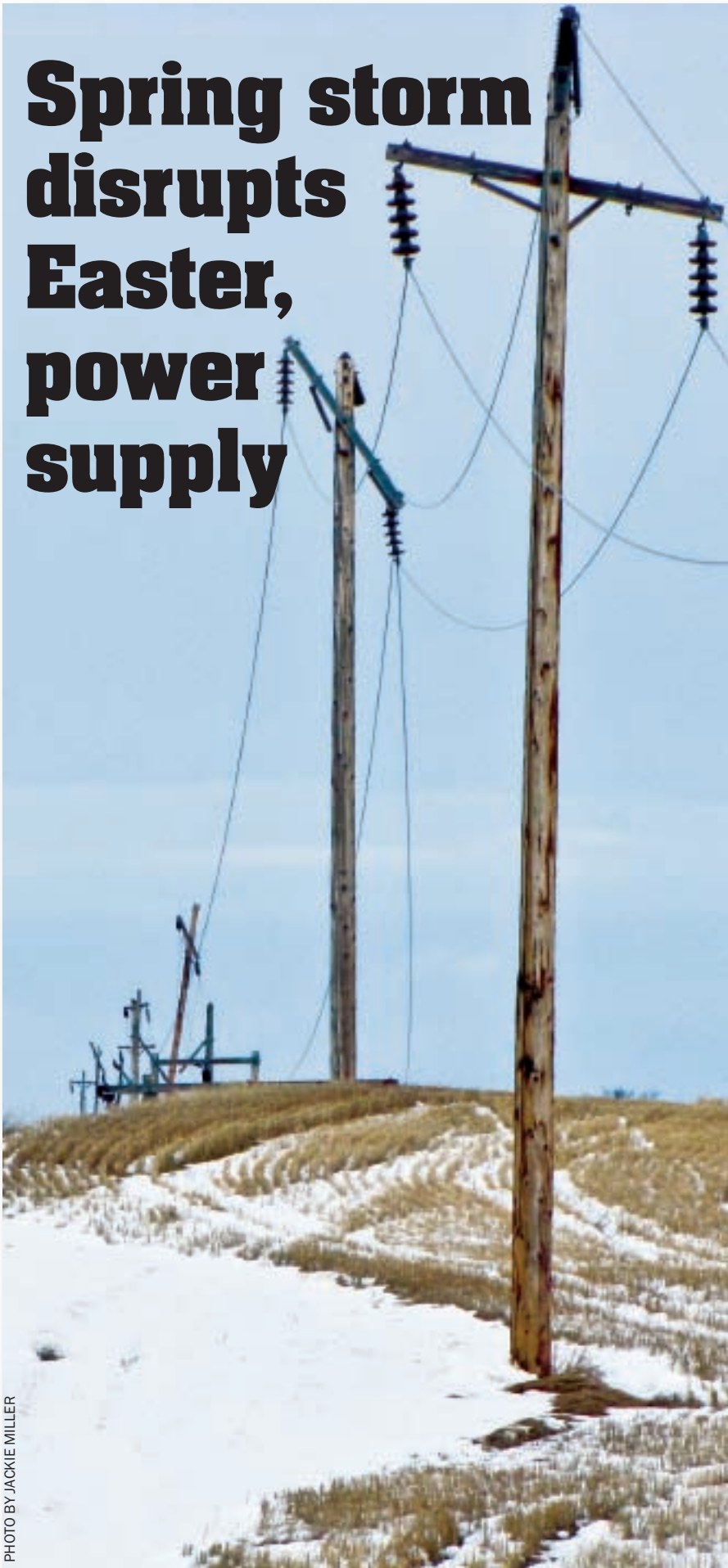


PHOTO BY JACKIE MILLER



Overlooking the co-op's map of the service center, System Supervisor Larry Wittmayer takes another outage call from the Basin Electric dispatch center. The yellow sticky notes on the board indicate power outages across the co-op's service area.

by Carmen Devney

John and Leone Hagen have weathered more than a few snow storms since 1989, from their home northwest of Baldwin. When an early spring storm started dumping quarter-size snowballs on April 2, the Capital Electric members couldn't have imagined the heavy, slushy snow and gusty winds would trigger a power outage that would last three days.

"We've had pretty good luck during other storms," John shares.

"But this time, it was different."

Three days without power probably seemed like an eternity to the Hagens—but in comparison, it would have been a minor inconvenience for Vernon and Betty Kurle. The Kurles, who are Capital Electric members from McClusky, also lost their electric service on Good Friday. But they were out of power for eight, very long days.

The first night, they got a hotel room in McClusky. But for the next seven nights, they toughed it out at home. Betty indicates the couple placed a small generator on the back of the pickup box. They



PHOTO BY CARMEN DEVNEY

stretch, they counted more than 30 busted poles and drove over snapped power lines.

"We saw the mess out there and understood [the co-op's] situation. There was no one to blame. [The storm] was just one of those things that naturally happens, and we knew we had to be patient," Betty says.

The widespread damage

As Gordy Wiese watched the weather conditions deteriorate on Good Friday, he knew the co-op was in for trouble. He just didn't know how much.

Wiese, the operations supervisor at Capital Electric, started ordering replacement poles at 9 a.m. By 9 p.m. that night, a semi from Wyoming had already delivered the poles to the co-op's Bismarck service center. Because the co-op stocks and stores extra poles for maintenance or emergency situations like the one on Good Friday, line crews had already put in a full day's work with the supplies the cooperative kept on-hand, but the additional poles were a welcome sight.

At the height of the storm, Wiese reports 3,700 members were out of power and more than 400 poles had cracked or snapped. The areas hit the hardest in the co-op's service area included Baldwin, north and south of Bismarck, McClusky, Pickardville, Regan and Wilton.

Wiese, an employee of Capital Electric for more than 35 years, says the last time the co-op has seen damage of this magnitude was back in 1997, when line crews reset about 140 poles.

"By far, this is the worst damage I've seen," he emphasizes.

Because the damage was so extensive and widespread, Wiese put out a call for help to speed up the restoration process. North Central Electric Cooperative, Bottineau, KEM Electric, Linton, and Cass County Electric Cooperative, Kindred, immediately sent line crews, trucks and supplies. Other contractors also came to the co-op's aid, including JB Construction, Linton; DLT, Bismarck; and 4T Construction, Idaho.

Jeff Holzer, journeyman lineworker for Capital Electric, thanked the additional line crews and contractors for giving up their Easter vacation and lending a helping hand.

"[We felt] pretty helpless until the trucks start rolling in," he admits.

Bill and Alberta "Bert" Voegele, Capital Electric members who live southwest of McClusky, indicate they can't say enough good things about the dedication of the line crews. For the first time in more than 20 years, they dusted off a generator they had never used before, and hooked it to their well so they could get water to their cattle.

After counting 46 busted poles near their home, Bill figured it could take

ran one extension cord down to the basement to cool the freezer, and one upstairs to cool the refrigerator. Vernon used a small kerosene heater to warm the dining room and the occasional cup of coffee, and Betty cooked ham and eggs using a miniature kerosene stove.

Once the slush melted and the roads became maneuverable, Betty and Vernon took a drive. Within a three-mile

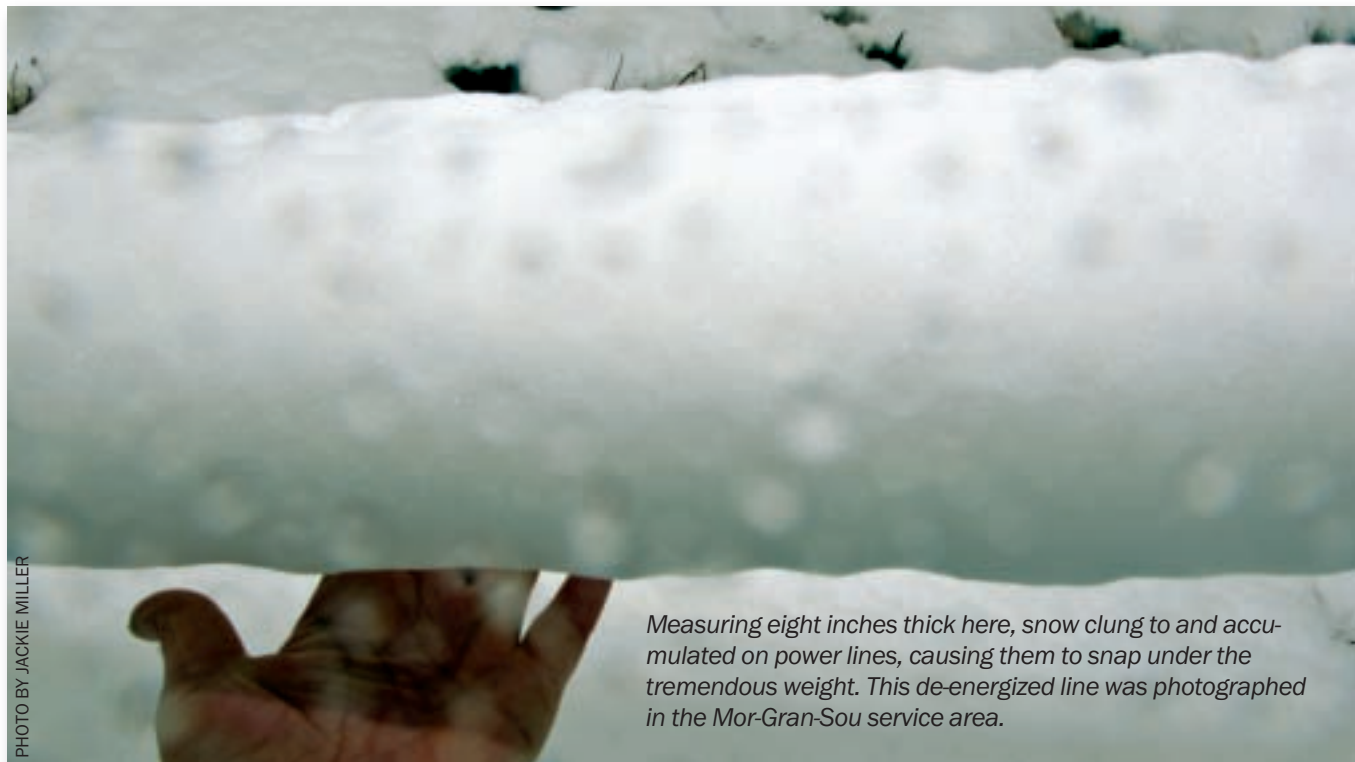


PHOTO BY JACKIE MILLER

Measuring eight inches thick here, snow clung to and accumulated on power lines, causing them to snap under the tremendous weight. This de-energized line was photographed in the Mor-Gran-Sou service area.



PHOTO BY JENNIFER HOLEN

Cass County Electric Cooperative was one of several North Dakota co-ops to offer manpower and equipment to help Capital Electric restore service to its members. Wet, muddy conditions posed challenges for this digger truck, which became lodged in the ditch. Capital Electric member Wayne Martinson gave this truck a tow.

weeks for the co-op to restore power.

"[The line crews] had a real tough job to do, and we expected to be out a lot longer than we were. It was a good feeling to see them," he says.

Electric service was restored to all Capital Electric residential accounts by Friday, April 9, although line crews continue to fix and strengthen the system.

Back in Baldwin, John and Leone Hagen experienced another seven-hour outage after their electric service had been restored following their three-day outage. While this one only lasted seven hours, John indicates he felt frustration in experiencing yet another outage.

Unfortunately, the Hagans may experience a few more power outages throughout the coming year, as well as countless other Capital Electric members. Lars Nygren, general manager of the co-op, explains the power system was battered by this spring storm and is still quite weak. It could take months, or even up to a full year's time, to restore the system to its former condition.

The expensive price tag

The costs associated with fixing downed poles and power lines quickly add up. The second weekend in April, Gov. John Hoeven asked Pres. Barack Obama to declare a federal disaster for North Dakota counties to help rural electric cooperatives and others recover costs associated with severe weather over the Easter weekend.

The Preliminary Damage Estimate by the Federal Emergency Management Agency (FEMA) for this storm is more than \$33 million. Nygren says he believes Capital Electric got hit with more than \$1 million in damages. In comparison,

Mor-Gran-Sou Electric Cooperative, which serves the counties of Morton, Grant and Sioux, got blasted with about \$30 million in damages.

On April 21, Pres. Obama approved the Presidential Disaster Declaration. It will cover 75 percent of the eligible costs resulting from the storm, with the state covering 10 percent. The remaining 15 percent will have to be shored up by the REC's affected by the Easter storm.

The resilient membership

Losing power, whether it's for seven hours or for eight days, is a hardship for people, animals, and the people who work tirelessly to repair the broken system. Nygren thanks the Capital Electric members for their understanding and patience, especially as many celebrated the Easter holiday without power.

In turn, many members wrote or called the co-op to express their gratitude for the line crews and entire team who aided in the restoration process.



PHOTO BY WES ENGBRECHT

Lineworkers loaded bucket trucks with new poles before sunrise at co-op headquarters, in preparation for another busy day of restoring outages.

We'd like to share a few with you, and thank these folks and others for taking the time to contact their electric cooperative. It is members like you who make working for a cooperative, and serving the Capital Electric membership, a privilege.

ELECTRIC GENERATOR GUIDELINES

Capital Electric Cooperative strives to provide you with reliable, uninterrupted service every day of the year, but sometimes Mother Nature creates unavoidable power outages. To combat the havoc wreaked by ice storms, thunderstorms or high winds, many homeowners turn to portable electric generators.

"Portable electric generators are a good source of power during electrical outages. However, generators that are improperly installed or operated can become deadly," noted Michael Clendenin, executive director of the Electrical Safety Foundation International (ESFI).

Follow these portable electric generator safety precautions to avoid dangerous situations:

- Do not connect generators directly to household wiring.
- Make sure your generator is properly grounded.
- Keep the generator dry.
- Plug appliances directly into the generator.
- Do not overload the generator.
- Do not operate the generator in enclosed or partially enclosed spaces.
- Use a ground-fault circuit interrupter (GFCI) to help prevent electrocutions and electrical shock.
- Follow the manufacturer's instructions for safe operation and maintenance.



PHOTO BY JACKIE MILLER

This cross-arm's bells and conductors collapsed when the power line snapped.

Consumer notes....

"Thanks for the service to get our electricity back after the April 2 snow. Please share with all of your workers, and especially the linemen who worked so very hard to give us service - and a holiday!"

Tom and Cleo Carlson, Bismarck

"Thank you for restoring my power so quickly. Your crews are fantastic!"
Becky Hermanson, Baldwin

"Just wanted to say THANK YOU to all the guys working hard to restore our power. I was more than happy to see how awesome they were to be working past dark to be sure we got power. Please pass on and be sure to thank them. Without them, we would not have had a WARM Easter."

Mary Jo Immen, Bismarck

"Thanks to the linemen for restoring our power both on Friday and again on Sunday; they are the GREATEST! Please pass our thanks on to them. They not only had to work on Good Friday, Saturday and Easter Sunday, but had to deal with extremely bad weather conditions, too. THANKS again."

Karl and Sue Venneberg, Bismarck

Scholarship winner shares career plans

Michael McGrath was recently awarded a \$1,000 scholarship from Capital Electric, in partnership with Basin Electric Power Cooperative. Michael, a senior at Century High School, is the son of Michael and Diane Paul, Bismarck, who are members of Capital Electric.

He recently sent a thank-you note to the coop, thanking the staff, board of directors and members for the scholarship. His note read, "Thank you very much for the academic scholarship. I have been accepted by the University of Mary in the university's Emerging Leaders Academy. I plan to major in pre-med. After I obtain my undergraduate degree, I will pursue a Doctorate in Optometry. I started wearing glasses at age 5, and I'm very sure of my career choice. I want to improve the lives of others who have vision difficulty; especially children. Again, thank you. I will make you proud!" *We know you will, Michael. Congratulations and best wishes from Capital Electric!*



COURTESY PHOTO

McGrath

Check our Web site for YOUR capital credit check!

As always, the Capital Electric Web site shows the names of former members who had capital credit checks mailed to them but did not cash them. In most cases, the checks have been returned by the postal service because it could not locate the members at the address on file. A further search by Capital Electric personnel has not turned up their whereabouts.

If you received electrical service from Capital Electric at any time and your name is on this list, please contact our office. If you know of the whereabouts of any members on this list who received electrical service from Capital Electric Cooperative Inc. at any time, please let us know or have them contact us. All capital credit inquires can be made by calling (701) 223-1513.

To view the list on our Web site, go to www.capitalelec.com and click on "Member Services," then "Capital Credits" and "Outstanding Capital Credits."

Please keep in mind that the capital credit amounts are not necessarily large. However, we desire to get the money due to those who earned it, and clear up our records. Thank you for your attention to this matter!



Gonna dig? Call 811 first!

Building a deck? Planting a tree? Put that shovel down and pick up the phone! Dial 811 before you begin any digging project.

Don't assume you know what's below. Protect yourself and those around you.

CALL 811 EVERY TIME.



Members can and DO make a difference! At last year's annual meeting, Capital Electric members signed a petition that urged lawmakers to consider proposed legislation on carbon dioxide emissions that could lead to extreme rate increases.

Members, we hope you're planning to attend Capital Electric's 64th annual meeting scheduled for Thursday, June 3, at the Ramkota Hotel in Bismarck, located at 800 S. Third St. Our entertainment, Joe Friday's Dixieland Jazz Band, will perform from 4:45 to 6:15 p.m. Registration will open at 4:30 p.m., followed by the meal. The business meeting will start at 6:30 p.m.

One of the many benefits of belonging to an electric cooperative: It may be YOUR year to claim a capital credit check! If you had electric service in 1994, you can pick up your 2010 capital credit check during registration.

By attending the co-op's annual meeting, members will be eligible to win a grand prize. The co-op will draw the names of five people from its entire membership and split a \$1,000 prize among those names drawn. Winners must be present to win.

There are many reasons why you, the member-owner, should attend the annual meeting. Cast your vote for the board elections, learn about cooperative concerns and issues, listen to financial reports, and enjoy a free meal! You just might win a door prize or take home part of the grand prize!

For more information on Capital Electric's 64th annual meeting, call Wes at (701) 223-1513.

Co-op announces candidates seeking board of director positions

Electing to serve three-year terms, the nine co-op members who make up the Capital Electric board of directors set policies and make decisions which provide the membership with affordable and reliable electric service. At this year's annual meeting on June 3, members will elect three people to serve and carry on the traditions of Capital Electric Cooperative while planning for the future. The open board seats include one currently held by Jim Hawkins in District 1, and two presently held by David Liuska and Arlene Olson in District 2. Hawkins recently announced he will not seek re-election, so there will be no incumbent in District 1.

The Nominating Committee recruited candidates and met on April 13 to review the list of potential candidates. Since only one candidate was nominated from District 1, the committee decided to keep nominations open for that district until April 27. In addition, interested candidates can have their names added to the ballot by petition at least 30 days prior to the

annual meeting or from the floor at the meeting.

Capital Electric is pleased to announce that the following candidates have met eligibility requirements and will have their names placed on the ballot at the annual meeting:

DISTRICT 1:

Shari Haugen Hoffart
Myron Rogstad

DISTRICT 2:

LeAna Hug
Vernon Laning
David Liuska
Theresa Marquart
Arlene Olson
Doug Prchal
Brett Schafer

Candidates will be given a brief time allotment at the annual meeting to introduce themselves and explain their qualifications. Members will then vote for one candidate from District 1 and two candidates from District 2. Official notice of Capital Electric's 64th annual meeting will be mailed to members later on this month.

Thank you, Jim Hawkins, for serving Capital Electric!

In June 2007, the members of Capital Electric elected Jim Hawkins to serve as a board director in District 1. During his three-year term, he reports his biggest accomplishment was helping the board to control costs in order to maintain the viability of the cooperative and keep the rates down for members.

Hawkins indicates he chose not to seek re-election after he took a new job with Medcenter One in Mandan. He previously worked as a health supervisor for St. Alexius Medical Center in Bismarck. Hawkins now serves as administrator for the Mandan Care Center, a 50-bed skilled nursing home. He oversees approximately 80 employees and says the care center's mission is to provide the best-quality care for people who are unable to care for themselves.

Serving on the Capital Electric board requires board members to review mailed material in preparation for the monthly board meetings. Occasionally, directors are requested to attend additional meetings or other functions on behalf of the cooperative,

or travel to attend elective regional and national meetings.

Because of the increased responsibilities and time commitments involved with his new job, Hawkins says he feels it's the right time to give another member the opportunity of serving Capital Electric. His position will be filled at this year's annual meeting.

Going forward, Hawkins encourages members to stay active in their cooperative.

"We'll be going through some difficult times in the future with proposed legislation," he explains. "I suggest that the membership stays active and communicates with board members and with legislators to make sure Capital Electric can survive."

Thanks for the words of wisdom, Jim, and thanks for serving your electric cooperative the past three years.



Hawkins

Who can vote at the annual meeting?

With June 3 quickly approaching, we often receive questions as to who can and cannot vote for director positions and ballot issues during this meeting. To clarify who can and cannot vote: Only members of the cooperative are eligible to vote, and they can cast only one vote for their membership, regardless of the number of accounts that member has with the cooperative. For example, if the membership is in the husband's name only, only the husband is eligible to vote; he cannot transfer that ability to vote to his spouse or another person.

If the membership is a joint membership, in the name of both the husband and wife, the presence of either or both at the meeting shall be regarded as the presence of one member at the annual meeting. A vote of either joint member separately, or both jointly, shall constitute one vote. Both joint members are

not eligible to vote individually.

If the membership is in the name of a sole proprietorship or a partnership, only the owner(s) of that business may vote. A sole proprietor or partner cannot authorize a nonowner of the business to vote.

In the absence of written notice that some person has been designated to represent a member who is other than a natural person—for instance, a township, school or an incorporated business—such member may be represented by any of its principal officers. If a member who is other than a natural person is not represented by any of its principal officers, such member may designate a natural person to represent it by giving the cooperative written notice at or before the member meeting, which shows that the named representative has been authorized by the managing board of such member to represent it at the meeting of the coopera-

tive. An authorization form is printed below for this purpose. The form can also be accessed online by going to www.capitalelec.com and clicking on "Forms" and then "Annual Meeting Appointment of Voting Representative."

An individual may represent only one non-natural member, and may also vote as an individual if he or she is a member.

Voting by proxy will not be allowed because the presence of as many members as possible is desired at all meetings of the membership. Proxy voting has the tendency to discourage actual attendance at membership meetings.

A complete version of the membership voting rules can be found in Article III, Section 5 of the Capital Electric Cooperative bylaws. If you have any questions, give the office staff at Capital Electric a call at (701) 223-1513. We look forward to seeing you at the annual meeting on June 3!

APPOINTMENT OF VOTING REPRESENTATIVE FORM

A membership in Capital Electric Cooperative, Inc. may be held in the name of a corporation, church, school district or other political subdivision, cooperative, association or other organization. If your organization is to be represented at our annual meeting, complete this form and either deliver it to Capital Electric Cooperative anytime prior to noon June 3 or your authorized representative can present this completed form at the registration desk at the meeting.

This certifies that _____ is appointed the voting representative for the following organization _____ (full legal name) which has service at _____ and is authorized to cast the vote of, and otherwise represent this organization in all matters at the _____ (year) annual meeting of the members of Capital Electric Cooperative Inc. or any adjournment thereof.

Organization Name (Print) _____

Is Organization a Corporation? _____

Name of Officer/Official (Print) _____

Title _____ Date _____

Officer's Phone # _____

**Must be signed by officer or authorizing official*

This is not a proxy statement. Residential and privately owned business customers (i.e. sole proprietorships, partnerships, etc.) cannot use this form. They must vote in person at the annual meeting.

Mail forms EARLY to:

Capital Electric Cooperative Inc.

RE: Annual Meeting

P.O. Box 730, Bismarck, ND 58502-0730



BOARD OF DIRECTORS



Wrangham



Olson



Liuska



Mund



Hawkins



Eckroth



Hollenbeck



Hilken



Vilhauer

CAPITAL ELECTRIC COOPERATIVE *board minutes report*

March 26

The regular meeting of the board of directors of Capital Electric Cooperative, Inc., was held March 26 at co-op headquarters in Bismarck.

Financial review (February 2010): Prior to the board meeting, Directors Hollenbeck and Hilken reviewed the February 2010 check register and expenditures. Hilken reported that all checks were in order, and approval was recommended. It was moved, seconded and carried to approve February expenditures in the amount of \$2,351,833.03.

Business department report: The manager reviewed the February financial and statistical report with the board. Total kilowatt-hour (KWH) sales reported for February 2010 were below budget by 3.9 percent. The actual monthly electric revenue is down 3.2 percent from budget.

The margin for February is \$465,241, an increase of \$302,589 over budget. Year-to-date, the margin is \$577,810, over budget by \$124,987. However, it should be noted that in February, Capital received a one-time bill credit from Basin Electric in the amount of \$280,081, of which was budgeted for March. Excluding this bill credit, the year-to-date margin is \$297,729.

In February, 40 new services were billed, bringing active services to 15,224 versus 14,736 at this time last year. This is a net increase of 488 accounts over the last 12 months.

It was moved, seconded and carried to retire the balance of 1994 capital credits in the amount of \$1,159,159.84.

The audit engagement letter from Eide Bailly for the audit covering Jan. 1 through Dec. 31, 2009, was presented. It was moved, seconded and carried to execute the Eide Bailly engagement letter.

It was moved, seconded and carried to refinance \$4,096,215 of USDA Rural Utilities Service notes with CoBank or National Rural Utilities Cooperative Finance Corporation, whichever offers the (best evaluated loan package by management).

The manager reviewed the comparison of actual-to-budget expenses for the month of February 2010

and for the year to date through the month of February 2010. Accounts receivable balances as of March 25 were also reviewed.

Capital credits: Following review 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:

| | |
|-------------------------|-------------------|
| Clifford Kahler | \$1,770.67 |
| Theodore Olheiser | 1,400.41 |
| James Wicks | 1,386.40 |
| Elton Wolf | 403.01 |
| TOTAL..... | \$4,960.49 |

The manager reviewed Revision 21 to Exhibit A with Mclean Sheridan Joint Water Resource. It was moved, seconded and carried to approve and execute the Revision 21.

Engineering and operations report: The manager reviewed the written report from the engineering and operations department. Six work orders were completed this month, adding two new consumers to the system. The replacement pickups for units #84 and #86 came in last month. Line crews are busy doing annual line inspection.

We are still working on our maps; the transition from Auto Cad to National Information Solutions Cooperative's (NISC) new software has been difficult. The new software is a system rather than just a mapping tool. The system ties consumers to line sections so that it can predict how many consumers are affected by an outage, and it will also tell us which sectionalizing device is being used. This new software will not print a readable map so we are working with NISC to come up with a solution.

Member services department: The manager reviewed the written report from the member services department.

The replat of Lots 5 and 7 (Capital Electric headquarters addition) into the new Buffalo Jump Plat (Dan Schmaltz) has been completed and submitted to our engineer, Kevin Nelson of Ulteig Engineers, for review. A public hearing will be scheduled by the city to allow for public input.

Communications and public

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

In late February, the \$1,000 Basin Electric scholarship was awarded to Michael McGrath of Bismarck. The Capital Electric Charitable Trust gave a \$500 scholarship from the Operation Round Up program to Elizabeth Kraft of Century High School.

Central Power Electric Cooperative: Director Mund reported on Central Power matters. The need for system additions to serve the potential oil loads in the Souris Oil Basin near the Canadian border was discussed.

Capital credits totaling \$350,000 were allocated to Capital from Central Power. The adjusted margin at Basin is \$1.6 million.

The manager reported on further discussion of Central Power and Upper Missouri membership consideration.

North Dakota Association of Rural Electric Cooperatives (NDAREC): NDAREC received a "clean" audit from Eide Bailly. The year-to-date margin is \$185,932.

It was the consensus of the board that NDAREC's annual meeting be held in late June.

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

CAPITAL ELECTRIC COOPERATIVE

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Web site: www.capitalelec.com

BOARD OF DIRECTORS:

Dwight Wrangham, Pres.Bismarck
Arlene Olson, V. Pres.Wing
Ervin Mund, Sec.-Treas.Bismarck
David Liuska, Asst. Sec.-Treas.Wing
Jim HawkinsBismarck
Rodney EckrothBismarck
Kyle HilkenWilton
Rex Hollenbeck.....McClusky
Deon VilhauerBismarck
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DAY-NIGHT-WEEKEND
TROUBLE CALL: 223-1513
24 HOURS A DAY

A Touchstone Energy Cooperative