



CAPITAL ELECTRIC
COOPERATIVE

CAPITAL ELECTRIC COMMENTS

Capital Electric Cooperative • Bismarck, N.D.
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MAY 2014



Spring on the farm

The fourth generation to live on the family farm southwest of Wilton, Logan (left) and Brady Hansen love spending time outdoors. Springtime means petting and playing with calves, feeding pheasants corn, getting fresh air and exercise, and carrying on a family tradition. The brothers are the sons of Bruce and Jan Hansen and grandsons of Bill Hansen, who are all Capital Electric Cooperative members.

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COURTESY PHOTO

Jim Siirtola started as a meter reader-repairman at Capital Electric in October 1976.



He has driven thousands of miles in his work truck, known as 82, reading and repairing meters across the Capital Electric Cooperative service area.



PHOTO BY CARMEN DEVNEY

Serving the membership well

JIM SIIRTOLA RETIRES

BY CARMEN DEVNEY

Working as a meter reader and repairman at an electric cooperative used to compare to delivering the mail on a rural route. On a regular basis, you might drive hundreds of miles, visit with consumers and get chased by protective dogs. On occasion, you might get bit.

Jim Siirtola, one of Capital Electric Cooperative's meter readers and repairmen, laughs as he recounts the number of times he's been nipped in his 37½ years of reading meters for the cooperative. Technology has certainly made his job easier over the years. So have the dog treats he carried in his pockets. Sometimes they

helped him make friends with wary animals. Other times, they didn't.

Hired by the cooperative as a meter reader-repairman in October 1976, Jim retired on April 1. Prior to joining the co-op, he did survey work for the state. He says he liked the job, but didn't care for how much he had to travel.

A graduate of Wing High School, Jim was familiar with small towns and cooperatives. After high school, he worked for the local Cenex station, driving a fuel truck and fixing tractor tires.

Describing his first day on the job at Capital Electric, Jim says he drove across the co-op's service area with co-worker Dennis Harnish, who taught him more than 20 routes he would have to drive monthly to read members' meters.

Jim and Doug Jahner, another veteran meter reader-repairman at the co-op, talked about how meters would one day be read automatically. Jim says it was like a dream or a joke, and they both agreed it would never happen in their lifetimes. It did, and the innovative technology has been used for many years.

Capital Electric invested in a Two Way Automatic Communications System, or its TWACS automatic meter reading system, in November 2002. Jim, Doug and Beau Townsend have been updating members' meters ever since. While some members were wary of what people referred to as "smart meters," Jim says everyone benefited by the upgrade. Employees no longer had to drive from house to house, reading meters on a monthly basis. And members who valued their privacy no longer had meter readers on their property.

"Self-read meters made life easier, and they are super accurate," Jim says.

For the past several years, Jim

has stayed busy installing TWACS meters and collection meters, fixing faulty meters, and locating underground electric lines. The co-op has experienced steady growth around Bismarck and Lincoln, and Jim helped locate lines for new services, or for members who were planning projects such as building a fence, planting a shelterbelt or digging a stock dam.

From the members who leaned against his pick-up truck, appreciating the company, to visiting with co-workers in the shop every morning, Jim says people made his job enjoyable.

Jim's co-workers enjoyed his company in return.

Shari Vetter, Capital Electric's billing coordinator, says he was a positive influence in the office.

"Jim was always upbeat and willing to do whatever needed to be done," she says.

For several years, Jim mentored Beau Townsend, assistant staking engineer, in the meter-reading department. Beau says Jim made the job more enjoyable.

"Jim is one of those great guys that you looked forward to working with every day. He kept everyone from being too serious," he says.

Rich Dunn, engineering assistant and TWACS administrator, remembers that Jim always carried a tire repair kit. His travels led him to many construction areas and he had many flat tires.

"That didn't bother him, though. He would jack up the truck here at the

co-op, find the nail and plug the hole, and be on his way. He rarely took the truck to the tire shop," Rich says. "Jim was always a good source of information, from finding a location to helping the metering people. He has been a joy to work with."

Ron Lipp, engineering and operations manager, says Jim did his job well.

"Jim never needed a lot of direction. On the radio he would take his instructions and say, '82 clear.' That was his truck number," he says. "Jim cared about the members and did his best to serve them well."

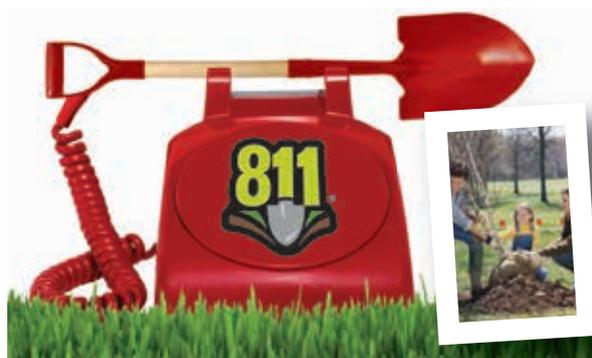
Perhaps the person Jim spent the most time with in and around the office was Doug Jahner, who started at the co-op one year before Jim. Doug reflects on his time working with Jim.

"He was a guy who always had a clever comment to every conversation. Jim is just an all-around good guy, and he has been a pleasure to work with," he concludes.

In his retirement, Jim plans to spend more time four-wheeling with his wife, Carmen, and son, Jake, and visiting his two daughters in Alaska and West Virginia.

"My son is 16. What a perfect time to be home with him and do things with him," Jim shares.

Capital Electric Cooperative thanks Jim Siirtola for 37½ years of dedicated service to the cooperative and its membership, and wishes him well in his retirement. **CEC**



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Co-op announces candidates seeking board of director positions

Elected to serve three-year terms, the nine co-op members who make up the Capital Electric Cooperative board of directors set policies and make decisions that 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 while planning for the future. The open board seats include one currently held by Rodney Eckroth in District 1, and two held by Kyle Hilken and Rex Hollenbeck in District 2. All three incumbents will be seeking re-election to their respective seats on the board.

The Nominating Committee recruited candidates and met on April 15 to review the list of potential candidates. One person was nominated from District 1 and four were nominated from District 2. 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.

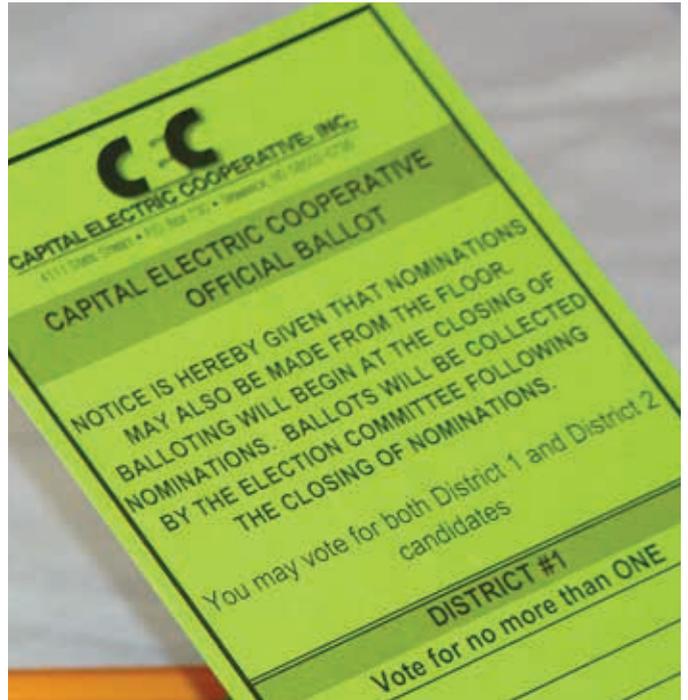
Capital Electric is pleased to announce that the following candidates have met eligibility requirements and will have their names placed on the ballot at the annual meeting:

DISTRICT 1:

Rodney Eckroth

DISTRICT 2:

- Kyle Hilken, 2A
- Rex Hollenbeck, 2A
- Curtis Jundt, 2B
- William Patrie, 2B



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 68th annual meeting will be mailed to members later on this month. **CEC**

Save THE DATE

JUNE 03 2014

WHAT: Capital Electric annual meeting
WHERE: Ramkota Hotel, Bismarck
WHEN: 4:30 p.m. registration followed by 4:45 p.m. dinner served courtesy of Capital Electric Cooperative, Inc. The business meeting begins at 6:30 p.m.

WHY: To learn about co-op issues; to cast your vote and elect three members to serve on the board of directors; to collect a capital credit check if you qualify; and to enjoy entertainment and eat a free meal.



Become a fan on Facebook!

Capital Electric Cooperative now has a Facebook page! Facebook will allow us to communicate quickly with our member-owners, the media and the general public on important co-op issues. If there is a major outage, you can check our page for frequent updates. We will also be providing information regarding your co-op membership, energy efficiency, upcoming meetings, youth programs and much more. Go to www.facebook.com/capitalelectricnd to "like" our page and begin receiving information.

Who can vote at the annual meeting?

With June 3 quickly approaching, we often receive questions as to who can and who cannot vote for director positions and ballot issues during this meeting. To clarify: 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 cooperative. 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! **CEC**

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 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

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 # _____
Officer's Signature _____

**Must be signed by officer or authorizing official*



JONATHAN MATERI EARNS SCHOLARSHIP

'Every little bit helps'

BY CARMEN DEVNEY



PHOTO BY MORGAN'S MEMORIES

Jonathan Materi earned Capital Electric Cooperative's \$1,000 scholarship. He plans to attend NDSU and major in a form of engineering.

In his application, Jonathan wrote that he planned to go into a form of engineering and choose a career that he will enjoy for the rest of his life. "I love the maths and the natural sciences, and I hope to use my talents in these subjects to make my community a better place. I also plan to use my talents to obtain a steady job and to be able to provide for my family," he wrote.

The son of Debora and Thomas Materi, who are Capital Electric members from Bismarck, Jonathan says some of his favorite classes are calculus and statistics. He says he likes math in general, because it's objective.

"There's a right answer," he says. "In biology or any other science, yes, it's right, but it's more definitive in math."

Jonathan is choosing to attend NDSU because it is well-known for its engineering program. It is also close to home, some of his friends plan to attend, and it is affordable.

"It's probably the best school for me," he says.

During his time at St. Mary's Central High School, Jonathan has participated in science club, Spanish club, Science Olympiad and an assistant chaplains group.

This summer, he will fly to Guatemala with other participating St. Mary's students and build houses, under the guidance of Fr. Jared Johnson. Jonathan says he likes to "tinker with things and put things together," so he looks forward to contributing and helping those in need.

In his spare time, Jonathan likes to ride the bike trails around Bismarck. He was born and raised here, and he says he hopes to return after he graduates from college. **CEC**

Jonathan Materi is going to continue his education at North Dakota State University (NDSU) this fall, and he wants to thank the Capital Electric Cooperative membership for making his freshman year a bit more affordable.

A senior at St. Mary's Central High School in Bismarck, Materi earned this year's \$1,000 student scholarship from Capital Electric and Basin Electric Power Cooperative. In the Touchstone Energy® spirit of commitment to community, Capital Electric awards a scholarship annually to a child of one of its member-owners, with the goal of supporting area youth and developing

future leaders.

"Tuition just keeps going up and up. Every little bit helps," he says in gratitude.

Wes Engbrecht, manager of communications and public relations for Capital Electric, reports that 20 students applied for this year's scholarship. Reviewed through an independent process, the judges analyzed the applicants' academic performance, potential to succeed, leadership, participation in school and community activities, honors, a statement of education and career goals, work experience, and an outside referral.



May is National Electrical Safety Month

BACK TO THE BASICS

May is National Electrical Safety Month, and Capital Electric Cooperative wants you to be aware of potential home electrical hazards and the importance of electrical safety. This year's campaign, "Back to the Basics," challenges consumers to make home electrical safety assessments a priority.

According to the Consumer Electronics Association, the average home today has a minimum of three televisions, two DVD players, at least one digital camera, one desktop computer, and two cell phones.

Many homes and their electrical systems were built before most modern-day home electronics and appliances were even invented. Today's increased demand for energy can overburden an older home's electrical system.

Capital Electric Cooperative offers the following tips to help identify and eliminate electrical hazards to protect yourself, your family and your home:

- Make sure entertainment centers and computer equipment have plenty of space around them for ventilation.
- Use extension cords as a temporary solution, and never as a permanent power supply.
- Do not place extension cords in high-traffic areas, under carpets or across walkways, where they pose a potential tripping hazard.
- Use a surge protector to protect your computer and other electronic equipment from damage caused by voltage changes.
- Heavy reliance on power strips is an indication that you have too few outlets to address your needs. Have additional outlets installed by a qualified, licensed electrician.
- Keep liquids, including drinks, away from electrical items such as televisions and computers.

Here, we offer other tips:

BASICS FOR THE KIDS

As the weather warms, kids will soon head outside to play. Before they do, teach them a few basic rules about outdoor power lines and equipment:

- Never fly a kite near a power line. Kites could easily become tangled in power lines and become energized.
- Don't climb trees that are near power lines and poles. Those branches could be hiding some hazards.
- Stay far away from power lines lying on the ground. You can't tell if electricity is still flowing through them. If there's water nearby, don't go in it. Water is the best conductor of electricity.
- Obey signs that say "danger" and "keep out" around large electrical equipment, like substations. These signs aren't warnings; they're commands to keep you safe.
- Never climb a power pole.

OUTDOOR BASICS FOR ADULTS

- If power lines run through your trees, ask Capital Electric Cooperative to trim the branches.
- If they're not already, consider upgrading your outdoor receptacles – or any outlets that could come in contact with water – to ground-fault circuit interrupters (GFCIs). GFCIs immediately interrupt power flow when a plugged-in device comes in contact with water. Regardless, keep your outlets and cords dry and covered outside.
- Use only weather-resistant, heavy-duty extension cords marked for outdoor use.
- Carefully check the location of all overhead wires before using a ladder. All ladders, even those made of wood, that contact a power line can shock or electrocute people coming in contact with them.
- Unplug outdoor tools and appliances when not in use.
- Inspect power tools and appliances for frayed cords, broken plugs and cracked or broken housing. Repair or replace damaged items.
- Water does not mix with electricity. Avoid damp conditions - including wet grass - when using electricity. **CEC**

Board minute excerpts March 27, 2014

The regular meeting of the Board of Directors of Capital Electric Cooperative, Inc., was held on Thursday, March 27, 2014, at co-op headquarters in Bismarck.

Financial Review (February 2014): Prior to the board meeting, Directors Haugen-Hoffart and Kramer reviewed the February 2014 check register and expenditures. It was reported that all checks were in order. It was moved, seconded and carried to approve the February expenditures in the amount of \$3,466,757.82.

Business department report: Paul Fitterer, business manager, reviewed the February financial and statistical report with the Board. The total kilowatt-hour (KWH) sales for February 2014 were above budget by 10.4 percent. The actual monthly electric revenue is up 8.5 percent from budget. Year-to-date, KWH sales are up from budget by 10.4 percent. Electric revenue is \$5,869,039 versus budgeted revenue of \$5,389,053, over budget by 8.9 percent. The financial margin for February is \$112,724, versus the budgeted margin of \$78,651, above budget by \$34,073. Operating margins for the month were \$84,601, above budget by \$29,119.

In February, 21 new services were billed, bringing active services to 18,008 versus 17,295 at this time last year. This is a net increase of 692 accounts over the last 12 months.

The business manager reviewed the comparison of actual-to-budgeted expenses for the month of February and for the year-to-date through February 2014. Account receivable balances as of March 25, 2014, were reviewed.

Form 990 questionnaire: The board reviewed and completed the Form 990 questionnaire.

FEMA 2011 storm reimbursement: Capital Electric received the final reimbursement of \$122,120.44 from the Federal Emergency Management Agency (FEMA) and the State of North Dakota as it relates to the 2011 flood. In total, Capital Electric received \$738,011.20 in reimbursements of the \$760,836.29 of damage that was incurred (97 percent).

Policy IV, Rate Schedule "PG": The purchase of 100 percent of our power from Central Power Electric Cooperative changes the avoided cost rates that affect Capital Electric. It was moved, seconded and carried to approve revised Policy IV, Rate Schedule "PG," attached hereto as "Exhibit 1," to reference Central Power's avoided costs instead of Basin Electric Power Cooperative's avoided costs.

Capital credit retirement: Total unretired capital credits, including the 2013 allocation, are \$34,190,248. Following review of the financial condition of the cooperative and recommendation by management, it was moved, seconded and carried to approve the 1998 unretired balance of \$1,033,670, made up of \$843,325 of cooperative capital credits and \$190,345 of generation and transmission capital credits. Capital Electric received the first capital credit retirement in March from Basin Electric since 2008, in the amount of \$100,559.89.

Central Power consolidation: The Central Power consolidation is going well. We have a good process of tracking and billing Central Power for substation and transmission charges. The next step of the process will be our financial audit and eventual true-up of projected-versus-actual charges.

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:

| | |
|--------------------|------------|
| Leo Steinert | \$4,240.64 |
| Marion Unruh | \$682.56 |
| James A. Miller | \$1,072.99 |
| Maxine Coughlin | \$622.42 |
| Otto & Mina Victor | \$317.62 |
| Sherry L. Maas | \$34.31 |
| TOTAL | \$6,970.54 |

Engineering and operations report: The manager reviewed the written report from the engineering and operations department. This month, three work orders were completed, adding three new consumers to the system.

Contractor prices: The 2014 contractor prices for the upcoming construction season were reviewed. Capital Electric has been using both Fisher and 3G in underground, and mostly VIP in overhead construction. Capital Electric received four overhead contractors for the 2014 construction year having used VIP, JB, and 4T's before, and Legacy is out of Wadena, Minn., and has been doing work for McKenzie Electric Cooperative. It was moved, seconded and carried to approve the 2014 contractor prices for 2014 for overhead and underground.

Locator contract: It was moved, seconded and carried to approve the underground Facilities Locations and Marking Service Agreement, pending attorney review of the contract.

Rich, Rick, Mike and Les attended the 2014 Engineering and Operations Conference on March 11, 2014 through March 13, 2014.

Member services department report:

Electric heat sales: Over the past 10 years, Capital Electric has seen a considerable amount of electric heat installs.

Plan, Profile, and Structural Drawings: Plan, Profile, and Structural Drawings are being assembled for Central Power as time allows.

ERC loans: There are no Energy Resource Conservation (ERC) loans for Board review this month.

Communications and public relations department report: Wes Engbrecht, director of public relations and communications, reviewed the written report from the communications and public relations department.

Safety report: There were no lost-time accidents this month.

Jeff Tweten, safety instructor from the North Dakota Association of Rural Electric Cooperatives (NDAREC), was at the shop on March 20, 2014, to conduct a safety meeting on arc flash. Jeff reviewed the importance of wearing property safety gear when changing out meters and working with live conductors.

Capital Electric's operations manager, a lineman and a safety director/coordinator participated in a half-day, online research session to increase our understanding of the safety culture and practices of cooperatives that lead in safety performance, and what differentiates these "high-performing safety cooperatives" from other cooperatives.

Central Power: All directors attend the Central Power annual meeting. The Central Power board reorganized and same officers were re-elected.

NDAREC: There are 46 students in lineman school at Bismarck State College.

2014 Annual Meeting: The Nominating Committee meeting is scheduled for April 15, 2014. The Member Advisory Committee is still seeking nominations to expand the committee membership.

MidWest: It is important to educate Congress and the public about the Western Area Power Administration, its purpose and benefits.

National Rural Utilities Cooperative Finance Corporation (CFC): It was moved, seconded and carried to vote in favor of authorizing the CFC Integrity Fund to be used for "additional purposes" to support cooperatives facing regulatory, judicial and legislative challenges that may affect multiple cooperatives nationally or in a state or region.

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

CAPITAL ELECTRIC COOPERATIVE

4111 State St. N.

Bismarck, ND 58503

Website: www.capitalelec.com

BOARD OF DIRECTORS:

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Arlene Olson, V. Pres. Wing
David Liuska, Sec.-Treas. Wing
Sheri Haugen-Hoffart,
Asst. Sec.-Treas. Bismarck
Rodney Eckroth Bismarck
Kyle Hilken Wilton
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Josh Kramer Bismarck
Deon Vilhauer Bismarck
Ordean "Lars" Nygren, Mgr. Bismarck

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DAY-NIGHT-WEEKEND
TROUBLE CALL: 223-1513