Lars Nygren, general manager of Capital Electric Cooperative for 32 years and former Minot office manager of Verendrye Electric Cooperative for 8 years, will retire on April 1. In this month’s local pages, read some of his career challenges and highlights — and learn why he gives the employees all the credit.
Manager Lars Nygren retires after 32 years at Capital Electric

BY CARMEN DEVNEY

The curtains in Ordean “Lars” Nygren’s office are no laughing matter, although some of the Capital Electric Cooperative employees like to rib him about them every now and again for fun. The brown- and gold-striped curtains were hung decades before Nygren was hired by the cooperative in 1983, and they’ll likely be retired on April 1 — the same day Lars will retire, after having served as general manager for 32 years.

The curtains could rightly be accused of being old-fashioned and out of style. But they speak volumes about some of the leadership qualities Lars has shown daily and during some contentious times for the cooperative, and how he handled decisions with great thought and care. He has always treated the cooperative membership’s money as if it was his own.

“Now, if we installed an automated meter reading system or TWACS (the cooperative’s two-way automatic communications system), yes it would. It will help us know when the member is out of service.”

Territory disputes with Montana-Dakota Utilities, the local investor-owned utility, were some of Lars Nygren’s biggest challenges as general manager of Capital Electric Cooperative. Explaining the Menards, Inc. dispute at the 2015 Member Advisory Committee meeting, Lars said it was important for the cooperative to stick up for its membership. “If you don’t stand your ground, who will?” he asks?

‘A CO-OP PERSON’
Electric has been able to keep its rates competitive under Lars’ leadership. The cooperative has also experienced significant challenges over the years, some of which include a territory dispute in 2006 with Montana-Dakota Utilities over providing electric service to a Boulder Ridge subdivision in north Bismarck; a snow and ice storm in 2010 that caused power outages and destroyed more than 400 utility poles; and the flooding of the Missouri River in 2011 that devastated some homes along the river.

Lars says the cooperative has made the best of some difficult situations, and perhaps paved the way for other cooperatives in some instances — thanks in great part to the work and commitment of cooperative employees.

“They make management a lot easier. Without them, [running a business] isn’t going to work. You have to have dedicated troops who support the cause [of serving the member-owner]. And they do. There isn’t any question about it,” he says.

Capital Electric is a Touchstone Energy® Cooperative that takes pride in serving with integrity, accountability, innovation and commitment to community. Lars says co-op commitment has never been more obvious than when the Missouri River flooded parts of the Capital Electric service area in 2011. The cooperative had many flooded facilities including transformers, vacuum fault interrupters and miles of underground conductor. When some electrical infrastructure became submerged in the Sandy River Drive Development in northwest Bismarck, it jeopardized pumping efforts. In a monumental effort to save their homes from devastation, area residents worked with some Capital Electric employees to order an iron frame structure that could encircle a submerged circuit breaker and switching equipment. Once the frame was transported to the location by pontoon, along with a crane and sandbags, linemen cut off partial electric service to eliminate public safety risks. Then a line crew hoisted the frame over the circuit breaker, created a cofferdam around the equipment and pumped out the water. A lineman was then able to reroute the switching equipment. The temporary fix, which restored power to the impacted homes in the area, continued to work until linemen were able to get back to the site after the water receded, and inspect, clean and replace parts as needed.

“The innovation of the employees … not management; it was the employees … innovating with the folks, trying to figure out how they were going to get through this,” Lars reflects. “The many thank-yous we received from members reminded us what we already knew — we have a great staff.”

Dwight Wrangham, president of the Capital Electric board of directors, notes that a strong staff most often has a strong leader. In the board room, Dwight says he and the other board members see confidence in a manager who knows details to the very end.

“We see a manager who puts the information before us, makes his recommendation and allows the board to make their decision,” Dwight says. “The board has been honored to be represented by Lars on many local, state and federal organizations. When he participates in those things, we know he’s helping Capital Electric and all the other electric co-ops.”

Over the course of 32 years, Lars has served in additional cooperative capacities. He is the past chairman of the National Rural Electric Cooperative Association (NRECA) cooperative management, employment and community committee, and the past chair of the Midwest Electric Consumers Association. He also served on the NRECA resolutions committee and the board of RESCO, a regional co-op supply group. All of these organizations serve co-ops and their members.

Paul Fitterer, the cooperative’s business manager who will take over as
general manager on April 1, says Lars’ participation in the electric cooperative network has helped him understand the “big picture.”

“He’s really knowledgeable about the industry in general, and how Basin Electric and Minnkota Power Cooperative got started, and all the political players. Things we talked about years ago, he’ll bring up and remember the data,” Paul says. “He knows a ton of history and has a mind like a steel trap.”

Doug Mork, the cooperative’s member services director, says he appreciates how Lars never micromanaged and allowed the department heads to make decisions.

“If you understood what you wanted and brought it to him, and provided the back-up you’d need, he was always on-board with you,” he says. “There might have been cheaper ways to do some things, but if you could explain why your choice was probably better for the membership, Lars was ready to explain it to the board.”

Wes Engbrecht, the co-op’s director of communications and public relations, says Lars has lived and breathed Capital Electric and the cooperative world in general, and credits him for not cutting corners.

“He doesn’t come back from being out-of-town on business at 3:30 p.m. or 4 p.m. and go home; he comes to the office until 5 p.m.,” Wes describes. “There’s a lot of pressure with regard to making big decisions. Lars just boldly goes forward and gets it done.”

On occasion, it’s done with a laugh. Every now and again, those who know Lars best say he would get the giggles that would eventually leave everyone in tears. He also used colorful and often humorous analogies to describe the situation at-hand. He didn’t often laugh about his old curtains, though, or his company car. He drove a 2001 Dodge Intrepid that could easily have been budgeted for and updated over the years. He chose to keep using the Intrepid.

“Lars has managed to the right of center, as far as being a little more conservative,” says Doug. “I think that’s where he had to be because he was dealing with the board, dealing with the employees, dealing with the members and dealing with a lot of money. I respect him for that. I really do.”

After retirement, Lars says he plans to travel to Minnesota, Florida, Canada and Alaska, and do some relaxing and fishing with family and friends. Married for 39 years, Lars and Helen enjoy spending time with their children, Andrew and Maren, and grandchildren Monica, Malayna, Michael and Matthew. He also hopes to maintain many of his cooperative connections.

Arlene Olson, vice president of the Capital Electric board of directors, concludes by thanking Lars for the 32 years he gave to the cooperative.

“Capital Electric has grown beyond any of the board’s expectations they might have had at the time they hired you,” she says. “You’ve been a shining star not only for Capital Electric, but across the nation. Thank you so much for everything you’ve done.”

Paul Fitterer named next general manager of Capital Electric

Paul Fitterer, the business manager of Capital Electric Cooperative, has been named the next general manager. Prior to being hired by Capital Electric in 2004, Paul worked at National Information Solutions Cooperative in Mandan, giving him 20 years of cooperative education and experience. Read the April center community pages of North Dakota Living to learn more about Paul and how he sees the future of Capital Electric Cooperative.
Members in action at MAC meeting

BY WES ENGBRECHT

Keeping the cooperative running smoothly requires input from our members. One way this is accomplished is through the annual Member Advisory Committee (MAC) meeting. This year’s meeting, held Tuesday, Feb. 2, was attended by 15 co-op members. These members were briefed on various topics including the Environmental Protection Agency’s (EPA) Clean Power Plan, the Menards®, Inc. N.D. Supreme Court case with Montana-Dakota Utilities, Central Power Electric Cooperative transmission system upgrades, redistricting possibilities, wholesale electric rates and more. Financial results, the availability of deferred revenue, and an analysis of our current electric rates were presented to give MAC attendees a full financial picture and an idea of where we are headed in the future. During the meeting, Roberta Thorson of Arena was elected to serve a 3-year term on the Capital Electric Cooperative Charitable Trust board of directors.

Paul Sukut addresses Clean Power Plan at MAC meeting

BY WES ENGBRECHT

During this year’s Member Advisory Committee (MAC) meeting, Basin Electric General Manager Paul Sukut addressed the group on the EPA’s Clean Power Plan. The initial plan included a required carbon emission reduction in North Dakota by 11 percent. This was a difficult but attainable benchmark for us to reach. The final plan was released with a new target for North Dakota of reducing carbon emissions by 45 percent by the year 2030. In addition, we would get no credit for the carbon reductions we have already achieved via the addition of a considerable investment in wind energy to date.

As one of the nation’s leading users of coal to generate electricity, the Clean Power Plan requirements would hit our state very hard. According to Sukut, “I can’t think of anything right now that would have a more dire effect on North Dakota than the EPA’s Clean Power Plan.” North Dakota would be expected to significantly change its mix of power generation through the addition of more wind and natural gas, as well as efficiencies in coal generation to meet the 45 percent reduction. The technology doesn’t currently exist to bring our coal plants into compliance at that level and run them at full capacity. If we were to shut them down, the idle coal plants would still have significant debt attached to them. Consumers would continue to pay for them, along with the added wind and gas facilities.

Sukut went on to explain, “We have a three-pronged approach to dealing with the rule: beat the rule, change the rule or meet the rule.” Because the rule is already a law, beating it means taking the EPA on in court. Changing the rule is difficult as well, as passing this type of legislation would not make it through the current administration. The process of meeting the rule’s requirements has many challenges, one of which is the coordination of six power generating utilities in the state that would need to work together to make it happen. Three cooperatives make up 92 percent of the coal generation in North Dakota including Basin Electric, Minnkota Power Cooperative and Great River Energy. It would fall on them to do the heavy lifting to meet this carbon reduction rule.

Our next step as a state is to adopt and implement a State Implementation Plan (SIP) to address the Clean Power Plan. If we don’t, we will be forced to utilize a federal plan that will be created for us without our input. In either case, estimates to implement a plan could be as high as $5 billion, resulting in a possible rate increase for consumers of 30 to 40 percent. This equates to a possible 2 cents per-kilowatt-hour increase sometime in the future. We will continue to update you on this vital issue as information becomes available.

The Supreme Court has recently ruled to put a hold on the Clean Power Plan while legal challenges are heard. This ruling should give utilities more time to address the issues and long-term effects associated with the plan.

PHOTO BY CARMEN DEVNEY
Directors represent your interests

Capital Electric Cooperative is overseen by a board of directors elected by the member-owners of our co-op. Each director represents the members on the board and each director is a co-op member.

Directors represent the members’ interests. They learn and internalize concerns, expectations and ideas, and take the information into the board room. During board meetings, directors exchange information and strategize for the co-op’s progressive growth.

Directors have a fiduciary responsibility to the cooperative. They exercise care, time and responsibility in reviewing co-op matters. Because they are also owners of the cooperative, they treat the business like their own.

Directors devote a certain amount of time to the cooperative. At a minimum, directors attend a monthly board meeting. To learn about the industry and understand critical issues, directors also read and research, and attend state and national meetings.

To help directors with their responsibilities, training is offered through the North Dakota Association of Rural Electric Cooperatives. If directors choose to pursue certification, they must take and complete five courses that cover director duties and liabilities, understanding the electric business board roles and relationships, strategic planning and financial decision-making.

Serving Capital Electric Cooperative and your community can be a rewarding experience! For more information, contact a member of the Nominating Committee (see C7) or call the co-op at 701-223-1513.

Be part of a team

Besides working as a pilot for the North Dakota Department of Transportation, Deon Vilhauer and his wife, Renae, keep busy with their daughters, the family farm and their small business of netwrap sales. A board member for Capital Electric Cooperative for more than 6 years, Deon says he chooses to serve for the simple reason of wanting to help members continue receiving reliable electricity at an affordable rate. “I grew up on a farm that relied on electricity provided by an electric cooperative, and I know the importance of reliability,” he says.

Deon is pictured here with daughters Isabella, left, and Delaney.

Now’s the time to consider running for a position on Capital Electric Cooperative’s board of directors. Deon and the other eight directors encourage you to join them in the board room, and understand how the power of human cooperation changes lives — and makes cooperatives and communities stronger.
Are you interested in serving as a director for Capital Electric?
Place YOUR name on the ballot today!

Capital Electric Cooperative’s 70th annual meeting will be held June 1 at the Ramkota Hotel in Bismarck.
This year, three seats on the co-op’s board of directors will need to be filled. Directors whose three-year terms will expire this June include David Liuska and Arlene Olson, both from District 2, and Sheri Haugen-Hoffart from District 1. Director Liuska will not be seeking re-election.

The nine members who make up the Capital Electric board of directors set policies and make decisions that will guide the cooperative into the future. With the annual meeting just a few short months away, now is the time for members to start thinking about whether they have the time and desire to serve their electric cooperative.

In accordance with Article 4, Section 3 of the co-op bylaws, current members of Capital Electric can have their names placed on the ballot to be voted upon for the open board positions in one of three ways: accepting a nomination by the Capital Electric Nominating Committee; submitting a petition signed by at least 15 current members of the cooperative, not less than 30 days prior to the annual meeting; and having your name placed in nomination from the floor at the annual meeting prior to the board of director election.

If you are interested in becoming a candidate for the Capital Electric Cooperative board of directors or wish to have a member considered for nomination, please contact a member of the Nominating Committee listed above prior to April 12.

The following members have been appointed by the board of directors to serve on the Nominating Committee:

- Brian Bitter
  751 80th St. S.E.
  Bismarck, ND 58501
  701-226-3456
- LeAna Hug
  13451 52nd St. N.E.
  Bismarck, ND 58521
  701-223-5152
- Warren Larson
  4618 Feldspar Dr.
  Bismarck, ND 58503
  701-751-2329
- Julie Roswick
  4315 England St.
  Bismarck, ND 58504
  701-255-3626
- Sanford Williams
  26900 331st Ave. N.E.
  Wing, ND 58494
  701-943-2474
- Gary Hansen
  1423 Eagle Crest Lp.
  Bismarck, ND 58503
  701-471-3558
- Arliss Koski
  24951 353rd St. N.E.
  Arena, ND 58494
  701-943-2647
- Ann Reich
  4401 Lookout Trail
  Bismarck, ND 58504
  701-255-4406
- Kristi Schlosser Carlson
  2810 Powder Ridge Dr.
  Bismarck, ND 58503
  701-251-8027
- LeAna Hug
  13451 52nd St. N.E.
  Bismarck, ND 58521
  701-223-5152

If you are interested in becoming a candidate for the Capital Electric Cooperative board of directors or wish to have a member considered for nomination, please contact a member of the Nominating Committee listed above prior to April 12. Committee members will have information on the requirements a member must meet in order to serve on the co-op’s board of directors. Pursuant to the bylaws, the Nominating Committee must post a list of nominations at least 35 days prior to the annual meeting. Current board members whose terms will expire in 2016 are:

- District 1: Sheri Haugen-Hoffart
- District 2: David Liuska and Arlene Olson

Official notice of Capital Electric’s 70th annual meeting will be mailed to members in May.

MAC members support redistricting change

At the Member Advisory Committee (MAC) meeting held Feb. 2, members heard an update from General Manager Lars Nygren on the possibility of redistricting Capital Electric Cooperative’s service area. The current districts are 1, 2A and 2B. The proposed redistricting would change the districts to 1, 2 and 3, and would reflect a more proportional number of members per district. The change would not affect the service of any of the current board members.

Based on the positive feedback received at the MAC meeting, the board of directors discussed the possibility at their Feb. 19 board meeting. After lengthy discussion, the board will ask the members of Capital Electric Cooperative to vote on this issue at the annual meeting on June 1, in the form of a bylaw change. For more information and updates, read the April center community pages in the North Dakota Living magazine and visit our website at www.capitalelec.com.
Board minute excerpts
Jan. 15, 2016

The regular meeting of the Board of Directors of Capital Electric Cooperative, Inc., was held Friday, Jan. 15, 2016, at cooperative headquarters in Bismarck. All of the directors were present except Rodney Eckroth.

Financial review: Prior to the board meeting, Directors Haugen-Hoffart and Liuska reviewed the December 2015 check register and expenditures. It was reported all checks were in order. It was moved, seconded and carried to approve December expenditures in the amount of $2,593,450.24.

General Manager search: It was moved, seconded and carried to send a letter extending an offer to a candidate to be Capital Electric’s next General Manager.

Business Department report: The Business Manager reviewed the December financial and statistical report with the Board. The total kilowatt-hour (KWH) sales for December 2015 were below budget by 12.1 percent. The actual monthly electric revenue is below budget by 9.3 percent. Year-to-date, KWH sales are under budget by 2.1 percent and electric revenue is under budget by 1 percent.

The financial margin for December is $1,313,591 versus the budgeted margin of $1,033,251, above budget by $280,340.

Capital Electric began billing 45 new services in December, bringing our active services to 19,207 versus 18,485 at this time last year, or a net increase of 722 accounts over the last 12 months.

The Manager reviewed the comparison of actual-to-budgeted expenses for the month of December and year-to-date through December 2015. Accounts receivable balances as of Jan. 21, 2016, were reviewed.

Basin Electric office rental: The lease of office space by Basin Electric goes through May 2016. Their headquarters remodel will be completed next year. We plan to extend the lease to Basin Electric.

Rate study: Power Systems Engineering has sent a list of data needed to begin the load study. We will use the 2016 budget for testing the revenue calculations and use the 2015 actual data for the cost of study service.

Inventory of work orders: We have received two work order inventories after certification by HDR Engineering. September 2014 Inventory 481: $ 123,737.54 January 2015 Inventory 483: $2,234,889.34 TOTAL: $2,358,626.88

It was moved, seconded and carried to approve the inventory work orders.

Job changes: Shari Vetter has accepted the position of Billing Supervisor effective Jan. 1, 2016. We have interviewed internally for the position of Billing Coordinator.

National Information Solutions Cooperative (NISC) work management solutions: Capital Electric received a demonstration from NISC on their work management solution that would allow Capital Electric to move workflows from paper to electronic, add scheduling tools and provide us the ability to perform real-time entry to service orders on iPads in the field.

It was moved, seconded and carried to approve this software.

Estate retirements: 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:

<table>
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<th>Name</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Adam Wanner</td>
<td>$1,924.39</td>
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<tr>
<td>Terry Robinson</td>
<td>$3,475.44</td>
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<tr>
<td>Hardis Kupfer</td>
<td>$651.43</td>
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<tr>
<td>Ken Koch</td>
<td>$178.48</td>
</tr>
<tr>
<td>TOTAL</td>
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</tbody>
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Engineering and Operations report:

The Manager reviewed the written report from the Engineering and Operations department. We completed 63 work orders this month, adding 85 new consumers to the system.

Fisher and Gieser Utility Contracting continue to trench in new services and VIP continues to work on our overhead rural rebuild.

Dale Twardoski, lead lineman, has accepted the warehouseman position at Capital Electric; he started Jan. 1, 2016 and is shadowing Mike Schneider for the month.

Capital Electric completed our annual inventory the first two weeks in January 2016 and came within the 1 percent rule.

Member Services department: The Manager reviewed the member services written report.

Tax credits extended for heat pump water heaters: The Tax Relief Extension Act of 2015 extended the period in which Section 25c tax credit can be claimed for the purchase of certain energy-efficient property for use in existing homes. It is retroactive for certain purchases made in 2015.

Energy Resource Conservation loans: There are no loans for Board approval this month.

Basin Electric scholarship program: We received the scholarship application information from Basin Electric on the member/dependent and employee/dependent scholarship programs for this year.

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

Seven employees attended the 51st annual Apprenticeship Training and Safety conference at the Ramkota Hotel in Bismarck Jan. 13 through 15, 2016. They attended five workshops covering accident investigation, substation maintenance, severe weather and power restoration, N.D. Department of Transportation regulations and animal encounters.

Central Power Electric Cooperative held a capacitor bank training session at their Menoken Substation on Thursday, Jan. 7, 2016. All linemen attended the session.

Central Power report: Highlights of the meeting were reported.

It was moved, seconded and carried to appoint Olson as delegate and Kramer as alternate to the Central Power Regulations Committee.

Basin Electric report: Nygren reported on information presented at the Basin Electric Member Advisory Committee meeting.

A UREA project report was given and briefly discussed.

North Dakota Association of Rural Electric Cooperatives: Liuska presented on the written report.

National Rural Electric Cooperative Association CEO Conference: Nygren reported on the highlights of the conference.

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

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Bismarck, ND 58503
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BOARD OF DIRECTORS:
Dwight Wrangham, Pres. ....................... Bismarck
Arlene Olson, V. Pres. ................................ Wing
David Liuska, Sec.-Treas. ................. Wing
Sheri Haugen-Hoffart, Asst. Sec.-Treas. ......... Bismarck
Rodney Eckroth ........................................ Bismarck
Kyle Hilken ............................................. Wilton
Josh Kramer ............................................. Bismarck
William Patrie ........................................ Bismarck
Deon Vilhauer ........................................ Bismarck
Orande “Lars” Nygren, Mgr. ............... Bismarck

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A Touchstone Energy® Cooperative