

ROUGH RIDER NEWS

ELECTRIC COOPERATIVE

FEBRUARY 2018

Just another winter in North Dakota

*North Dakota was the coldest place on earth on Jan. 1, according to National Weather Service Bismarck. The record was set in Hettinger, with an air temperature of -45. Life goes on and chores can't wait — even when it's brutal cold. Ranchers still have to feed cows, and Roughrider's linemen including **Tyler Phelps** still do maintenance that will prevent power outages and strengthen the system. It was an extremely cold stretch, and yet, it's just another winter in North Dakota.*

PHOTO BY BROCK SWENSRUD

What's inside:

- **Alliance celebrates 10 years of service**
- **Annual meeting date and candidate nomination process for the board**
- **A phone survey may await you**
- **Krebs earns Outstanding Apprentice award**
- **Meetings minutes, and more**

Innovative Energy Alliance Cooperative celebrates 10 years

BY CARMEN DEVNEY

On Jan. 1, Innovative Energy Alliance Cooperative celebrated 10 years of being a helping hand to Roughrider Electric Cooperative and its members. Established in 2007 with neighboring cooperatives Slope Electric and Mor-Gran-Sou Electric, the alliance was created to share management services with the intention of reducing costs and allowing the respective boards of directors to retain local control. KEM Electric Cooperative joined the alliance in 2012.

In the cooperative spirit of working together for the greater good, the concept of sharing resources to streamline processes and add efficiencies gained momentum. The alliance expanded, adding key positions that were necessary at each of the cooperatives and could be shared. Just like the co-general managers, alliance employees were hired to split their time and talents among the four cooperatives.

Over the past decade, Innovative Energy Alliance Cooperative has grown to 14 full-time employees including management. Positions range from the chief information officer and chief financial officer to accountants, engineers, human resource professionals, a safety coordinator and a communications coordinator.

Don Franklund has worked as co-general manager/chief executive officer (CEO) of the alliance since its inception. He says it's important that members continue to identify Roughrider as their home cooperative. From the linemen in the fields to the folks who work in the offices of Dickinson and Hazen, these 47 employees are the face of Roughrider. The alliance employees you may see helping at an annual meeting are a secondary layer of employees who assist with larger or specialized projects.

"The alliance is a helping branch to your cooperative. We're here for support," Franklund says.

So, how exactly does Innovative Energy Alliance Cooperative work, and has it done what it set out to do — share services, gain efficiencies, and ultimately save the members of Roughrider money?

Yes, says Roughrider Board Member Dan Price, who was a founding board member for Innovative Energy Alliance Cooperative.

"The alliance started with the sharing of managers. It didn't take the boards long to see the potential of adding more shared positions, like accounting and engineering, and other necessary services we could all share," he says. "It all comes down to efficiencies. When you get top-notch people in all of these services, it grows into more opportunities — and more savings."



- KEM Electric Cooperative serves Kidder, Logan, Emmons, McIntosh and Burleigh Counties.
- Mor-Gran-Sou Electric Cooperative serves Morton, Grant and Sioux Counties.
- Roughrider Electric Cooperative serves Mercer, Oliver, Stark, Dunn, Billings, Golden Valley and Hettinger Counties.
- Slope Electric Cooperative serves Adams, Bowman, Hettinger and Slope Counties.

The formation of the alliance

Back in 2007, Franklund had served as general manager/CEO for Mor-Gran-Sou for 13 years. He knew many of the cooperative's rural areas were struggling with a declining membership, and Mor-Gran-Sou was seeing an increased cost of doing business. He said it was up to the area's electric cooperatives to find innovative ways to prepare for the future.

"We saw a changing rural landscape and were concerned about the future of our industry," he said.

When Slope Electric General Manager Lynette Nieuwsma resigned to accept another job, the Slope board approached the boards of Roughrider and Mor-Gran-Sou, and suggested they form a temporary management alliance.

"It was a bold step toward managing all of our cooperatives' futures," Franklund says.

The directors formed a Steering Committee by nominating two directors from each cooperative to serve and represent the interests of their memberships.

The committee hired Franklund and Clayton Hoffman, the former general manager/CEO of Oliver-Mercer Electric Cooperative, to lead the alliance. Serving the Hazen area and surrounding areas, Oliver-Mercer was in the process of consolidating with West Plains Electric Cooperative, which served the Dickinson area and extended communities. The consolidation to become one cooperative corporation, known as Roughrider Electric Cooperative, would become official the same

day the alliance was incorporated as an LLC.

After a 20-month trial period, John Lee Njos, president of the Slope board at the time, says his fellow directors decided to make the management alliance permanent. “The management alliance has allowed us to do a better job of serving members with technology Slope could not have afforded as a single cooperative. When teamed with Mor-Gran-Sou and Roughrider, we made it economically feasible,” he says.

To make the management alliance permanent, the three boards formed Innovative Energy Alliance, LLC, which employed two people: Franklund and Hoffman. They hired legal counsel and developed a new set of bylaws and policies for the newly formed entity. Then, each cooperative elected two board members to represent it on the alliance board. When the alliance board makes a decision, those directors take it back to their respective cooperatives for greater discussion or a vote.

The alliance allowed the three cooperatives to remain as separate businesses with their own identities, assets and obligations, and retain their authority. The only responsibility each respective cooperative board passed on was the ability to hire, terminate and evaluate the co-general managers. This is the responsibility of the alliance board.

KEM joins alliance

Yes, population was declining and the cost of doing business was rising. But KEM Electric Cooperative in Linton had another, more pressing problem: management challenges. Longtime General Manager Mike Rudolph had retired, and for several years after his resignation, the cooperative went through a period of manager turnover.

Knowing they needed stability — and seeing the alliance thriving after five years of service, the KEM board approached the alliance board and asked if they would consider an additional partner. Based on the cooperative’s proximity, it made sense.

The alliance board agreed to a temporary trial period in 2012, and on Jan. 1, 2013, KEM joined the alliance on a permanent basis.

Dean Dewald, former chairman and current director on the KEM board, says the co-general managers brought steadiness and strength to the board room, office and membership. In addition, the benefits of having shared equipment and manpower has brought tremendous benefits.

“There is absolutely no way, as small as we are, that we could have afforded a portion of the alliance employees and their services,” he says. “Before we were part of the alliance, when we had an engineering issue, we had to hire contract employees who would need to take time to become familiar with a project before they could assist. Now, we have those employees in-house, and they know exactly what is happening 24/7. That, to me, is so important. Any project KEM has going on, the alliance employees already know what’s going on and what needs to be

Directors who serve on the alliance board



Dean Dewald, KEM



Victor Wald, KEM



Mark Doll, Mor-Gran-Sou



Casey Wells, Mor-Gran-Sou



Bruce Darcy, Roughrider



Dan Price, Roughrider



John Lee Njos, Slope



Steve Wegner, Slope



PHOTO BY BRAD QUENETTE

*Roughrider Board Member **Dan Price** was a founding board member of Innovative Energy Alliance Cooperative. He says the alliance has helped all four cooperatives reduce costs, gain efficiencies and retain local control.*

done. It's already part of their everyday operation."

Sometimes, the directors take questions from members who are concerned the alliance is taking jobs from local residents.

Dewald says the directors explain how the shared services work, in that one day an employee might work in the Linton area, and the next in the Bowman area. Local is anywhere in four cooperative service areas for alliance employees. Dewald also notes that because the jobs are specialized, alliance employees have a unique set of skills that would be difficult to find locally.

"In rural areas where population is declining, it's hard to find people who have the knowledge and experience necessary," Dewald says. "Yes, we'd like to hire locally. But it greatly limits the talent pool. The alliance has allowed us to hire the highest caliber of employees. Their positions are critical to KEM Electric, and it's something we couldn't even consider doing on our own."

Changes in management and name

The beginning of 2013 marked the addition of KEM joining the alliance, and the retirement of Co-General Manager Hoffman, who retired with 30 years of cooperative service.

Chris Baumgartner, the former manager of member relations for Basin Electric Power Cooperative, was hired to replace Hoffman. He worked for the alliance for five years, before returning to work at Basin Electric where he works again; this time as senior vice president of member services and administration.

In December 2017, the alliance board of directors hired Travis Kupper, the alliance's chief financial officer, to fill the co-general manager/CEO position. Because of his background and 19 years of cooperative experiences, along with his understanding of the strengths and challenges the cooperatives face within the alliance family, Dewald says he was the package deal. Kupper started in January 2018.

Another noteworthy change occurred in November 2016, when Innovative Energy Alliance, LLC converted to Innovative Energy Alliance Cooperative. The LLC was officially dissolved at the annual meeting on Feb. 10, 2017.

In addition, Roughrider, Slope and Mor-Gran-Sou also own WDUS Holdings, LLC, which includes 3C Construction and West Dakota Utility Services (WDUS). They have been managing this group since 2010.

Measured savings

Ten years ago, Innovative Energy Alliance Cooperative was formed to share management services with the intention of reducing costs and gaining efficiencies by sharing equipment and employees; all while allowing cooperatives to retain local control.

A question directors and managers are regularly asked is, "What have we saved?"

"As an engineer, I'm a numbers guy and I keep doing the math," says Franklund. "Not giving up any services we have now — perhaps buying portions of them, but doing everything we are doing now — for the average co-op to do it, it would cost about \$400,000 to \$500,000 a year, each.

"We estimate among the four co-ops, we save \$1.5 million a year," he continues. "I've been told I'm light because I haven't taken into account, 'What is the idea exchange worth? What is the exchange of equipment and inventory and everything else?' I was told to add another half million on top of that, for a savings of more than \$2 million a year. I can sleep at night when I say \$1.5 million."

That savings doesn't include the synergy of working together. On transmission line projects, the four cooperatives can bring equipment and manpower together — quickly going from 10 linemen to 50 linemen who can start and finish a large project in a day — reducing potential outage time to the member-owners.

Or, if Roughrider in Dickinson employs an expert in advanced meter-reading technology and KEM has an apprentice meter man, the two can work together to share information. The alliance has taken the cooperative principle of education, training and information to another level.

"These are the kinds of things the alliance allows us to do. That's where the value is for the member at the end of the line," Franklund says. ■

Mark your calendars for the 2018 Annual Meeting

Roughrider Electric Cooperative will hold its annual meeting **Wednesday, June 6**, at Hazen High School. Look for more information in upcoming issues of *North Dakota Living*.

Vote by mail 2018 Annual Meeting

In 2009, Roughrider Electric Cooperative's board of directors decided to offer the members the option of voting by mail. Ballots and instructions will be mailed prior to the annual meeting. Under the bylaws, no nominations are accepted from the floor at the annual meeting. A qualified member of Roughrider Electric Cooperative may become a candidate for election by being nominated by the Nominating Committee or by a petition submitted not less than 60 days before the meeting.

Mail-in ballots will only be sent to members upon request. To request a ballot, please contact Steve Hildebrand at 701-748-2293 or 800-748-5533 prior to May 11. You may also contact Steve at: shildebrand@roughriderelectric.com

TO: All Members
FROM: Donald A. Franklund and Travis M. Kupper, Alliance Co-General Managers
SUBJECT: Nomination Process

To comply with Rural Utilities Service requirements, we must provide each member with a summary of the bylaws on the nomination process prior to the nomination of candidates for board positions. The following is the bylaw section on nominations:

SECTION 4. Nominations.

- (a) A Nominating Committee shall be selected by the Board of Directors in time for its first meeting to be held before the annual meeting of members in 2009 and for each annual meeting of members thereafter. The Nominating Committee shall consist of an equal number of members from each of the Cooperative's Districts and a minimum of two members from each district shall be selected. No member of the Board of Directors may serve on the Nominating Committee. The Board of Directors shall establish rules for the conduct of and arrange for the meeting of the Nominating Committee. The Secretary shall notify the members of the Nominating Committee in the manner provided by Article II, Section 4 delivered at least fifteen days before the date set for the Committee meeting. From and after 2009, the Nominating Committee shall meet at least sixty days before the annual meeting of members to nominate at least one qualified candidate for each directorship for which there is a vacancy to be filled by a vote of the members. Upon conclusion of the meeting, the Nominating Committee shall cause a list of nominees for Directors to be posted at the principal office of the Cooperative.
- (b) By petition, any fifteen or more members of the same district acting together may make other nominations for each directorship in that district for which there is a vacancy to be filled by a vote of the members, provided the petition is filed with the Secretary not less than sixty days prior to the annual meeting of members. The Secretary shall cause to be posted such nominations at the same place where the list of nominations made by the committee is posted.
- (c) The Secretary shall cause to be mailed, with the notice of the annual meeting of members, or separately but at least fifteen days before the date of the meeting, a statement of the number of Directors to be elected and the names and addresses of the candidates, specifying separately the nominations made by the Nominating Committee and also the nominations made by petition, if any.
- (d) Unless voting by mail for directorships has been approved, the President, acting as Chairman of the meeting, shall invite additional nominations from the floor and nominations shall not be closed until a reasonable time has passed during which no additional nominations have been made. No member may nominate more than one candidate at any single annual meeting of members.

The Nominating Committee appointed by the board consists of **Gordon Ficek**, Dickinson; **Ivo Schoch**, New England; **Alan Kadrmaz**, Dickinson; **Bruce Voegele**, Beulah; **David V. Sadowsky**, Dickinson; **Robert Fitterer**, Golden Valley; **John Smith**, Beulah; **Lee Alderin**, Center; and **Robert Schmidt**, Center.

One committee meeting was held Jan. 26 in Hazen and another is scheduled for Feb. 23 in Dickinson.

If you have questions concerning nominations, feel free to contact anyone on the Nominating Committee or please call our office for information.

Report from

THE BOARD OF DIRECTORS DEC. 22, 2017

When, where and who: The Board of Directors met in Hazen on Dec. 22.

Agenda: The Board reviewed, added to and approved the meeting agenda.

Minutes of the previous meeting: The Board reviewed and approved the minutes of the Nov. 30, 2017, meeting.

Manager's report: Don Franklund presented the manager's report.

A conversation occurred at a recent meeting as to whether Roughrider should put some of its transmission facilities into Southwest Power Pool (SPP).

Basin Electric Power Cooperative held its annual reorganization where new Chairs of the Board were elected to Basin Electric and its subsidiaries.

Operations and Construction report: Mr. Bentz referred the Board to his written report. He reported that Roughrider is starting line patrol, and provided the Board with information on a pilot

project for drone line inspection being done through the University of North Dakota.

Chief Information Officer report: Mr. Dunbar referred the Board to his written report. He continues to work with Consolidated Telcom and West River Telecommunications Cooperative to get a dedicated fiber-optic line to each of its substations.

Engineering report: The Board was referred to Mr. Kelly's written report.

Communications Report: The Board was referred to Ms. Devney's written report.

Legal Report: Ms. Grosz provided the Board with an update on the status of projects addressed in her written report.

Upcoming meetings: The next Board meeting was set for 9 a.m. MT on Jan. 26, 2018, at Roughrider's office in Dickinson, N.D.

Other business: There being no other business, upon motion made, seconded and unanimously carried, the meeting adjourned.

Roughrider Electric Cooperative offers members CONSERVATION AND ENERGY EFFICIENCIES INCENTIVES

Roughrider Electric Cooperative is continuing the conservation and energy-efficiency program. The incentives help you, the member, become more energy efficient.

The program for 2018 will include ground-source heat pumps and air-source heat pumps.

Members must buy and install qualifying systems between Jan. 1, 2018 and Dec. 31, 2018. The program for the heat pumps is for new installation or for replacement of a conventional heating system.

Roughrider Electric Cooperative personnel will check the

installation, and get the appropriate documentation and receipts. Once completed and approved, Roughrider Electric Cooperative will send a check directly to the member to help cover the purchase cost.

A maximum dollar amount has been set aside for the incentive program. The program will close when we meet this amount. Roughrider Electric reserves the right to cancel the program without further notice. One rebate allowed per member.

For more information, please contact Brad Quenette, director of member services, at 800-748-5533 or email bquenette@roughriderelectric.com.

Ground-Source Heat Pumps:
Required minimum efficiency

\$150 per ton with a maximum rebate of \$600
CLOSED LOOP: EER >= 14.1 COP >= 3.3
OPEN LOOP: EER >= 16.2 COP >= 3.6

Air-Source Heat Pumps:
Required minimum efficiency

\$100 per ton with a maximum rebate of \$400
HSPF >= 8.2 EER >= 12 SEER >= 14.5

Roughrider Electric earns prestigious five-year safety award

The North Dakota Association of Rural Electric Cooperatives (NDAREC) hosted the 54th annual REC Apprenticeship Training and Safety (AT&S) Conference Jan. 10-12 at the Ramkota Hotel in Bismarck. The conference is sponsored by the NDAREC AT&S program, with cooperation from the U.S. Department of Labor, Office of Apprenticeship.

The conference drew representatives of NDAREC member-cooperatives, students of the Bismarck State College lineworker program and the electric industry for classroom sessions, equipment evaluations and awards ceremonies. Training topics included trenching and shoring, rubber-glove testing, underground cable splicing and safety, communication and leadership, and more.

Christina Roemmich, director of safety services for NDAREC, says the AT&S conference provides an opportunity to reflect on current issues in the industry, and

to recognize the accomplishments the students have made in training and safety throughout the year.

Roughrider employees who attended this year's conference included Electrician Lance Peterson, Line Superintendent Tim Ridl, General Foreman Jim Block, Working Foreman Billy Kummer, and Journeyman Linemen Dion Gefre, Tanner Goetz, Scott Leintz, Tyler Phelps and Brock Swensrud.

OSHA, or the Occupational Safety and Health Administration, requires that electric cooperatives track work incidents through record-keeping.

At the conference awards banquet, Roughrider received one of two Outstanding Safety Performance Awards. The second went to neighboring cooperative Slope Electric. To receive this award, a cooperative must have not had a lost-time case accident for five consecutive years. ■



PHOTO BY NDAREC/LIZA KESSEL

Roughrider Electric Journeyman Lineman **Mitch Krebs** (third from right) accepted the Outstanding Apprentice award from the NDAREC safety services team including, from left: **James Neether**, **Steve Homes**, Roughrider Line Superintendent **Tim Ridl**, **Jeff Tweten** and **Christina Roemmich**.

Krebs named 'Outstanding Apprentice'

Each year, the North Dakota Rural Electric Cooperative Managers' Association recognizes a graduating apprentice lineworker for outstanding academic achievements and on-the-job performance, in completing his apprenticeship training. This recognition is based on final academic test scores and an evaluation by his supervisor and co-workers. The academic scores count for 70 percent and the supervisor/co-worker evaluations count for 30 percent of the total score.

This year, Roughrider Electric Lineman Mitch Krebs earned the honor, out of a large class of 22 graduates representing three apprenticeship programs. ■

Block and Krebs honored as graduating apprentices

During the banquet at the AT&S Conference, Roughrider Electric Linemen Ryan Block and Mitch Krebs were recognized for having successfully met the requirements of the apprenticeship program administered by NDAREC. This four-year program is approved by the U.S. Department of Labor Bureau of Apprenticeship and sponsored by the co-op, which covers the costs of the program.

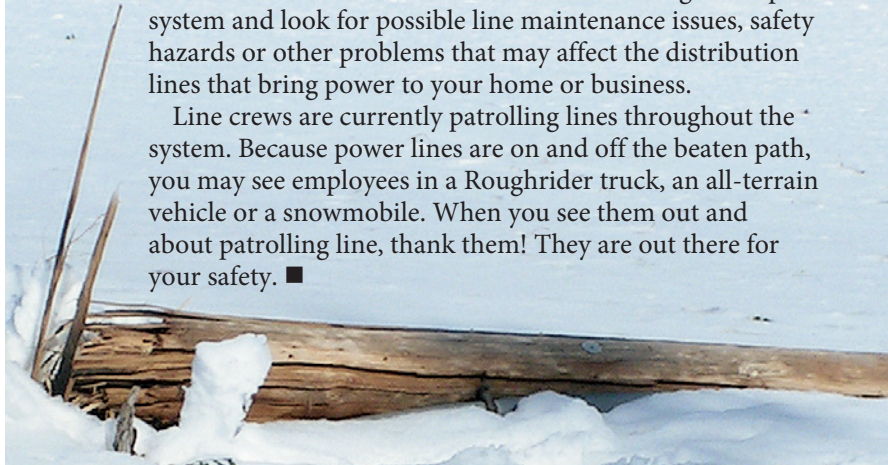
Apprentices must have 8,000 hours of supervised training on poles, tower and construction; line hardware and framing; overhead conductors; tools and equipment; transformers; oil circuit reclosers, regulators and capacitors; metering and instrument transformers; rolling stock; engineering; records; safety meetings; hot-line maintenance; troubleshooting; underground; substations; lighting; and service. All apprentices are required to take and pass a series of tests throughout their coursework.

Both Block and Krebs completed their bookwork and hours of training in May 2017, to reach journeyman status. ■

Roughrider line crews patrol power lines

As time allows, the Roughrider Electric Cooperative line crews set aside time to patrol power lines. Our linemen concentrate on certain areas of the Roughrider power system and look for possible line maintenance issues, safety hazards or other problems that may affect the distribution lines that bring power to your home or business.

Line crews are currently patrolling lines throughout the system. Because power lines are on and off the beaten path, you may see employees in a Roughrider truck, an all-terrain vehicle or a snowmobile. When you see them out and about patrolling line, thank them! They are out there for your safety. ■



A phone survey may await you

Members: Roughrider Electric will be completing a random residential telephone Member Satisfaction Survey. Performed by Odney Advertising, this survey will take place in March.

If you receive a call from Odney Advertising on behalf of

Roughrider, please take time to answer the questionnaire. The survey will take approximately 10 minutes. By participating in the 2018 Member Satisfaction Survey, Roughrider receives better insight into how we can better serve you, the member-owner. ■

Holiday closing for Presidents Day: Monday, Feb. 19

In observance of Presidents Day, Roughrider Electric Cooperative will be closed Monday, Feb 19. Line crews will be available in case of an emergency outage.

HAPPY PRESIDENTS DAY

HAPPY VALENTINE'S DAY
WEDNESDAY, FEB. 14



www.roughriderelectric.com

HAZEN OFFICE
701-748-2293 or 800-748-5533
800 Highway Dr., Hazen, ND 58545
7:30 a.m. – 4:00 p.m. CST Monday-Friday

Payments may be deposited in the deposit box by Roughrider Electric's main office entrance or in the drop boxes located at Krause's Super Valu in Hazen or Bronson's Super Valu in Beulah.

DICKINSON OFFICE
701-483-5111 or 800-627-8470
P.O. Box 1038, 2156 4th Ave. E.
Dickinson, ND 58602
7 a.m. – 4 p.m. MST Monday-Friday

Payments may be deposited in the deposit box west of Roughrider Electric's main office entrance or in the drop boxes located at Dickinson City Hall, or the west and south locations of Family Fare supermarkets.

OFFICERS AND DIRECTORS

Roger Kudrna, President; Dickinson483-8377
Darell Herman, Vice President; Beulah873-4371
Troy Sailer, Secretary; Golden Valley948-2427
Bruce Darcy, Treasurer; Golden Valley983-4222
William Retterath; Center794-8729
Arnold Kainz; Dickinson483-8207
Dan Price; Hensler794-3779
Greg Steckler; Dunn Center548-8122
Callen Schoch; New England579-4395

MANAGEMENT

Don Franklund Co-GM/CEO
Travis Kupper Co-GM/CEO



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