



Peaceful prairie — for now



May and June brought some welcome moisture that colored the countryside in the Mor-Gran-Sou Electric Cooperative service area. Some of that rain arrived with funnel clouds, scattered hail, lightning strikes and strong winds. In this month's local pages, learn how recent storms damaged some cooperative infrastructure — and what you need to do to stay safe around downed poles and power lines.



PHOTO BY JASON HELGESON

PHOTO BY JACKIE MILLER

What's inside:

- Your annual meeting is almost here!
- Power supplier updates
- Touchstone Energy® celebrates 20 years
- Idle services to be retired
- Meetings minutes, and more



Annual Meeting 2018

JULY 20, 2018

Fort Yates, N.D. Prairie Knights Pavilion

Learn about co-op issues;
cast your vote and elect three members
to serve on the board of directors; and enjoy a hearty meal.



**Mor-Gran-Sou
Electric Cooperative**

Your Touchstone Energy® Cooperative

Mor-Gran-Sou Electric Cooperative's annual meeting is Friday, July 20, at Prairie Knights Casino and Resort. The address is 7932 Hwy. 24, Fort Yates.

Please note the meeting schedule:

- 3:30-5:30 p.m. CT – Registration
- 5:30 p.m. CT – Business meeting call to order, election of candidates
- 6:00 p.m. CT – Business meeting recessed; annual meeting banquet served
- 7:00 p.m. CT – Business meeting reconvenes.

We wish to stress that on July 20th, when the meeting is called to order at 5:30 p.m. CT, no further ballots will be distributed at the registration table. However, meal tickets will be available until 6 p.m. Please plan on being there in time to vote.

STILL TO COME — Luck of the Draw \$500 scholarships!

Mor-Gran-Sou Electric will award two \$500 Luck of the Draw scholarships to be drawn at our annual meeting on July 20 at Prairie Knights Casino and Resort in Fort Yates. All high school seniors who have parents/guardians that are members of Mor-Gran-Sou Electric are eligible for this scholarship. Students must attend our annual meeting with at least one parent, and are required to RSVP for the meeting.

Idle services to be retired

Mor-Gran-Sou Electric Cooperative continues to retire idle services throughout the co-op's service area. What does Mor-Gran-Sou consider to be an idle electrical service?

It is a service that is not making any payment to the cooperative, but continues to receive regular maintenance. Your cooperative's procedure is to post a detailed list (shown below) in our communications material to keep members informed of those idle services that will be retired. This is the third and final notice of this particular group of idle services to be retired.

Prior to this detailed listing, Mor-Gran-Sou personnel have already contacted, or tried to contact, the property owner and affected property owners based on the information available. If someone comes forward and is willing to pay the line retention fee, we no longer consider it an idle service. However, if no one comes forward, the line is then put on a list and will be retired. The following idle services will be retired at the cooperative's convenience:

Grant County

T133 R85W Section 12 NE 1/4

Morton County

T134 R84W Section 3 NW 1/4

T139 R83W Section 28 SE 1/4

Sioux County

T130 R80W Section 12 SE 1/4

T130 R80W Section 14 NW 1/4

T131 R80W Section 27 NE 1/4

T133 R79W Section 8 NE 1/4

T133 R79W Section 11 SW 1/4

T134 R79W Section 23 SW 1/4

T134 R79W Section 29 SW 1/4

T134 R82W Section 22 SE 1/4 ■



A message from Basin Electric Power Cooperative

BY CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER PAUL SUKUT AND BOARD PRESIDENT WAYNE PELTIER



(Editor's note: Basin Electric Power Cooperative generates the majority of the power purchased by Mor-Gran-Sou Electric Cooperative. We asked Paul Sukut and Wayne Peltier to update our members on what is happening at Basin Electric.)

The bond we build with our membership is our most important asset. Our proudest moments as a cooperative come when we meet with our members. We see our members throughout the year during meetings with member managers, Basin Electric board meetings, industry and statewide meetings, resolutions committee meetings, and, of course, our annual meeting.

These meetings are where the tough conversations happen, where input is gathered, and when our biggest decisions are made.

Our monthly board meeting structure has recently changed to include committee meetings before convening the board meeting. This has provided more detailed information for the directors and we believe it will enhance

our members' representation on the board.

In 2017, we discussed the stiff challenges we face. Dakota Gasification Company, which has provided great value to the membership for years, is challenged by low commodity prices. There's greater fuel competition in the markets. With the volatility of wind generation, there is uncertainty for daily resource operation in the marketplace. We're currently making the case with the Federal Energy Regulatory Commission and the regional transmission organizations to receive proper compensation for our coal baseload generation as it remains on standby when the wind blows.

Rightly, our board of directors and membership are having frank discussions about the path we take forward. We have found the cooperative business model to be one of the best for finding solutions that have end-use consumers in mind. We are owned by our members; we work for them. No decision will be made without considering the impact on each Class A, Class B, Class C, Class D member, and community, homeowner, farm and business.

Our members demand that, and Basin Electric is dedicated to that. We were built to serve their needs.

Basin Electric was first formed to build Leland Olds Station — a giant of a dream on the North Dakota prairie. We are now operating more than 5,000 megawatts of generating capacity and serving more than 3 million consumers.

In the last few years we've built and operated assets quickly in response to members' needs. Whether it was explosive membership load growth in the Bakken, urban expansion, or load growth in the agricultural sector, the membership family has been there for each other time and again. We continually band together to do what we need to do.

Innovation is happening throughout the membership and among our employees at each facility. Every single day, we're planning for the future and adhering to a path of strategic cost management in order to operate as efficiently and effectively as possible. And we strive to do the right thing — both when it is easy, and when it's hard.

Basin Electric was built to serve our membership — the consumer-owners at the end of the line.

We are a co-op of co-ops. It's a unique structure that has proven to work.

And in our bond with our membership, the cooperative difference shines brightest — a light to shine on our flaws in order to repair them, and a light to shine up and out, illuminating our path forward. ■



A message from Western Area Power Administration

BY JODY SUNSTED, SENIOR VICE PRESIDENT AND UPPER GREAT PLAINS REGIONAL MANAGER

(Editor's note: Western Area Power Administration also generates power purchased by Mor-Gran-Sou Electric Cooperative. We asked Jody Sunsted to update our members on what is happening at WAPA.)

40 years of serving customers sets foundation for 40 more

On Dec. 21, 2017, Western Area Power Administration (WAPA) celebrated 40 years of serving its customers across the West with clean, renewable, reliable, at-cost hydropower and related services. But we, as an organization, are far from over the hill.

In our 40th year, we are focused on promoting and preserving the value of WAPA, from the reliable hydropower energizing rural America, to reinvesting in the expansive critical energy infrastructure that delivers it, to the role we play in protecting the grid from ever-increasing physical security and cybersecurity threats.

Much has changed over the past four decades, but our mission remains the same: to help keep the lights on for more than 40 million Americans. It is an enormous responsibility, an enormous privilege and a legacy we are committed to continue far into the future.

In our 40th year, Upper Great Plains (UGP) witnessed some changes. Bob Harris retired as senior vice president and regional manager of UGP after more than 40 years of illustrious service at WAPA. He was one of the final remaining "WAPA originals" who had been with the organization since the beginning. It was an honor to work closely with him and help build the WAPA we know today.

Before being selected as the new regional manager, I was the vice

president of Power Marketing for UGP. Over my 32 years at WAPA, I have worked in multiple positions, including power contracts, power rates and finance. I look forward to continuing to work with all of you to create a successful and bright future.

Lori Frisk-Thompson succeeded me as vice president of Power Marketing. She joined WAPA in February 2015 as the settlements and power billing manager. Lori has more than 30 years of experience in the wholesale energy industry, including rate and contract analysis and customer relations. She is a great addition to the executive team at UGP.

2018 hydropower outlook

The hydropower outlook for 2018 is strong. As of March 2018, our generation was 113 percent of average – a trend we expect to grow through the year. This is due in large part to near-record precipitation in Montana this winter. Snowpack in the mountains above the reservoirs is more than 130 percent of average and run-off will be high.

Greater generation can help keep costs low over time. The hydropower WAPA markets is often less expensive than other forms of generation. Even as electricity prices decline across the country over time, hydropower retains its financial value.

Drought adder reduced as deferred costs repaid

We will celebrate a major accomplishment this year in keeping rates low: repaying the drought costs incurred during multiple years of drought just after the turn of the 21st century.

Now nine years after the drought, and one year earlier than our goal, we have repaid \$843 million in deferred



drought costs thanks to collaboration with our customers to develop the drought adder. The drought adder created a unique way to identify drought costs and ensured a realistic repayment schedule to repay drought costs over time, and it worked exactly as intended.

When we reduced the drought adder to zero in January, we were able to lower the composite power rate by 15 percent, even as the base charge increased slightly. Keeping the drought adder as part of the rate, even at zero, allows us to adjust and respond to the inevitable variability of the hydropower resource.

We are also working to stabilize funding before the next drought. Together with our customers, we have increased our purchase power and wheeling reserve by \$97 million over the past two years. By 2020, we expect a full reserve balance to be capable of funding the first three years of a drought while still allowing us to fund critical capital investments.

Responding to the call

WAPA's value reached new boundaries helping fellow Americans



regain power after 2017's devastating hurricane season. More than 40 lineworkers, including seven from UGP, deployed to the U.S. Virgin Islands to rebuild the transmission system on St. John and St. Thomas following Hurricane Irma. For 60 days, our crews worked long hours to restore power after weeks of darkness. This was the first time our crews left the contiguous U.S. for power restoration.

As this effort was funded by emergency aid through the Federal

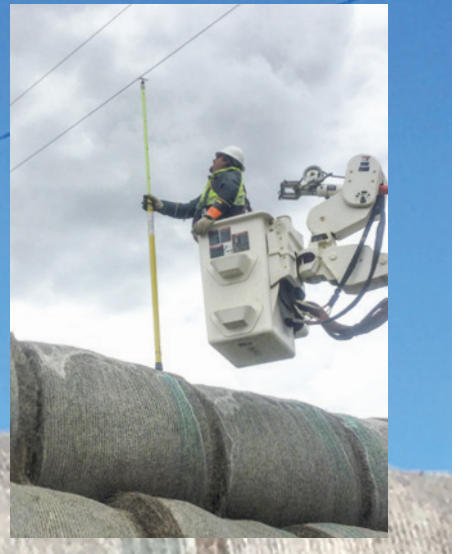
Emergency Management Agency, no costs of the restoration work was borne by our customers. The service we provided was incalculable for the U.S. Virgin Islands. Our exemplary crews were recognized nationwide for their professionalism, expertise and seamless operations even though our crews work across 11 different states at home.

There are exciting times ahead for WAPA and UGP, and we stand ready to adapt and evolve in this new energy

frontier. At the same time, as much as things change, our core mission remains the same.

As our role as a wholesale power and utility provider morphs to respond to the opportunities presented to us today, we remain committed to working with all our customers to continue providing the same value to you we have for the past 40 years. ■

There must be 10 feet of clearance between hay bales and power lines. Keep in mind that summer's warm temperatures can cause power lines to sag. Your best bet is to find another spot away from those hot, high-voltage lines – that under certain conditions, can cause fire, injury or death.



Protect your livelihood — and your life

Stacking hay under electrical infrastructure can be dangerous, if not deadly.

Imagine up to 115,000 volts of electricity running through the power lines directly above the hay you just stacked. Highly loaded, those aluminum wires get hot — and the warmer the temperature — the more the lines sag. There needs to be at least 10 feet of clearance between the neutral line and the top of your hay bales. Did you plan for sag and leave adequate space?

As amps travel the circuit, the wires get warm. If you back your equipment into a guy wire and a pole bends or breaks, or if you hit an overhead line with the loader, the line could fall on the hay and ignite. The hay you need to feed your cattle — and the provisions you made to feed your family — just went up in smoke.

And that could be the best-case scenario. If you or your equipment comes into contact with a power line, you could receive an electric shock that could cause injury and even death.

Protect your livelihood and your life, and stay away from power lines and poles. If you do make contact with a power line, call 911. Remain seated, warn others to stay away, and wait for Mor-Gran-Sou Electric linemen to de-energize the lines. Do not move from the equipment.

To report system damage that is not in need of immediate repair, call Mor-Gran-Sou Electric Cooperative at 1-800-750-8212 or email safety@morgransou.com. If you send an email, please include the location, your name and contact information, and a photo if possible.

Members, your safety matters. Working together helps ensure the safety of all! ■



Touchstone Energy® Cooperatives

Touchstone Energy® Cooperatives celebrates 20 years of human connections

Twenty years ago,

member-owned electric cooperatives acted together to start talking about their work and values in a new way.

When co-ops created the Touchstone Energy® Cooperatives brand in 1998, few imagined the impact it would have today. What began as an unknown brand with a single TV spot and a membership comprised of less than 300 cooperatives has evolved into one of the most recognizable brands and logos in the electric power industry – a brand now made up of more than 750 unified local electric cooperatives across 46 states.

Integrity, accountability, innovation and commitment to community – these four values provide the foundation of every Touchstone Energy cooperative. Named after a tool used to test the quality and authenticity of gold or silver, the Touchstone Energy brand serves as the national “gold standard” for cooperatives. Its purpose is to demonstrate and enhance the value of the cooperative difference.

Twenty years after the brand’s launch, Touchstone Energy cooperatives have access to a comprehensive portfolio of resources and are part of a nationally recognized network. In addition, the brand leverages partnerships to help member cooperatives and their employees better engage and serve their members. By working together, Touchstone Energy cooperatives stand as a source of power and information to their 32 million member-owners every day.

“Our members benefit by Mor-Gran-Sou being a member of Touchstone Energy in many ways,” says Julie Armijo, member services manager. “Mor-Gran-Sou has a regular presence on radio and TV, featuring safety ads with important information. Our members can also go to the Touchstone Energy website to calculate how they can reduce their home’s energy consumption. The website has “how-to” videos, articles on a variety of topics, efficiency and conservation tips, and more. Touchstone Energy is a good thing for Mor-Gran-Sou and its members.”

Membership in a Touchstone Energy cooperative is a powerful thing. For cooperative members, it means you have an energy source you can trust to look out for your community’s best interests, not a corporate bottom line. That’s because Touchstone Energy cooperatives are owned by the very members they serve – cooperatives built to deliver reliable electricity at the lowest possible price to members.

By connecting the people of America’s electric cooperatives, Touchstone Energy continues to prove the power of human connections as it empowers cooperatives to deliver high standards of excellence to their member-owners and the communities they serve – from the first mile to the last. As we move into the future, Touchstone Energy will embrace the ways cooperatives are changing and work to engage the new generations that will help shape the next 20 years.





Late spring storms cause damage

BY JACKIE MILLER

Mor-Gran-Sou Electric Cooperative members have been witness to a number of recent storms leaving behind some property damage and power outages.

On May 7, a thunderstorm with high winds moved through Sioux County. Within its path, 14 three-phase poles broke, leaving a number of members without power; specifically in the Solen area. The line crews were able to reroute power feeds to most of the area that evening; and Mor-Gran-Sou crews and 3C Construction crews worked diligently and repaired the damage the following day.

During a thunderstorm on May 17, lightning struck the center phase of our transmission line, causing a power outage to members living in southwest Grant County who are served off of the Cannon, Grant and Cedar substations. On June 10, thunderstorms with lightning and high winds caused outages throughout the service area, with the bulk of the outages in southwest Grant County. During both outage events, crews were able to restore power directly after the storm moved through, and completed minor repairs the following day.

The June 10 storm that brought much-needed rain to the area caused only minor sporadic outages due to lightning strikes. Line crews worked that Sunday evening, restoring power to individual outage calls.

Thank you, members, for your patience as we worked through the storm damage. Reliable power and reasonable response time to outages are important to Mor-Gran-Sou. Know we will do our level best to meet member expectations.

Remember: If you see cable or poles on the ground, stay away and notify Mor-Gran-Sou at 800-750-8212, 701-663-0297 or 701-597-3301. Safety first!



PHOTO BY GARY FITTERER



PHOTO BY JASON HELGESON

Storm damage near Carson.

MOR-GRAN-SOU ELECTRIC COOPERATIVE

board meeting highlights



Meeting date: May 30, 2018

- Approved the April 25, 2018, regular Board meeting minutes
- Approved a work order inventory and a special equipment inventory
- Approved capital credit refunds to estates and those age 80 and over
- Reviewed and accepted the April financial report
- Reviewed and accepted the attorney and directors' expense reports for April
- Approved National Rural Utilities Cooperative Finance Corporation System Integrity Fund option
- Approved policy addition for Limited English Proficiency
- Approved Western Area Power Administration/Mor-Gran-Sou Transmission Operator Services Contract and Transmission Operator Procedure
- Received presentation on results of the Member Satisfaction Survey
- Approved tower site lease agreement pending legal counsel and general manager final review
- Heard the Co-General Managers/CEOs update, and reports on several meetings attended
- Heard reports from various meetings/training the directors attended
- Held Executive Sessions

Upcoming regular board meeting date:

July 20 at Prairie Knights Casino & Resort in Room # 805 near Fort Yates at 3 p.m. CT

Aug. 29 in Mandan at 9 a.m. CT in the NDAREC board room

Members are welcome to attend the board meetings at any time. Please contact Mor-Gran-Sou at cternes@morgransou.com, or call 800-750-8212 or 701-597-3301 to confirm the meeting date and location if you wish to attend.

To place an item on the agenda, please contact Board Chair Leland "Judge" Barth or Co-General Manager/Chief Executive Officer Donald Franklund at least one week in advance.

Members may obtain a copy of approved Board minutes by completing and returning the "Request for Information or Data" form. You can find this form at www.morgransou.com, or call the office for a copy.

More than 10 Touchstone Energy® Cooperatives in North Dakota have joined forces to make vacationing in North Dakota more affordable for families, including Mor-Gran-Sou Electric Cooperative. This summer, head west to Medora, where electric cooperative members are eligible for a 15-percent discount in association with:

- Tickets to the Medora Musical
- A Pitchfork Steak Fondue
- Lodging at the Elkhorn Quarters, Badlands Motel or Rough Riders Hotel
- Bully Pulpit Golf Course



Members also receive 20 percent off at the Cowboy Hall of Fame by providing the discount code TOUCH2018 at the door.

Mor-Gran-Sou members, if you travel to beautiful Medora anytime this summer, call 1-800-MEDORA-1 for reservations and use the code TOUCH2018 to receive your 15-percent savings.

JULY 25: KX/CO-OP DAY at the N.D. State Fair

The KX/Co-op Day at the N.D. State Fair will be held July 25 in Minot. If you plan to attend the fair on July 25, please stop by the Flasher office or Mandan Service Center and pick up reduced-price tickets for \$1 off gate admission, a free breakfast served near the Commercial II Building on the fairgrounds, \$5 off unlimited-ride wristbands for carnival rides, \$1 off the Ranch Rodeo admission and a free ice cream social from 2 p.m. to 3:30 p.m. at the KX/co-op tent.



MOR-GRAN-SOU ELECTRIC COOPERATIVE INC.

202 6th Ave. W. - PO Box 297
Flasher, ND 58535-0297
Phone: 701-597-3301 Flasher
701-663-0297 Mandan
Toll-free: 800-750-8212 Fax: 701-597-3915
Email us: info@morgransou.com
UNDERGROUND LINE LOCATES
800-795-0555 OR 811

OFFICERS AND DIRECTORS

Chair..... Leland "Judge" Barth
Vice Chair..... Casey Wells
Secretary-Treasurer..... Bonnie Tomac
Directors Mark Doll,
Vernard Frederick, Lance Froelich,
Chad Harrison, Jay Larson, Bob J. Leingang

MANAGEMENT

Co-GM/CEO..... Donald A. Franklund
Co-GM/CEO..... Travis Kupper

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