



A Look Back At A Memorable 2011

I don't know how anyone else feels, but 2011 was a year most of us could probably have done without, at least as far as weather was concerned.

Extreme snow fall, and temperatures that bordered on down right ridiculous, are a thing of the past now. So is the major flooding that occurred on almost every major river and small stream in the state of Montana.



A MEC lineman snapped this photo of his dashboard temperature reading while outaging last winter.

It is hard to imagine anyone who did not struggle with either the extreme winter conditions or the devastating spring flooding. I know that here at McCone Electric we were affected significantly by both.



Record snowfall hindered line crews, snowmobiles became the main means of transportation.

Tough winter conditions presented a challenge for McCone Electric lineman, with winter coming in late October and staying right on through March. It seemed winter came and was never going to leave. But leave it did.



Flooding on the Musselshell river north of Mosby.

Spring finally arrived, and with it came the worst flooding this country has seen, some say, in over a century. Major flooding along the Missouri and Musselshell rivers caused millions of dollars in property damage. Some of our consumers along the Musselshell found themselves without power as line crews struggled to rebuild power lines that were continuously washing away.



Major flooding made access to power lines difficult.

The flooding and snowfall are all but a memory now. We toughed it out in true Montana fashion, with neighbor helping neighbor. Here is hoping that 2012 is a mild, or at least normal, winter and spring. I think we deserve it.

Combating Rising Rates

Rising power costs seem to be the norm rather than the exception these days. Basin Electric Power Co-op, one of our power suppliers, in conjunction with McCone Electric Co-op are doing all we can to combat rising power costs. Here are some key factors that attribute to the problem of rising rates.



What's causing rates to rise

- For decades, McCone Electric has been able to keep its rates among the lowest in the nation.
- Costs of producing electricity are increasing due to the recession, resource development, environmental compliance, uncertainty with comprehensive climate legislation and Environmental Protection Agency (EPA) regulations.
- In 2000, Load Forecasts showed significant need for more energy to satisfy membership growth, so one of McCone Electric's wholesale power suppliers, Basin Electric, charted a course for new construction.
- In 2007, the nation sank into a recession. However, since that time, Basin Electric's membership managed to grow by 6.2 percent.
- One of the biggest blows leading up to the recession and one that continues is the dramatic fluctuations in the cost of materials needed for constructing generation and transmission facilities. Commodity prices increased, in some cases, by more than 200 percent.
- Without a comprehensive climate bill, the EPA has proposed sweeping changes to the rules and regulations surrounding emissions from power plant facilities. The cost of these changes is more than monetary; it's jobs, energy development and reliability.
- Each EPA ruling is saddled with its own set of challenges, many of which are still unknown.

What co-ops are doing about it

- Keeping rate increases manageable begins with the most efficient use of what co-ops have. That includes looking at facility operations and administrative functions.
- For example, Basin Electric has installed newer, more efficient turbines at its Laramie River Station and on Unit 2 at Leland Olds Station. That's more megawatts without needing more fuel.
- Basin Electric has also installed geothermal heat pumps at several of its facilities.
- From a policy perspective, McCone Electric, is fully engaged with Basin Electric and its membership to ensure co-op members voices are heard on Capitol Hill.
- Concerning EPA issues, Basin Electric created a team to review current and proposed regulatory activities that could in any way impact our cooperatives.
- Basin Electric and McCone Electric are engaged in a variety of conservation and energy efficiency programs to help consumers save energy.
- Every little bit helps. For McCone Electric and Basin Electric, the ultimate goal is securing the reins on rising rates.

Qualification, Nomination and Election Procedure for position of Director of McCone Electric Co-op, Inc.

Every year, at McCone Electric's annual meeting, the terms of three of the Cooperative's Directors expire. One from each of the Cooperative's three districts. The district map can be found on page four of this publication.

This year, any qualified member wishing to become a Director of McCone Electric will be subject to the nomination and election By-laws of the Cooperative. The following By-law rules are a guide for submitting nominations for the position of McCone Electric Director.

The 2012 McCone Electric Annual Meeting will be held Friday, June 1. The time frame for submitting Director nominations will be from March 3, 2012 through April 17, 2012.

SECTION 4.02 Qualifications. *Directors must be natural persons. No person shall be eligible to become or remain a director of the Cooperative:*

- (a) *Who is not a member of the Cooperative,*
- (b) *Who is not a bona fide resident within the territorial boundaries of the Cooperative for a minimum of three years and receiving service there from.*
- (c) *Who is an employee of the Cooperative.*
- (d) *Who is a close relative of an incumbent director or of an employee of the Cooperative,*
- (e) *Who is in any way employed by, or financially interested in, a competing enterprise, or a business selling electric energy or supplies to the Cooperative, or any entity owned or controlled by the Cooperative.*

Upon establishment of the fact that a nominee for director lacks eligibility under this section, or as may be provided elsewhere in these By-laws, it shall be the duty of the chairman presiding at the meeting at which such nominee would otherwise be voted upon to disqualify such nominee. After being elected or appointed a director, if any director fails to comply with any director qualification, as reasonably determined by the board, then the board is authorized to, and shall, remove the director. If at least a majority of the directors authorized by these By-laws comply with the director qualification and approve a board action, then failure of any director to comply with all director qualifications does not affect the board action.

SECTION 4.03 Nominations. *Subject to the requirements of Article IV, SECTION 4.02, "Qualifications," of these by-laws, nominations for members to serve on the board of directors shall be by written petition only. Any petition for nomination shall be in writing and be signed by not less than five (5) members of the cooperative who reside in the district for which the nomination is made. The cooperative will furnish official petition forms for this purpose. The official petition shall designate the name of the nominee, the term for which the nominee is being nominated and the director district for which the nomination is made.*

All nominating petitions shall be filed at the office of the cooperative with the secretary at least forty-five (45) days but not more than ninety (90) days before the meeting at which board members are to be elected.

The secretary shall post all nominations thus made at the principal office of the cooperative at least thirty (30) days before the meeting.

Nominations by petition will be the exclusive method of nomination.

SECTION 4.04 Election. *All nominations for the position of Director shall be per the requirements of Article IV, SECTION 4.03, "Nominations," of these by-laws.*

Should more than one member be nominated for the position of Director, for a particular director district(s), the Cooperative shall prepare ballots listing names of each nominee for that particular district(s). Ballots shall be mailed to each member of the Cooperative, along with the notice of the annual meeting at which such director(s) shall be elected, not less than ten (10) days nor more than twenty-five (25) days before the date of the meeting. A self-addressed envelope shall accompany the ballot, with first-class postage pre-paid. The member voting in the election shall return the completed ballot to the principal office of the Cooperative, either by mail or in person, prior to the date of the annual meeting. Members may also bring their ballot to the annual meeting and vote in person. In no case shall voting by proxy be allowed. The nominee receiving a plurality of votes from all members voting shall be proclaimed as Director for that district. In the event of a tie vote, a drawing by lot shall determine the Director.

Should no more than one nomination for the position of Director be received for a particular district, the secretary shall so certify in the notice of the meeting and the nominee shall be proclaimed as the Director for that district.

If you or anyone you know wishes to become a Director of McCone Electric Cooperative, you must first make sure you are a qualified candidate. The qualifications are listed in the "Qualifications" section of this article.

Once you verify your qualification, you will then need five legal cooperative members that reside in the candidate's district to sign a nomination petition. The official "petition form" is furnished by McCone Electric Co-op., Inc. This means you can get it at the Circle office. Remember, petitions need to be filed at the main office at least (45) days but not more than (90) days before the annual meeting. The official election takes place at the Cooperative's annual meeting.

The 2012 McCone Electric Annual Meeting will be held at the Circle Country Market in Circle. Cooperative members must use mail-in-ballots or bring their ballots to the meeting and turn them in there.

Refer to the Cooperative's By-Laws to make sure all legal requirements of becoming a Director are met. Your Cooperative has By-Law booklets available if you need one.

McCone Electric District Map



McCone Electric Co-op., Inc.
Office Hours
8 a.m. to 5 p.m. weekdays
Telephone 406-485-3430
or toll-free 1-800-684-3605

OFFICERS AND TRUSTEES

Patti Murphy, Pres. Circle, MT
Arne Sutton, V.P. Circle, MT
Ruth Hinnaland, Sec. Brockway, MT
Conrad Moline, Treas. Brockway, MT
Dean McCabe..... Circle, MT
Henry Green..... Circle, MT
Brent McRae..... Jordan, MT
Don Bogar..... Vida, MT
Brent Kluth..... Vida, MT

OFFICE PERSONNEL

Mike Kays..... General Manager
Theresa Haynie..... Office Manager
Nichole Sikveland... Consumer Accts. Supv.
Jennifer Hogan..... Plant Accountant
Sonja Arnston..... Payroll/Accts. Payable
Kelsy Solberg..... Billing Clerk
Donna Lala..... Cashier / Receptionist
CJ Reid..... Member Services Director
Scot Brown..... Member Services Advisor



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OPERATING REPORT

McCone Electric Co-op., Inc.
Year-To-Date

For Period Ending: December 31, 2011

Total Income	\$7,748,150
G&T Capital Credits	\$62,754
Cost of purchased Power	\$3,077,263
Total Operating Cost	\$4,301,183
Total Margins	\$432,458
KWH Purchased	77,293,245
KWH Sold	69,339,647
Meters Billed	5,085
Miles of Line in Service	3,818

The Trouble Reporting Number is
406-485-3430 or 1-800-684-3605

A dispatcher is available to
answer your call at all times

LINE PERSONNEL

CIRCLE / RICHEY AREA

Larry Schmidt..... Plant Superintendent
Jere Loudon..... Line Foreman
Dwane Mury..... Sub Foreman
Ed Crockett..... Sub Foreman
Dennis Murphy..... Sub Foreman
Rex Sikveland..... Sub Foreman
Bryan Becker..... Lineman
Dane Hanson..... Apprentice Lineman
Clay Nagle..... Apprentice Lineman
Scott Becker..... Meter Technician

JORDAN AREA

Jim Gibson..... Sub Foreman
Jordan Dasinger..... Lineman
Jesse Obergfell..... Apprentice Lineman
Adam Stanton..... Apprentice Lineman