

The regular meeting of the board of directors of Capital Electric Cooperative was held on Friday, Oct. 24. The meeting was held in person at Capital Electric, 7401 Yukon Drive, Bismarck. All directors were present.

Also present were: Manager Paul Fitterer, Business Manager Luke Steen, Operations Manager Jeff Holzer, Engineering Services Manager Greg Owen, Energy Services Manager Josh Schaffner, Manager of Communications and PR Wes Engbrecht, Manager of IT Kent Kensmoe and Attorney Zachary Pelham of Pearce Durick PLLC, who acted as recording secretary.

Financial Review: Prior to the board meeting, Directors Dave Charles and Luke Ellenbaum reviewed the September check register and expenditures. They advised all checks and expenditures were in order.

Management Reports (Business Department, Operations Department, Engineering Services, Energy Services and Communications/IT):

Business Department Report: Steen presented the September financial and statistical report to the board.

Revenue was ahead of budget for September, as \$3,960,403 was generated in comparison with the budgeted figure of \$3,893,761 (favorable variance of \$66,282 or 1.7%).

Capital Electric's September power costs were just under budget for September by 0.1%.

The operating margin for September was -\$220,892, ahead of the budgeted amount of -\$337,400. The total margin for September was -\$197,728, which was ahead of the budgeted -\$319,673.

Capital Electric began billing 24 new services in September, bringing our active services to 22,651 versus 22,464 at this time last year, or a net increase of 187 accounts over the last 12 months.

The cash flow statement was reviewed.

Estate Retirements: Following review of the financial condition of the cooperative and recommendation by management,

payment of capital credits to nine member estates was authorized for a total amount of \$9,802.81.

Write-offs: Write-offs for the third quarter totaling \$8,649.94 were approved. The total 12-month write-offs are \$36,085.

Modify Homestead 457b Deferral Plan: Steen reviewed amendments to the cooperative's 457b Deferral Plan required by new regulations. The documents were adopted with amendments as presented.

Operations Report: Holzer reviewed the written report from the operations department. Holzer reported on the completion of the underground conversion at the University of Mary hill, completion of monthly substation inspections and the energization of the Love's Travel Center in Sterling.

Safety Report: There were no lost-time accidents since the last board meeting. North Dakota Association of Rural Electric Cooperative's (NDAREC) safety instructors met with line crews for field visits in October. The safety report was reviewed.

Engineering Services Report: Owen reviewed the written report from engineering services. Thirty-two work orders were completed in September. Owen reported on ongoing and upcoming projects, including work at the Imperial Valley subdivision, the Midco service center and updates on grant opportunities.

Township Franchise Agreements: Owen reported on service territory agreements, which were approved.

Property Closing Documents: Owen reviewed closing documents for the 43rd Avenue property, which were approved as presented.

Energy Services: Schaffner reviewed the energy services report. Schaffner reported on an increase in geothermal equipment orders, attendance at the National Rural Electric Cooperative Association (NRECA) regional meeting and review of multiple distributed generation projects for safety testing.

Communications and PR: Engbrecht reviewed the communications and PR

report. Engbrecht reported on the status of the new website.

IT: Kensmoe reviewed the IT report. Kensmoe reported on the Bismarck State College CyberCon conference, meeting with BEK Communications regarding a cloud-based telephone system and gathering images for Federal Emergency Management Agency reporting.

Policies: Fitterer reviewed Policy No. E-23, Paid Time Off (PTO), Supplemental Sick Leave (SSL) and Holiday Leave. Following discussion, the policy was approved as presented.

2026 Budget: Steen reviewed the 2026 preliminary budget and no action was taken.

Basin Electric Power Cooperative: Fitterer reported on Basin Electric matters.

Central Power Electric Cooperative: Charles reviewed the October board meeting.

NDAREC: Deon Vilhauer reviewed NDAREC matters. Fitterer reviewed the proposed annual budget.

NRECA: Fitterer reviewed the regional meeting.

National Information Solutions Cooperative: Fitterer reviewed the member conference and board meeting.

Mid-West Electric Consumers

Association: Fitterer reported on the new CEO being named.

Cooperative Finance Corporation (CFC): Fitterer reviewed the upcoming election for the CFC board and noted Nodak Electric Cooperative's Mylo Einarson would be seeking the Region 6 manager/director position.

CoBank: Fitterer reported Minnkota Power Cooperative CEO Mac McLennan was elected to the CoBank board. Proposed bylaw amendments were reviewed and the motion carried to return the proxy ballot indicating the cooperative was in favor of the amendments.

Industry Update: Fitterer reviewed materials related to power markets and general cooperative news. €

CAPITAL ELECTRIC COOPERATIVE

7401 Yukon Drive, Bismarck, ND 58503

Website: www.capitalelec.com

BOARD OF DIRECTORS:

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OFFICE HOURS:

Monday-Friday : 8 a.m.-4 p.m.
Office phone: 701-223-1513
Toll-free: 888-223-1513
Pay-By-Phone: 1-877-853-5928
DAY—NIGHT—WEEKEND
TROUBLE CALL: 701-223-1513

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