

The regular meeting of the board of directors of Capital Electric Cooperative was held on Friday, Dec. 19, 2025. 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 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 Deon Vilhauer and Bret Weiland reviewed the November 2025 check register and expenditures. They advised all checks and expenditures were in order, and the financial review was approved.

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

Business Department Report: Steen presented the November 2025 financial and statistical report to the board.

Revenue was behind budget for November, as \$3,761,255 was generated in comparison with the budgeted figure of \$3,821,950 (unfavorable variance of \$60,695 or 1.6%).

Capital Electric's November power costs were just under budget for November by 0.2%.

The operating margin for November was \$274,633, ahead of the budgeted amount of \$154,380. The total margin for November was \$283,870, which was ahead of the budgeted \$159,380.

Capital Electric began billing 41 new services in November, bringing our active services to 22,748 versus 22,510 at this time last year, or a net increase of 238 accounts over the last 12 months.

Cash flow statements were reviewed.

401k Plan Documents: Steen reviewed amendments for the non-union 401k safe harbor requirements. Following discussion, the board approved to adopt the two

amendment resolutions as presented.

2025 Audit Engagement: Steen reviewed the Brady Martz engagement letters for the 2025 audit and the 2025 Operation Round Up audit, which were both approved to execute the engagement letters as presented.

Estate Retirements: Following review of the financial condition of the cooperative and recommendation by management, two estate retirements totaling \$2,727.09 were approved.

Policy IV-02: Steen reviewed proposed amendments to the policy, Service Call – Labor and Equipment Charges, and the amendments to the policy were approved as presented.

Operations Report: Holzer reviewed the written report from the operations department. Holzer reported on the energization of the Apple Creek 2 substation transformer, energization of new underground cable in the Imperial Valley subdivision (retirement of overhead wire is about 50% completed in this area) and completion of the Brownsville subdivision conversion of overhead to underground cable, with the final poles anticipated to be retired in December.

Safety Report: There have been no lost-time accidents since the last board meeting. There were no safety meetings held since the last board meeting. The safety report was reviewed.

Engineering Services Report: Owen reviewed the written report from engineering services. There were five work orders completed in November. Owen reported on ongoing and upcoming projects, including completions of several overhead to underground conversions, line extensions to new construction housing and installation of new quarter mile three-phase underground line west of Hawktree Golf Course.

Township Agreement: Following discussion, the Hay Creek Township agreement was approved as presented.

Energy Services: Schaffner reviewed the energy services report. Schaffner reported on working with members to address questions and assist with limiting impacts of rate increases, anticipated bids on a

1-megawatt battery energy storage system and working with EV rate members concerning rate options.

Energy Resource Conservation (ERC)

Loan: Schaffner reviewed a member's ERC loan application, and the ERC loan was approved as presented.

Communications: Engbrecht reviewed the communications and public relations report. Engbrecht reported on the cooperative's support of the United Tribes/Theodore Jamerson Elementary School Operation Christmas Gift project and anticipated finalization of the cooperative's new website.

IT Report: Kensmoe reviewed the IT report. Kensmoe reported on the transition to BEK Communications for phone services, his nomination to the North Dakota InfraGard board and efforts to thwart cyber threats.

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

Central Power Electric Cooperative

(CPEC): Dave Charles reviewed CPEC's December board meeting.

North Dakota Association of Rural Electric Cooperatives (NDAREC): Vilhauer reviewed NDAREC matters.

National Rural Electric Cooperative

Association: Fitterer reported on the upcoming PowerXchange annual meeting. Directors Weiland, Dwight Wrangham and Luke Ellenbaum will be attending with Weiland, the cooperative's delegate, and Wrangham serving as alternate.

National Information Solutions

Cooperative (NISC): Fitterer reported on NISC matters.

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

Federated Insurance: Fitterer reported an increase in Federated's members.

RESCO: Vilhauer reported on operations of RESCO and the planned expansion of inventory capabilities in Moorhead, Minn., with a new warehouse and offices.

CoBank: Fitterer reported an update on the proposed downsizing of the size of CoBank's board. ☺

CAPITAL ELECTRIC COOPERATIVE

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Website: www.capitalelec.com

BOARD OF DIRECTORS:

Deon Vilhauer, Pres.	Bismarck
Sara Vollmer, V. Pres.	Wing
Kyle Tschosik, Sec.-Treas.	Bismarck
Greg Dehne, Asst. Sec.-Treas.	Bismarck
Dwight Wrangham.....	Lincoln
Bret Weiland.....	Bismarck
Dave Charles.....	Bismarck
Whitford Dwyer.....	Bismarck
Luke Ellenbaum.....	Bismarck

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