

The regular meeting of the board of directors of Capital Electric Cooperative was held on Friday, May 23. The meeting was held in person at Bismarck State College, Advanced Technology Center, 1220 Schafer Street, Bismarck.

All were present at that time.

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

Financial Review: Prior to the board meeting, Directors Deon Vilhauer and Greg Dehne reviewed the April check register and expenditures. They advised that all checks and expenditures were in order. The financial review was approved.

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

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

Revenue was behind budget for April, as \$3,389,432 was generated in comparison with the budgeted figure of \$3,568,042 (unfavorable variance of \$178,610 or 5%).

Capital Electric's April load factor was ahead of budget by 3.4%.

The operating margin for April was \$64,461, ahead of the budgeted amount of \$48,023. The total margin for April was \$58,262, which was ahead of the budgeted \$52,934.

Capital Electric began billing 31 new services in April, bringing our active services to 22,555 versus 22,287 at this time last year, or a net increase of 268 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, total payment of \$7,264.44 of capital credits to 10 estates was approved.

Distributed Generation – Rate Testing: Steen reviewed potential changes to distributed generation rates and following discussion, the authorization was granted to perform voluntary testing on proposed

distributed generation rate changes to allow staff to analyze potential changes to the distributed generation rate structure.

Operations Report: Holzer reviewed the written report from the operations department.

Holzer reported that temporary power was connected for Love's Travel Center, substation inspections were completed and overhead line retirement completions occurred east of Mercer, southwest of Denhoff and south of the McClusky substation.

Safety Report: There were no lost-time accidents since the last board meeting. The North Dakota Association of Rural Electric Cooperative's (NDAREC) safety instructor held a safety meeting on defensive driving and forklift certification. Without objection, the safety report was approved.

Engineering Services Report: Owen reviewed the written report from engineering services.

There were 21 work orders completed in April. Owen reported on the installation of new underground cable at the Brownsville subdivision allowing for retirement of the overhead line, the replacement of three-phase cable in the North Star Industrial Park and the initial residential buildout for the Elk Ridge Third subdivision.

Energy Services: Schaffner reviewed the energy services report. Fifty-eight service orders were completed in April, including LCT changeouts. Schaffner reported an increase of heat loss calculations on new home plans and creating geothermal quotes, continued work to replace 170 remaining LCTs and the upcoming Capital Electric/Department of Transportation EV tailgate event.

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

Communications and IT: Fitterer reviewed the communications and IT report. Fitterer reported on the ballots being mailed for the upcoming election at the annual board meeting and on continued efforts to address cybersecurity. Fitterer reviewed the proposed election committee, and the committee members were approved as presented.

2024 Audit Report: Tyler Richter with Brady Martz presented on the 2024 Capital Electric audit report and the audit report was

approved as presented.

Policies: Steen presented on Policy E-14 Military Leave and following discussion, the policy changes were approved as presented.

Steen presented on Proposed Policy E-26 Commuting in Cooperative-Owned Vehicles and following discussion, the policy changes were approved as presented.

Fitterer presented on Policy I-12.1 Use of Artificial Intelligence and following discussion, the policy changes were approved as presented.

Steen presented on Policy I-7 Record Retention and following discussion, the policy changes were approved as presented.

Steen presented on Policy IV-5 False Meter Reading and/or Meter Tampering and following discussion, the policy changes were approved as presented.

Steen presented on Policy IV-6 Billing, Collections, Delinquencies and Disconnections and following discussion, the policy changes were approved as presented.

Strategic Planning: Fitterer updated the board on the progress of items identified at the strategic planning meeting; Basin Electric Power Cooperative Director Troy Presser also presented.

Basin Electric: Fitterer reported on Basin Electric matters. Basin Electric CEO Todd Brickhouse presented and answered questions from the board and staff; Presser also presented.

Central Power Electric Cooperative: Dave Charles reported on Central Power Electric matters and the May board meeting.

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

NDAREC: Vilhauer reviewed NDAREC matters.

National Rural Electric Cooperative Association: Vilhauer reported on the Legislative Conference that recently took place in Washington, D.C., including interaction with Rep. Julie Fedorchak and staff from Sen. John Hoeven and Sen. Kevin Cramer's office.

Cooperative Finance Corporation (CFC): Fitterer reviewed information provided by CFC including proposed bylaw amendments. Following discussion, the board exercised CEC's vote in favor of the bylaw amendments ☺

CAPITAL ELECTRIC COOPERATIVE

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