IN THIS ISSUE

• Spare change changes lives through Operation Round Up
• Board proposes bylaw amendments
• Co-op allocates 2018 capital credits
• Directors represent your interests
• Serve as a director of Capital Electric
A community is only as strong as the support it provides in a time of need. Capital Electric Cooperative’s (CEC) members help others all the time. Those members inspired CEC to launch its Operation Round Up program in 1997.

Operation Round Up is a program that allows CEC members to round up their monthly utility bill to the nearest dollar and donate their pennies to a charitable trust. The money pools and accumulates, and an elected board of five co-op members reviews grant applications to determine the best use of those pennies. Over the last 22 years, co-op members have contributed approximately $650,000 to the program, supporting their communities and local nonprofits, and assisting with medical expenses for those in need.

In February, CEC presented its most recent round of grant checks, totaling $13,700, to the following individuals and organizations:

- Abused Adult Resource Center
- Sunne Lutheran Church
- Alzheimer’s Association Western ND
- Volunteer Caregivers Exchange
- Guardian and Protective Services, Inc.
- Sterling Lions Club
- Heaven’s Helpers Soup Café
- Two area residents (medical and other living expenses)

In addition, the co-op presented four interim grants in December 2018, totaling $8,000.

The next application deadline will be July 31, 2019. Any person residing in Burleigh County or Sheridan County may apply to receive an Operation Round Up grant. To request an application, call CEC at (701) 223-1513 or visit the co-op’s website, www.capitalelec.com. To download the application from the website, click on Our Services > Operation Round Up.

**Your spare change could change lives.**

Join others in rounding up your monthly utility bill to the nearest dollar and make an impact in the communities in which you live, work and play. To opt into Operation Round Up, call CEC at (701) 223-1513.
Board proposes bylaw amendments

The bylaws of any corporation contain the rules by which it must operate. They are generally included with the articles of incorporation when the company is founded.

Capital Electric Cooperative’s (CEC) bylaws were written when the co-op was formed more than 70 years ago. Over the years, the bylaws have been amended for various reasons. The board recommended these amendments, making necessary changes to keep up with changing times. The general membership subsequently approved the amendments at the cooperative’s annual meetings.

The current CEC board is unanimously proposing a number of bylaw amendments to be voted on at this year’s annual meeting on June 4. A majority of these amendments relate to cleaning up outdated language, clarifying commonly misconstrued items, changing references to be gender neutral and correcting some language relating to electronic/mail-in voting that was approved at last year’s annual meeting.

Because the proposed amendments affect virtually every page of the existing bylaws, it’s not possible to include them all in this magazine. Since you will be asked to vote on these amendments at the annual meeting, the co-op will provide them to you as follows:

- CEC will mail you a copy of the proposed amendments along with your annual meeting booklet in early May.
- A full copy of the proposed amendments can also be found on CEC’s website, www.capitalelec.com, under the About Us/Bylaws section.
- A copy of the proposed amendments will also be available at the annual meeting.

Please contact the co-op at (701) 223-1513 if you have any questions relating to these proposed bylaw changes. We welcome your feedback and appreciate your interest as a co-op member. We hope to see you all at this year’s annual meeting on June 4 at the Ramkota Hotel in Bismarck.

Step into the Spotlight at Your Co-op’s Annual Meeting!

It’s not American Idol, but it’s pretty close…

Capital Electric Cooperative is seeking a vocalist or a group of vocalists to sing the national anthem at its annual meeting on June 4, 2019 in Bismarck. If you’ve got the pipes and the patriotism, show us what you can do! Send a link to a video of you singing the national anthem to wese@capitalelec.com by Wednesday, May 15 for your shot at the spotlight!
Co-op allocates 2018 capital credits

Capital Electric Cooperative (CEC) members will receive their 2018 capital credit allocation statement in April (a sample statement is included on C5). Each member will see their share of the co-op’s 2018 margins, or excess revenue over expenses, reflected on this statement. Cooperative members are entitled to share in these margins. Each member’s share of the total margin is determined by the amount they spend on electricity during the year. It’s allocated on a proportional basis – the more you use, the higher your allocation.

While the capital credits allocated to you are yours, they are not yet available in cash and can’t be used to pay your current bill. The board of directors, following the rules spelled out in CEC’s bylaws, determines when the cooperative can pay these credits to you.

CEC must retain enough money to operate the cooperative, invest in new infrastructure and service the debt on existing infrastructure. The cooperative is obligated to ensure it is healthy financially and can continue to operate efficiently in future years.

Your 2018 allocation consists of cooperative (COOP) and power supplier (G&T) margins. The COOP margins are simply what CEC earned in net margins for the year. The G&T margins are allocated to the co-op from its power supplier, Central Power Electric Cooperative (Central). The Central allocation includes margins received from Basin Electric Power Cooperative (Basin).

This year, you may notice that your G&T allocation is significantly higher than usual. This is due to a significantly increased allocation from Basin. Much of this increase is due to Basin using revenue deferral dollars to effect changes with their subsidiary, Dakota Gasification Company (DGC). The end result is that CEC received a large capital credit allocation that will help the co-op into the future.

CEC continues to maintain a healthy level of equity, which allows the co-op to provide the best service possible to its members.

---

SIGN UP FOR PAPERLESS BILLING & WIN A FREE TREE!

EARTH DAY FREE TREE Giveaway

All members who have signed up for paperless billing by April 30 are eligible to win a tree! Call us at (701) 223-1513 to sign up today!
NOTICE:
THIS IS NOT A BILL

SAMPLE NOTICE

Notice of Capital Credits Allocation
THIS IS NOT A BILL

<table>
<thead>
<tr>
<th>CAPITAL CREDITS STATEMENT</th>
<th>Year</th>
<th>Capital Credits No.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>00000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Acct. No.</th>
<th>Total Billing</th>
<th>Capital Credits</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>00000000</td>
<td>1,060.23</td>
<td>26.17</td>
<td>COOP</td>
</tr>
<tr>
<td></td>
<td></td>
<td>41.07</td>
<td>G&amp;T</td>
</tr>
</tbody>
</table>

| Totals    | $1,060.23     | $67.24          |
| Accumulative balance of your capital credits | $1,971.11

The CEC Board of Directors is pleased to provide this notice of your 2018 capital credit allocation. One of the primary benefits of the cooperative form of business is capital credits. As a not-for-profit cooperative, capital credits are amounts collected which exceed the cost to provide electric service throughout the year.

The margins representing capital credits are necessary to keep your cooperative financially sound and the quality of service as high as possible. As a result these funds are not presently available as cash and cannot be applied to your power bill. The Board of Directors will determine when to release these capital credits to you in the form of a capital credit retirement (check/bill credit) based on the financial position of the Cooperative.

Please contact CEC to update your membership information if there has been any change associated with your membership account due to divorce, death, change of address, etc.

Allocation Code
- **COOP:** Capital Electric Cooperative: The capital credits allocated to your account as recorded by this notice are margins from normal operations.
- **G&T:** Generation & Transmission: The capital credits allocated to your account as recorded by this notice are margins allocated to Capital Electric Cooperative from our power suppliers.

Keep this statement for your records.

Capital Electric Cooperative
701-223-1513  888-223-1513
www.capitalelec.com/content/capital-credits
Capital Electric Cooperative’s (CEC) 73rd annual meeting will be held June 4 at the Ramkota Hotel in Bismarck.

This year, three seats on the co-op’s board of directors will need to be filled. Directors whose terms will expire in June include: Sheri Haugen-Hoffart (District 1), Arlene Olson (District 2) and Kyle Hilken (District 3).

The nine members who make up the CEC board of directors set policies and make decisions that guide the cooperative into the future. With the annual meeting just a few short months away, now is the time for members to start thinking about whether they have the time and desire to serve their electric cooperative.

In accordance with Article 4, Section 3 of the co-op bylaws, current members of CEC can have their names placed on the ballot to be voted upon for the open board positions in either of these two ways: 1) accepting a nomination by the CEC Nominating Committee or 2) submitting a petition signed by at least 15 current members of the cooperative, not less than 30 days prior to the annual meeting.

To be eligible to become a director, a person must: 1) be a member of the cooperative, 2) reside in the district they are to represent and 3) not be employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to the co-op or its members.

If you are interested in becoming a candidate for the CEC board of directors or wish to have a member considered for nomination, please contact a member of the Nominating Committee listed above prior to April 9. Committee members will have information on the requirements a member must meet in order to serve on the co-op’s Board of Directors. Pursuant to the bylaws, the Nominating Committee must post a list of nominations at least 35 days prior to the annual meeting.

Official notice of CEC’s 73rd annual meeting will be mailed to members in May.
Directors represent your interests

Capital Electric Cooperative (CEC) is overseen by a board of directors elected by the member-owners of the co-op. Each director represents the members on the board and each director is a co-op member.

Directors represent the members’ interests. They learn and internalize concerns, expectations and ideas, and take the information into the board room. During board meetings, directors exchange information and strategize for the co-op’s progressive growth.

Directors have a fiduciary responsibility to the cooperative. They exercise care, time and responsibility in reviewing co-op matters. Because they are also owners of the cooperative, they treat the business like their own.

Directors devote a certain amount of time to the cooperative. At a minimum, directors attend a monthly board meeting. To learn about the industry and understand critical issues, directors research issues important to cooperatives and attend state and national meetings.

To help directors with their responsibilities, training is offered through the North Dakota Association of Rural Electric Cooperatives (NDAREC). If directors choose to pursue certification, they must take and complete five courses that cover director duties and liabilities, understanding the electric business board roles and relationships, strategic planning and financial decision-making.

Serving CEC and your community can be a rewarding experience! For more information, contact a member of the Nominating Committee (see C6) or call Wes Engbrecht, director of communications and public relations, at (701) 712-7923.

What does it take to be a good board member?

We often get questions in the office from CEC members who are interested in running for a board position. The most common questions are: 1) what does it take to be a good board member? and, 2) what is the time commitment required to do the job well?

A good board member is someone who takes the time to learn about the cooperative business model and understands what it means to the co-op’s member-owners. A director will put time into training classes and individual study of issues the cooperative is dealing with on a regular basis. They will attend board meetings and other related meetings regularly to collaborate with fellow board members on those issues.

The following list of meetings and time requirements will give you an indication of what is generally expected of a CEC director:

- Twelve regular monthly board meetings, almost all in Bismarck
- One day at CEC Annual Meeting held in June in Bismarck
- Six days at the North Dakota Association of Rural Electric Cooperatives (NDAREC) and generation and transmission cooperatives’ annual meetings, Bismarck and Minot
- Regional and national meetings
- Some CEC Directors serve on other related boards at Central Power Electric Cooperative and NDAREC, which meet on a monthly basis.
- Other unscheduled meetings and training classes can add additional days
- On average, a CEC director can spend between 25 and 30 days on co-op business each year.

A commitment to the cooperative and the cooperative business model is vital to a director’s success on the board. Focusing on the needs of our member-owners is the common thread that keeps our board operating effectively.
Board minute excerpts FEB. 22, 2019

The Board of Directors of Capital Electric Cooperative, Inc., held its regular meeting on Friday, Feb. 22, 2019, at the co-op’s headquarters in Bismarck, N.D., pursuant to due notice to all directors. All directors were present at that time except Bill Patrie. Also present were General Manager Paul Fitterer, Business Manager Luke Steen, Operations Manager Rick Dressler, Director of Communications Wes Engbrecht, Energy Services Supervisor Josh Schaffner and Attorney Carol K. Larson of Pringle & Herigstad, P.C., who acted as recording secretary.

Financial Review: Prior to the board meeting, Directors Arlene Olson and Deon Vilhauer reviewed the January 2019 check register and expenditures. They reported all checks were in order. It was moved, seconded and carried to approve January expenditures in the amount of $3,459,641.27.

Management Reports (Business Department, Operations and Engineering, Member Services, and Public Relations/Communications):

Business Department Report: The business manager presented the January 2019 financial and statistical report to the Board. Total kWh sales for January were under budget by 2.2 percent. The actual monthly electric revenue is behind budget by 1 percent.

CEC’s load factor was under budget, leading to increased costs of $78,500. The total operating margin for January was $776,697, versus the budgeted amount of $505,366. It was noted that a one-time change was made to improve the timing of recording electric heat credits to better match the corresponding period in which the heat was actually sold. Had that adjustment not been made, the operating margins would have been under budget by $40,000.

CEC began billing 14 new services in January, bringing active services to 20,617 versus 20,236 at this time last year, or a net increase of 381 over the last 12 months.

The business manager reviewed the comparison of actual to budgeted expenses, cash flow statement and power costs for the month of January 2019. Accounts receivable balances as of Feb. 20 were reviewed.

2018 Allocation: The total 2018 recommended allocation is $4,821,671.03 of which $619,093.75 is from “COOP” patronage and $4,210,377.28 is from “G&T” patronage.

Following discussion, it was moved, seconded and carried to approve the 2018 capital credit allocation in those amounts.

Estate Retirements: Following review of the financial condition of the cooperative and recommendation by management, it was moved, seconded and carried to authorize payment of capital credits to the following deceased members’ estates:

- David N Asplund $3,194.09
- Leonard Hilzenegard $297.41
- Pauline Erhardt $645.33
- Gordon Binstock $936.03
- $5,072.86

Engineering and Operations Report: Dressler reviewed the written report from the Engineering and Operations department. CEC completed 15 work orders this month, adding four new consumers to the system.

In January, the co-op had 25 total outages—four were power supply problems, five were overhead phase wire breaks, and others were caused by the wind.

The meter change-out for the Ward Delivery Substation was completed, enabling Central Power Electric Cooperative (CPEC) to put load on their new transformer.

Transformer quotes for this year’s construction season have been received. It was moved, seconded and carried to accept the low bid for each transformer size.

Contractor bids were reviewed. It was moved, seconded and carried to approve the 2019 contractor bids.

The Operations Department will participate in the Bismarck-Mandan Chamber EDC’s job shadow week. Six students from local high schools will come to CEC to learn about the electrical line trade.

Corner Property: Fitterer provided an update on the status of the pending sale of the corner lot.

Energy Services Department: Schaffner reviewed the Energy Services Report.

Thirty-three service orders were completed in January.

Demand Reduction: CEC continues to promote the off-peak interruptible rate for commercial businesses that have generators, chillers, etc.

Member Services: Schaffner took part in the NDAREC Winter Member Services Meeting.

Spring Shows: CEC supported the Touchstone Energy Cooperatives’ booth at the KFYR Agri-International tradeshow. The solar well display was a big attraction, and staff is following up on multiple contacts regarding pasture wells. The Bismarck-Mandan Home Show is scheduled for March 15 and 16.

Communications, Public Relations and IT Department: Engbrecht reviewed topics of interest.

Operation Round Up: CEC awarded $13,700 in grants at the Operation Round Up meeting.

Youth Tour Essay Winner: The winner of this year’s essay contest is Jillian McCusker of Bismarck.

Nominating Committee: The nominating committee will meet April 9. Gary Hansen, Warren Larson, Kristi Schlasser Carlson, Denise Brown, Ann Reich, Julie Roswick, Brian Birner, Jill Gunderson and Lois Sundquist were appointed to the committee.

Member Advisory Committee: Following discussion, it was moved, seconded and carried to appoint Jeff Schild to the Member Advisory Committee.

“1 Will” Safety Campaign: Clarice Kesler, NDAREC, will visit CEC headquarters to shoot video of employees for a new safety campaign. The campaign is to focus on zero electrical contacts for all co-ops.

Know Your Co-Op: The eighth installment of Know Your Co-op was held on Feb. 19. CEC’s technology from the past, present and future was discussed, as well as technology for work and home life.

CPEC: Director Sheri Haugen-Hoffart reported on CPEC matters.

Haugen-Hoffart was elected as delegate to CPEC and Director Kyle Hilken was elected as alternate. Olson shall cast the ballot at the annual meeting if needed.

Safety Report: There were no lost time accidents in January.

NDAREC Safety Services Director Christina Roemnich visited CEC’s shop on Feb. 2 and spoke to all employees about the new “1 Will” Campaign. Without objection, the safety report was approved.

Federated Safety and Loss Prevention: The report from Feb. 4, 2019, was reviewed, and recommendations will be followed.

Bylaw Review: Following discussion, it was moved, seconded and carried to approve Bylaw E-17.

Policy E-15 – Work Equipment and Apparel. Following discussion, it was moved, seconded and carried to approve Policy E-15 as revised.

Policy No. I-5 – Capital Credits. Following discussion, it was moved, seconded and carried to approve Policy I-5 as revised.

Policy No. I-19 – Attendance by members at meetings of the Board of Directors was reviewed.

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

Cooperative Finance Corporation (CFC): Director Dave Charles was selected as delegate to the annual meeting with Director Rex Hollenbeck selected as alternate.

Legislative Conference: Fitterer and Charles will attend the legislative conference.

Statewide Report: Vilhauer reported on statewide matters.

Adjournment: There being no further business to come before the meeting, without objection, the regular meeting was adjourned.