



**Capital  
Electric**  
COOPERATIVE



# 2023 Annual Meeting

**Bismarck Event Center  
June 20**

## NOTICE AND CALL OF ANNUAL MEETING

**YOU ARE HEREBY NOTIFIED THAT** the 2023 Annual Meeting of the members of Capital Electric Cooperative, Inc., will be held in Bismarck, North Dakota, at the Bismarck Event Center, Exhibition Halls C/D, located at 315 S. 5th St., beginning at 6:30 p.m., Central Daylight Time, on Tuesday, June 20, 2023.

The following actions will be taken at the meeting:

1. Members will receive, consider and take action on reports of officers, directors and committees;
2. Members will elect three directors to serve three (3) year terms; and
3. Members will act on a proposal by the Board of Directors that the Bylaws of Capital Electric Cooperative, Inc. be amended.
4. Members will consider and take any action on all other business that may properly come before the meeting or of any adjournment or adjournments thereof.

Enclosed and made part of this notice is the list of candidates nominated by the nominating committee and petition. Nominations may not be made from the floor of the Annual Meeting.

*/s/ David Straley*  
David Straley, Secretary  
Capital Electric Cooperative, Inc.

## PLAN ON ATTENDING YOUR ANNUAL MEETING

**Tuesday, June 20, 2023**

Bismarck Event Center  
Exhibit Halls C/D  
Bismarck, North Dakota

- Registration begins at 4:30 p.m.
- Dinner served at 4:45 p.m.
- Live music by Savannah Benz begins at 4:45 p.m.
- Children's games and prizes begin at 4:45 p.m.
- Business meeting begins at 6:30 p.m.
- \$1,000 grand prize (must be present to win)

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## CAPITAL ELECTRIC COOPERATIVE, INC. BOARD OF DIRECTORS



**Deon Vilhauer**  
*President*



**Dave Charles**  
*Vice President*



**David Straley**  
*Secretary-Treasurer*



**Kyle Tschosik**  
*Assistant Secretary-Treasurer*



**Rex Hollenbeck**  
*Director*



**Dwight Wrangham**  
*Director*



**Kayla Pulvermacher**  
*Director*



**Lyndon Anderson**  
*Director*



**Sara Vollmer**  
*Director*



**Paul Fitterer**  
*Manager*

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# BOARD OF DIRECTORS

The following members have been nominated to serve a three-year term on the board of directors of Capital Electric Cooperative, Inc. Visit [www.capitalelec.com](http://www.capitalelec.com) to view candidate videos.



Dave Charles,  
District 1

### What makes you a good candidate for Capital Electric Cooperative's Board of Directors?

I am a retired electrical power engineer, with over 35 years of experience in distribution utility operations management, regional transmission (RTO) operations and ND Public Service Commission work. As a lifetime member of the Institute of Electrical and Electronic Engineers (IEEE), I stay well informed of all current power and electrical engineering issues. I have been honored to serve as an active CEC District One Director for two terms (6 years). To be an effective Director, I have attended all the National Rural Electric Cooperative Association (NRECA) Director Certificate training programs in order to achieve the highest level, Director Gold Credential. With my past experience and ongoing education, I am well positioned to provide insight and direction for the challenges facing the power industry, CEC and consequently, all of us as members.

### If elected, what are your priorities?

My top priorities are improving membership communication and education, support for safety, best use of new technologies, and cost control. I will continue to be committed to hearing and representing your concerns, and to give all of the time and effort needed to represent you well to ensure the safe, reliable and affordable energy we have come to expect from CEC, while always upholding our cooperative values.



Dwight Hinkel,  
District 1

### What makes you a good candidate for Capital Electric Cooperative's Board of Directors?

I have been a member of electric cooperative(s) my whole life and I value the quality of life they bring to their members. As an engineer and businessman, I understand the complex issues facing the future of any energy-related business and would be well-qualified to suggest solutions to other board members and the CEC management team.

### If elected, what are your priorities?

Being a team player to move forward the goals of reliable low-cost energy to it's members, and discuss, in layman's terms complex technical and business-related issues to other board members.



Bryan Klipfel,  
District 1

### What makes you a good candidate for Capital Electric Cooperative's Board of Directors?

I am confident that I have the skills, experience and qualifications to make me a valuable candidate for the position. I am a strategic thinker with a proven track record of success in each organization that I have had the opportunity to serve. I have almost 46 years of experience working for the State of North Dakota. I have held executive level positions with the ND Highway Patrol, Job Service of North Dakota and Workforce Safety & Insurance (WSI). During more than four decades of state service, I have improved the lives of citizens and team members alike by developing strategies that focus on customers.

### If elected, what are your priorities?

My main priority on the board would be to learn about the cooperative business model and represent the needs of the co-op's member owners. As a member of the board of directors, I would help set policies and provide guidance for all consumer-owners. As a director, I would provide guidance to the co-op's management team with strategic plan development to meet operational and financial goals and alignment with serving our member owners. I would provide advice on developing and implementing a foundational philosophy of servant leadership. Servant leadership principles are important for a successful organization with engaged employees as the Capital Electric staff are what makes the organization successful.

# FOR NOMINATIONS



David Straley,  
District 2

**What makes you a good candidate for Capital Electric Cooperative's Board of Directors?**

I believe my top qualities include the diversity of education, the experience working in the energy industry, the ability to continue to learn and make educated decisions, my self-drive and determination for improvement, and my communication skills.

Using these qualities and being open-minded to new thoughts and ideas make for great board members. I also am not afraid to speak up for what I believe and I really enjoy having a lot of connections to other cooperative members.

**If elected, what are your priorities?**

If re-elected to serve on Capital Electric's board, I will continue to focus on keeping the main thing the main thing. For the last three years, I have continued to promote policies that make the goal of the electric cooperative to provide affordable and reliable electric service in the safest manner possible to all of its members.

It is also in the best interest of Capital Electric for its board members to listen to the concerns of members and if necessary, act. My priorities will be to ensure the members of Capital Electric Cooperative receive what they deserve.



Bret Weiland,  
District 2

**What makes you a good candidate for Capital Electric Cooperative's Board of Directors?**

My bachelor's degree in energy management combined with 8+ years of working in the energy industry have provided me with real-world experience relevant to the role of a director. From being the person who has fielded phone calls and listened to the concerns of the end users of electric power, to calling out the linemen at all hours, I bring a unique perspective and understanding of the needs of the consumer and the Cooperative.

**If elected, what are your priorities?**

If elected, I have three priorities. First, to protect the Cooperative and its members by ensuring we keep local control local. Second, to ensure that the linemen and engineering teams are properly equipped with the latest technology to keep the lights on and the linemen safe. Third, to continue to provide the members of our Cooperative with affordable, reliable power.



Kyle Tschosik,  
District 3

**What makes you a good candidate for Capital Electric Cooperative's Board of Directors?**

I worked for Great River Energy at the Stanton station for more than 35 years. I was a union member for more than 29 years and in management for more than 6 years, retiring in 2017. My last position was leader of plant operations. I understand Capital Electric's objectives and union concerns. I am familiar with the power grid and how power is distributed. I currently serve on the Capital Electric Cooperative board and am past mayor of Wilton, ND. I'm experienced in leadership roles.

**If elected, what are your priorities?**

With the challenging markets and with alternative power sources in the industry today, I would like to be part of the decision-making process. Capital Electric Cooperative has seen steady growth over the last few years, and I would like to help this trend continue. My main goal is to keep Capital Electric Cooperative a strong, viable cooperative and to provide safe, reliable and affordable power to its customers.

# President and Manager's Joint Report

President Deon Vilhauer and General Manager Paul Fitterer



*Vilhauer*



*Fitterer*

It is our pleasure to present the 2023 Annual Report to the membership of Capital Electric Cooperative, Inc. (CEC). This year we are celebrating our 77th annual meeting of your cooperative.

A review of 2022 shows CEC sold 391,921,080 kilowatt hours (kWh) of electricity, a 3.9% increase in sales from 2021. CEC experienced a net increase of 309 accounts served and returned \$1,979,732 in capital credits to member-owners of CEC. Over the past 10 years, CEC has paid out \$15,003,693 in capital credits to current and former members. The cooperative carries an equity position of 39.2 percent. This annual report includes the cooperative's statement of condition.

From a reliability standpoint, CEC consistently ranks in the top tenth percentile of electric utilities around the country for reliability as measured by annual outage time per consumer. This is by design through the co-op's long-term strategic commitment to reliability. In 2022, average outage numbers reflect 58 minutes per service for a total average system uptime of 99.99%.

In 2022, CEC had net plant additions of \$4.9 million. We added 23 miles of distribution underground line and

retired 1 mile of distribution overhead line for a net addition of 22 miles of line. Infrastructure was installed for 10 urban subdivisions and 7 miles of line were converted from overhead to underground. We rebuilt another 25 miles of rural overhead line and replaced 8 miles of aging underground as part of the cooperative's aging infrastructure initiative. After committing to rebuilding aging infrastructure more than ten years ago, the enhanced reliability on the system is progressively noticeable through improved reliability metrics.

Average kWh sales per service have been relatively flat over the last ten years, but we did see an increase of 3.9% in 2022. Nonetheless, CEC's seasonal peaks continue to increase faster than kWh growth. The cooperative's load is heavily concentrated on residential accounts, along with retail and restaurant commercial services that have similar usage patterns. Accordingly, the requirement for power during certain peak times of the day continues to set new system records. In 2022, CEC hit a new winter peak of 87,600 Kilowatts (KW) due to cold temperatures. Our overall summer peak of 92,300 KW occurred in 2021.

Overall CEC rates have remained stable since May 2016. However, due to the changing dynamics of how CEC's system peak increasingly drives the Cooperative's overall power bill, a seven-year plan was implemented in 2021 to shift the member rate structure so the rates properly reflect how costs are incurred at the Cooperative. In 2021 and 2022, the first and second years of the cost shifts were implemented as revenue neutral.



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In May 2023, it was necessary for the cooperative to increase member rates for the first time in seven years, while also implementing the 3rd year of the rate shift. To accomplish this, residential and small commercial members now see a new, third component on their monthly bill called a “grid capacity charge” while medium and large commercial members will see an increase to their existing grid capacity charge. The grid capacity charge reflects each service’s maximum power requirement. Correspondence has been sent out reflecting this change and CEC’s website and member support team are available to explain how this change will affect your bill and to review alternative rates and solutions that may help you save.

In November, CEC moved into our new headquarters located just north of the intersection of Highway 83 and Highway 1804. This new location provides the cooperative with great access to two key highways within our service territory, a larger and flatter footprint, and a location that continues to be within easy driving distance for most of our membership. Final construction will be completed this summer and we look forward to inviting you in for a tour.

On the transmission and substation front, Central Power Electric Cooperative (Central) continues to make a strong commitment to the reliability and redundancy of CEC’s system. In 2022, the Lincoln substation received a major overhaul, rebuilding one of the oldest distribution substations in CEC’s service territory. Central also rebuilt a 3.5-mile transmission line in south Bismarck as well as a 3-mile line in northeast Bismarck. This last line energized a new transmission and distribution substation, known as Gibbs, near 80th St. and 43rd Ave. This new substation provides transmission feeds to northern and eastern Burleigh County as well as additional distribution feeds in northeast Bismarck.

At the power generation level, Basin Electric Power Cooperative (Basin) generates and/or purchases approximately 87% of CEC’s wholesale power. The remaining 13% is purchased from Western Area Power Administration (WAPA). Both perform vital functions in generating and procuring power and providing transmission services, which play a key role in our system reliability. Basin had an excellent year in 2022, seeing strong margins from power sales as well as products from its subsidiary, Dakota Gasification Company. The forecasted new load growth for Basin is also encouraging. Basin has provided rate relief to its members over the last couple of years, which was a large driver in holding CEC’s rate steady for 7 years. For WAPA, the water levels in the mainstem dams on the Missouri River are historically low, resulting in an overall rate increase as well as a drought adder put in place in 2023 that will continue until conditions improve.

Your board of directors is proposing a modification to CEC’s bylaws that will be voted upon this year. Further information is available in this annual report and on our website.

This past year has been another successful year for your cooperative. We are pleased to recognize our employees for their hard work and dedicated commitment to the Cooperative.

We hope you will have an opportunity to join us at the Bismarck Event Center on June 20th prior to the beginning of the business portion of our 77th Annual Meeting. The grand prize for this year’s meeting will be \$1,000, but you must be present to win. Please attend your annual meeting, participate in the business and elections of your cooperative, enjoy a nice meal, music, and more. We hope to see you and your family on Tuesday, June 20th at the Bismarck Event Center.

# FINANCIAL YEAR IN REVIEW

by Luke Steen, Business Manager



**Steen**

## Margin

Capital Electric Cooperative (CEC) reported a 2022 margin of \$6,361,011 compared to the 2021 margin of \$2,555,987. The 2022 figure was above

the budgeted margin (amended) of \$4,762,092. It should be noted that while the margin for the year was well ahead of the budgeted amount, it was constituted almost entirely of non-operating dollars. That is important as non-operating margins don't assist in the meeting of the Cooperative's financial covenant ratios.

## Capital Credits

The Board of Directors was pleased to retire a total of \$1,979,732 in 2022. The general retirement made up the vast majority of that amount. Members who had service in 2003 and/or 2004 received the retirement in June 2022. As has been the case for a number of years, members with active service received their retirement as a bill credit while inactive members received a check in the mail

## Rates

In May of 2022 a structural change

occurred with the rates that was revenue neutral to the Cooperative as a whole. The change was in line with the overall objective to more closely align our revenue components with our cost categories. This trend will continue in 2023 but will be coupled with a rate increase as we could no longer absorb the cost pressures which have built since our last increase which was implemented in October of 2016.

## Financials & Audit

Our Board of Directors is happy to comply with our lenders' requirement to have our financial statements audited by an external accounting firm. Brady Martz & Associates, P.C., completed the audit of the 2022 financial statements. At the conclusion of their process, they presented the cooperative with an unmodified opinion. This opinion is the cleanest report that can be received from an audit firm. The completed audit report has been reviewed and accepted by the Board of Directors. A summary of the audited financials are included in this annual report and will be presented at the annual meeting. I hope that each of you will be able to participate. If there are any questions concerning the financials, feel free to send an email to [lukes@capitalelec.com](mailto:lukes@capitalelec.com), or give us a call. **CEC**

# OPERATING STATISTICS: 2012 THROUGH 2022

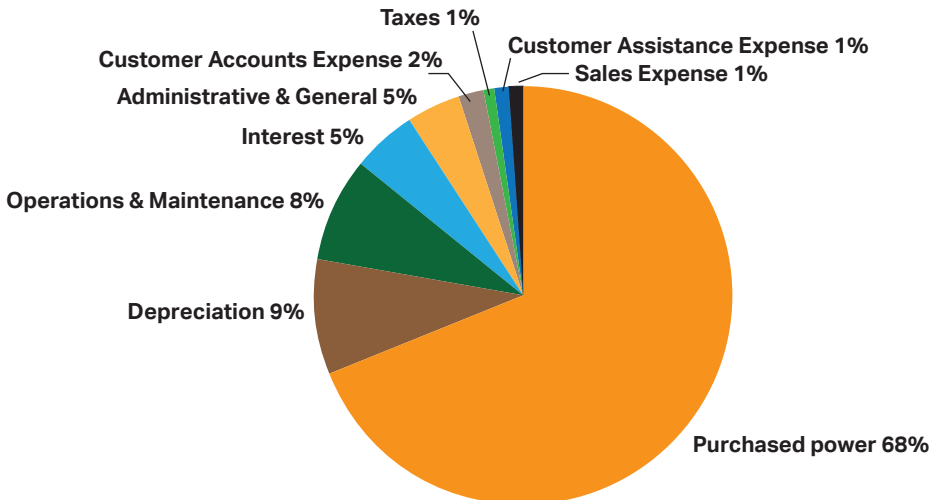
	2012	2014	2016	2018	2020	2022
Number of electric services served (average)	16,544	18,088	19,504	20,626	21,104	21,791
Average kWh/service/month	1,477	1,533	1,448	1,497	1,461	1,499
Miles of Line	2,733	2,626	2,686	2,726	2,754	2,798
Total Capital Credits Retired	\$1,156,559	\$1,164,175	\$569,880	\$2,084,412	\$2,180,377	\$1,979,732
Total Utility Plant (in millions)	\$99.2	\$89.2	\$103.1	\$113.2	\$137.1	\$149.3



# STATEMENT OF OPERATIONS

	2022	2021
<b>INCOME:</b>		
Residential Sales	\$26,111,204	\$24,319,574
Small Commercial Sales	\$14,281,485	\$12,782,722
Large Commercial Sales	\$551,137	\$1,000,752
Street Lighting	\$279,352	\$274,692
Irrigation	\$262,460	\$324,710
Seasonal (pasture wells/grain drying)	\$352,665	\$262,515
Interest Income	\$144,408	\$101,473
Capital Credits (G&T & Other)	\$3,271,596	\$1,517,267
Miscellaneous & Other	<u>\$3,019,491</u>	<u>\$821,263</u>
<b>Total Income:</b>	<b>\$48,273,798</b>	<b>\$41,404,968</b>
<b>EXPENSES:</b>		
Purchased Power	\$28,579,060	\$27,032,276
Depreciation	\$3,900,622	\$3,757,832
Operations & Maintenance	\$3,347,904	\$2,973,772
Interest	\$2,077,051	\$1,828,421
Administrative & General	\$2,004,967	\$1,603,361
Customer Accounts Expense	\$939,674	\$740,500
Taxes	\$337,850	\$321,400
Customer Assistance Expense	\$428,834	\$314,402
Sales Expense	\$257,925	\$259,494
Other	<u>\$38,898</u>	<u>\$17,523</u>
<b>Total Expense:</b>	<b>\$41,912,787</b>	<b>\$38,848,981</b>
<b>ANNUAL MARGIN:</b>	<b>\$6,361,011</b>	<b>\$2,555,987</b>

## 2022 EXPENSES BY PERCENTAGE



**ASSETS:**

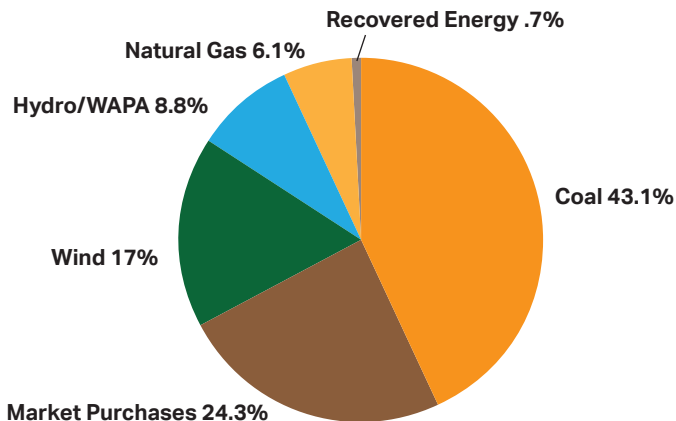
	<b>2022</b>	<b>2021</b>
Total Utility Plant in Service	\$149,264,081	\$142,042,688
Less: Depreciation	\$(46,076,729)	\$(43,748,265)
Net Utility Plant:	\$103,187,352	\$98,294,423
Investments - G&Ts	\$24,191,457	\$21,886,484
Investments - Other Co-ops	\$1,403,196	\$1,468,937
Cash	\$2,546,130	\$3,491,191
Temporary Investments	\$6,051,894	-
Accounts Receivable	\$4,308,934	\$5,174,805
Materials and Supplies	\$3,281,999	\$2,603,168
Other	<u>\$771,883</u>	<u>\$773,613</u>
<b>TOTAL ASSETS:</b>	<b><u>\$145,742,845</u></b>	<b><u>\$133,692,621</u></b>

**LIABILITIES:**

Debt - FFB (via the Rural Utility Service)	\$75,719,770	\$67,036,323
Debt - CoBank	\$5,208,440	\$5,679,148
Debt - Cooperative Finance Corporation	\$1,099,417	\$1,239,697
Debt - Other	<u>\$42,229</u>	<u>\$47,274</u>
Total Long Term Debt	\$82,069,857	\$74,002,441
Accounts Payable	\$3,222,961	\$2,612,853
Other Liabilities	\$1,792,025	\$1,695,026
Revenue Deferral	<u>\$1,567,000</u>	<u>\$2,850,000</u>
<b>Total Liabilities:</b>	<b><u>\$88,651,843</u></b>	<b><u>\$81,160,321</u></b>

**EQUITY:**

Prior Years Equity	\$50,729,991	\$49,976,314
Current Year Equity	<u>\$6,361,011</u>	<u>\$2,555,987</u>
Total Equity:	\$57,091,002	\$52,532,301
<b>TOTAL LIABILITIES &amp; EQUITY:</b>	<b><u>\$145,742,845</u></b>	<b><u>\$133,692,621</u></b>

**SOURCE OF POWER BY PERCENTAGE**



## Capital Electric Cooperative, Inc. Proposed Bylaw Amendments

Capital Electric's board of directors are proposing bylaw changes which will be effective January 1, 2024. We are requesting a vote on these proposed changes, which are represented between three major topics. The entire version of these proposed amendments is available on the Capital Electric web site ([www.capitalelec.com](http://www.capitalelec.com)) under the About Us/Bylaws section.

### Summary of Proposed Amendments

#### 1. Ceasing New Joint Memberships

##### (a) Ceasing new joint memberships and in turn, provide similar rights to spouses of individual members, with the exception of the legal right to capital credits:

1. The Cooperative views divorce as a very personal matter that is best resolved in the appropriate legal manner by the persons involved. The ownership of capital credits between joint members that divorce should be determined by a divorce decree or other legal document but it is uncommon that joint members include capital credits in their divorce decree. Increasingly, this puts the Cooperative in the uncomfortable position between recently divorced joint members that cannot agree on ownership of their capital credits.
2. The change proposed will maintain the ability of a member and a member's spouse to have almost all rights under a single membership that a joint membership currently enjoys, while minimizing the impact of settling capital credit legalities that occur with divorces of joint members.
3. All new human memberships created after 12/31/23 will be setup as individual memberships. The individual human person that signs up for service is considered the member. The individual member's spouse may be added as the spouse of the individual member and receive all rights of the member except ownership of the capital credits. Accordingly, either the member or the member's spouse may vote, serve on committees, serve on the Board of Directors, etc., but the member's spouse will not have ownership rights of the capital credits on the membership. It will be the responsibility of the individual member and the member's spouse to otherwise account for any outstanding capital credits in their divorce settlement.
4. This proposed method to utilize an individual membership to determine ownership of the capital credits has been adopted effectively by other electric cooperatives for this purpose.
5. Joint memberships created prior to 12/31/23 that are active as of 12/31/23 will remain joint memberships.
6. **The changes related to this topic are colored in bright green in the bylaws shown further below.**

**ARTICLE I**  
**MEMBERSHIP**

**Section 3. Individual Membership**

- (a) Where an individual membership exists, either the member, or the member's spouse, may vote, serve on committees, sign a petition, and/or serve on the Board of Directors, but not in the same instance. The serving by either spouse shall constitute the one instance of the member for each activity.

**Section 4. Joint Membership**

- (a) The Cooperative will not admit new joint members. Married Persons occupying the same location who are joint members of as of December 31, 2023, and remain joint members, are deemed to have a "joint membership" and may continue to be joint members, subject to the following terms and conditions:

1. Married Persons occupying the same service location may apply for hold an existing joint membership and, subject to their compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership. The term "member" as used in these bylaws shall be deemed to include married Persons holding a joint membership, and any provisions relating to the rights and liabilities of membership shall apply equally to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect to the holders of a joint membership is as follows:
  - i. The presence at the meeting of either or both shall be regarded as the presence of one member and shall have the effect of constituting a joint waiver of notice of the meeting;
  - ii. The vote of either separately or both jointly shall constitute one vote;
  - iii. A waiver of notice signed by either or both shall constitute a joint waiver;
  - iv. Notice to either shall constitute notice to both;
  - v. Exclusion of either shall terminate the joint membership;
  - vi. Withdrawal of either shall terminate the joint membership

- vii. A joint member otherwise qualified is eligible to serve as a member of the Board of Directors, regardless of whether the other joint member is eligible to serve as a Director. If both joint members are otherwise qualified to serve as a Director, then either joint member, but not both joint members simultaneously, is eligible to serve as a Director. Either spouse, but not both, may be elected or appointed as an officer or director, provided that the member meets the qualifications of such office.

**Section 5. Conversion of Joint Membership**

A Membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the Articles of Incorporation, bylaws, policies, rules, regulations adopted by the Board of Directors:

- (a) Upon the notice of death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor, provided, however, that the estate of the deceased joint member shall not be released from any debts due to the Cooperative.

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- (b) Upon the divorce or a court order of the parties of a joint membership, and notice of such divorce or court order to the Cooperative, such membership shall be held solely by the one who continues to purchase electric service from the Cooperative at the same place of service, provided, however, that the former joint member spouse shall not be released from any debts due to the Cooperative prior to the actual notification to the Cooperative of the divorce or court order.
- (c) Capital credits allocated prior to the divorce or court order, that have not been retired as of the date of notice to the Cooperative, shall be divided as set forth in the divorce judgment or court order. If the divorce judgment or court order is silent, the allocated capital credits, that have not been retired as of the date of notice to the Cooperative, shall be divided equally between the joint members.

1. If both joint members continue legal use of the electric service at the service location at which the joint members had used electric service, then the joint membership converts to a membership in the name of the joint member as determined by the Cooperative in the discretion of the Board of Directors.

- (d) The death of the first joint member will not result in the early retirement of capital credits, and the surviving joint member will continue to own the capital credits previously jointly owned, in the surviving joint member's name, until they are retired as provided herein. Capital credits held by joint members retained by the surviving joint member will be subject to all rights and obligations that apply to capital credits held by individual members.

### ARTICLE III

#### MEETINGS OF MEMBERS

##### Section 7. Voting

- (b) Where an individual membership exists, either the member or the member's spouse may vote, unless the member objects prior to the issuance of ballots, in which case only the member will be entitled to vote. At the annual meeting a ballot will be issued to the first of the two to register at the registration table, assuming the vote has not already been cast via mail or electronically. The vote of either shall constitute the one vote of the member. Members represented by a spouse will be considered and counted in determining whether a quorum exists.

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## 2. Director Qualifications

### (b) Revising minimum requirements for members to serve on the Cooperative's Board of Directors:

1. Clarifies that a member must be receiving electric service at the member's primary residence and defines how a primary residence is determined.
2. Requires that a candidate must be a member at least 270 days prior to the date of the annual meeting in which they intend to run for a seat on the Board of Directors. This is important because the nominating committee is appointed months in advance of the annual meeting by the Board of Directors and it is difficult to evaluate the candidates for nomination if there is little to no history of the candidate to review.
3. Modifies and adds criteria that disqualifies a member from serving on the Board of Directors, including:
  - i. Having a close family member who currently is, or within the previous three years, has been financially interested in, or otherwise serves as a director or corporate officer of any entity, other than an electric cooperative, that engages in a competing enterprise or a business selling electric energy, services, or supplies. (The requirement is already in place for the director).
  - ii. Having ever been convicted of a criminal act constituting a felony.

These changes are colored in **bright yellow** in the bylaws shown below.

## ARTICLE IV

### DIRECTORS

#### Section 2. Qualifications and Tenure

- (a) ~~To be eligible to become or remain a director or to hold any position of trust in the Cooperative, the director or director candidate~~ Only Persons meeting the following eligibility requirements may be nominated, elected, or serve as a Director:
1. **Required criteria:** ~~To be nominated, elected, or serve as a Director of the Cooperative, a Person must:~~
    - i. ~~Be a an individual~~ member of the Cooperative, ~~or the spouse of an individual member, or an individual that is part of a joint membership;~~ and
    - ii. ~~Be a member of the cooperative;~~ receiving power from the Cooperative at the member's place of primary residence, which residence must be located in the Director district in which the Director represents or is seeking to represent; and
    - iii. ~~Remain in good standing under the Articles, bylaws, and policies of the Cooperative, as they may be amended;~~ and
    - iv. ~~Have been a member for at least 270 days.~~
  2. **For purposes of these bylaws, a member can only have one primary residence and "primary residence" shall mean:**
    - i. ~~The address of the member Director, or member seeking to represent a Director district, listed on the member's North Dakota driver's license or state issued identification card;~~ and



ii. The address of the member Director, or member seeking to represent a Director district, listed on the voting rolls for the voting precinct where the member was authorized by law to vote in the most recent local, state, or federal election or, in the event the member has changed residence (e.g. moved) prior to the next local, state, or federal election, the member provides valid supplemental identification authorized by the nominating committee that supports the location of where the member will be authorized to vote at the next local, state, or federal election; and

iii. To the extent of any conflict between items 2i. and 2ii. within this definition, item 2ii. shall prevail.

**3. Disqualifying Criteria:** To be nominated, elected or serve as a Director of the Cooperative, a Person must not:

i. Be employed by, or financially interested in a competing enterprise or a business selling electric energy or supplies; or be employed by, or financially interested in, a business primarily engaged in selling electrical fixtures or supplies to the Cooperative or members of the Cooperative. Currently be, or within the immediate previous three year period, have been a director, officer, or employee of any Entity, other than an electric cooperative or affiliate of an electric cooperative, that engages in a competing enterprise or a business selling electric energy, services, or supplies; or financially interested in, a business primarily engaged in selling electrical fixtures, services, or supplies to the Cooperative or members of the Cooperative; or

ii. Have a close family member who currently is, or within the previous three years has been, a director or corporate officer of any Entity described in item 3i. above, unless otherwise approved by vote of a majority of all of the disinterested directors; or

iii. Be currently ~~may not be~~ employed or have been employed by the Cooperative in the preceded 3 years; or

iv. Have ever been convicted of any criminal act constituting a felony under the law of jurisdiction in which the conviction occurred.

**4. No current Director will be considered for employment at the Cooperative.**

**5. Definitions:** For the purpose of this article:

i. "Close Family Member" means a member's spouse, parents, children, and grandchildren (including legally adopted children and grandchildren).

**3. Amendments relating to wording, formatting and other miscellaneous changes**

The remaining proposed amendments to the bylaws include only changes having minor effects. See additional details on our web site as noted above.

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**MINUTES OF THE ANNUAL MEETING OF THE MEMBERSHIP  
OF CAPITAL ELECTRIC COOPERATIVE, INC.  
OF BISMARCK, NORTH DAKOTA  
Thursday, June 16, 2022**

The 76th Annual Meeting of the members of Capital Electric Cooperative Inc., Bismarck, North Dakota, was held at the Bismarck Event Center, Bismarck, North Dakota, on Thursday, June 16, 2022, commencing at 6:30 p.m. Preceding the formal convening of the annual meeting, registration commenced at 4:30 p.m.

**Convening:** The meeting was called to order at 6:35 p.m. by Chairperson Deon Vilhauer. Chair Vilhauer called on Rev. Matthew Thompson to deliver the invocation. Savannah Benz sang the national anthem.

**Quorum Report and Minutes:** The Chairperson reported there was a quorum based on the total number of ballots received by mail, online, and in person. It was moved, seconded, and carried to dispense with the reading of the Notice of Mailing, the Affidavit of Proof of Mailing of such Notice to the members, and the minutes, and to approve and accept the minutes of last year's annual meeting held on October 7, 2021.

**Election Committee and Credentials Committee:** The Chairperson appointed members to serve on the Elections Committee and Credentials Committee, as follows:

**Elections Committee**

LeAna Hug  
Scott Meske  
Al Wald  
Marcia Patrie  
Keith Schmaltz  
Mark Wagner  
Brian Bitner  
Jill Trygg

**Credentials Committee**

Brian Bitner  
LeAna Hug  
Keith Schmaltz

Attorney Zachary Pelham of Pearce Durick PLLC, was appointed Parliamentarian and recording secretary of the meeting.

**Report of Nominations Committee and Election:** Chairperson Vilhauer conducted the election. The report of the Nominating Committee was then presented by Kristen Hamman, Chairperson of the Capital Electric Nominating Committee. It was moved, seconded, and carried to approve the Nominating Committee report as submitted. The nominees for Districts 1, 2, and 3 were as follows:

**District 1**

(one to be elected)

Kayla Pulvermacher  
Dave Nehring

**District 2**

(one to be elected)

Sara Vollmer  
Ron Day  
Darwin Reinhardt

**District 3**

(one to be elected)

Lyndon Anderson  
Kyle Hilken  
Greg Dehne

It was reported no nominations by petition were received.

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A pre-recorded video presentation was played for each candidate. Attorney Zachary Pelham explained the voting procedures for the board election. Survey and Ballot Systems was the provider of election services. All mail-in and electronic ballots were sent directly to Survey and Ballot Systems for compilation. No one on the board or staff at Capital Electric had access to the election results prior to this meeting. Attorney Zachary Pelham delivered the results to the election committee so they can be added to the in-person votes. The distribution and collection of the in person ballots occurred.

**Basin Electric Scholarship:** Hudson Eckert, a recent Century High School graduate, was awarded the \$1,000 Basin Electric scholarship for 2022. Mr. Eckert will be attending Grand Canyon University in Phoenix, AZ to study biology.

**Youth Tour Winner:** Tyler Harper, Bismarck, was this year's essay contest winner and will be traveling to Washington, D.C. to represent Capital Electric on the annual Electric Cooperative Youth Tour.

**Treasurer's Report and Financial:** The Chair introduced Business Manager, Luke Steen who presented the annual Business Report to the membership. It was moved, seconded, and carried to accept the Budget Report as submitted.

**President and Manager's Report:** President Vilhauer and General Manager Fitterer provided a joint report which reviewed the past year's operations and highlighted upcoming developments for the cooperative.

**New Logo Unveiling:** Chair Vilhauer and Manager of Communications and IT, Wes Engbrecht, unveiled the new logo of Capital Electric.

**Recognition of Current and Former Directors:** The Chairperson recognized current and former Capital Electric directors of the cooperative. Special recognition was given to retiring director Arlene Olson, who served the cooperative as a director for thirty years.

**Recognition of Current and Former Employees:** Manager Fitterer recognized current and former Capital Electric employees of the cooperative, with special recognition given to Dale Twardoski who retired in 2022 after 32 years of service to the cooperative.

**Report of Elections Committee:** The Chairperson called on the Chair of the Elections Committee to present the results of the balloting for the Board of Directors election. Kayla Pulvermacher was elected to District 1, Sara Vollmer was elected for District 2, and Lyndon Anderson was elected for District 3. It was moved, seconded, and carried to accept the results of the election.

**Annual Meeting Scholarship:** The Chair announced attendee Keane Zimmerman, who will be attending South Dakota School of Mines and Technology, was the winner of the \$500 scholarship.

**Adjournment:** There being no further business to come before the meeting, the meeting, upon motion made, seconded, and carried, was adjourned at 8:00 p.m. **CEC**



Savanah Benz is a true country girl at heart. As a country singer and songwriter, Savanah has already had door-opening opportunities that she will forever hold dear to her heart. When you talk about country, Savanah Benz is the real deal.

Savanah is the true definition of country roots and cowgirl boots. Influenced by some of the 'Greatest' in country music such as: Loretta Lynn, Tanya Tucker, Miranda Lambert, Danielle Bradbery, Lainey Wilson, Alan Jackson, Johnny Cash, and the list goes on. Savanah started singing around the age of 9 years old after she watched one of her biggest inspirations, Danielle Bradbery win "The Voice." Determined to pursue her own dreams, she ended up competing in the 2019 Minot State Fair Talent Contest where she was crowned 1st place after singing "Coal Miner's Daughter" by Loretta Lynn.

This past year has been a big year in music for Savanah Benz. She had the opportunity to open and share the stage with famous country singers including: David Lee Murphy, Julia Cole, Brandon Jones, Diamonds & Whiskey, etc. Savanah has also stepped foot into the doors of Nashville, TN, home of country music! She has traveled back and forth to Nashville to record her original music in studio, sing in Broadway honkytonks, perform at songwriter rounds, and work with well-known musicians. Savanah currently has original music released on all music streaming platforms with more on the way!

Savanah has recently filmed a video for her single "Tennessee Dreamin" in Nashville this past January 2023 that you can find and enjoy on Youtube.

Visit Savanah's website at [www.savanahbenzmusic.com](http://www.savanahbenzmusic.com)



A young woman with long dark hair, wearing a black graduation cap with a purple tassel and a black graduation gown, is smiling. She is holding a glowing lightbulb in her right hand. The background is a dark green, textured wall.

# **Are you a high school senior or college student interested in what's happening at your local cooperative?**

**Attend Capital Electric Cooperative's  
annual meeting on June 20 for a chance  
to win a \$500 college scholarship!**

The scholarship will be given away to a dependent of a Capital Electric member who will be attending college this fall. All you have to do is attend with one of your parents or guardians, and you can register to win! In addition, you will have the opportunity to witness the democratic process in action at a co-op annual meeting.

The annual meeting will be held on June 20, 2023, at the Bismarck Event Center, Exhibition Halls C/D, 315 S. 5th Street. Registration and dinner will begin at 4:30 p.m., followed by the meeting at 6:30 p.m.

**Don't miss this chance to start your fall semester off with an extra \$500 in your pocket!**



4111 State St. N., P. O. Box 730  
Bismarck, ND 58502-0730

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## ATTENTION

If attending the annual meeting in-person, please detach this page on the perforation and bring it with you to the meeting for express registration.

Your Touchstone Energy® Cooperative 