



Capital Electric COOPERATIVE

FEBRUARY 2026

Capital Electric Cooperative helped bring the true meaning of Christmas to area families.



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True meaning of Christmas

BY WES ENGBRECHT



If you ask 100 people what makes Christmas special, how do you feel most would respond? Many would agree it is about family, happiness, joy and giving. Giving often centers around children, as there is no better feeling than seeing their smiling faces as they are surprised with a gift they hoped Santa would bring.

This joyous occasion brings opportunities to share with others, making their holidays more memorable. Co-op employees from Capital Electric Cooperative and Basin Electric Power Cooperative were able to experience that feeling as they provided gifts for the kids at a local elementary school.

Theodore Jamerson Elementary School is on the United Tribes Technical College campus in south Bismarck. Parents of the children attending this school are college students, with many living on campus. The school staff do amazing things for and with students, as do all elementary school teachers in our area. One of those is the Operation Christmas Gift program.

"Our social worker, Mrs. (Chelsea) Kuhlmann, and school counselor, Mrs. (Kim) Freidt, are the true heroes of this program. They started Operation Christmas Gift in 2015. Toys for Tots assisted for the first year, but during the 2016 school year, they had a shortage of donated toys, so our employees took it into their own hands to ensure students would continue to receive something special. Mrs. Freidt and Mrs. Kuhlmann spent considerable time seeking donations from staff and community agencies after compiling student wishlists. They presented the gifts to students on the last day before Christmas break. Over time, the Operation Christmas Gift has grown and adapted to meet the needs of the students," Principal Amy DeWitt says.

Capital Electric employees did not hesitate to help with the project.

When we were asked to take on this project, it was an easy yes. We split up a long list of students, which included their general background information, their hobbies and a list of gifts they would enjoy. Our co-op employees were more than generous with the gifts and their time. This was a big project, but so rewarding for us all. We are committed to continue it again next year. ☺

Jen:

"Each year, Basin Electric employees come together to make Christmas a little brighter for children in our community. Our Sharing Tree has become a tradition our employees look forward to, browsing the tags, choosing a child to support and finding that perfect gift that will brighten their Christmas. It's a simple act with a big impact, and it reflects the generosity and heart that defines our cooperative family."

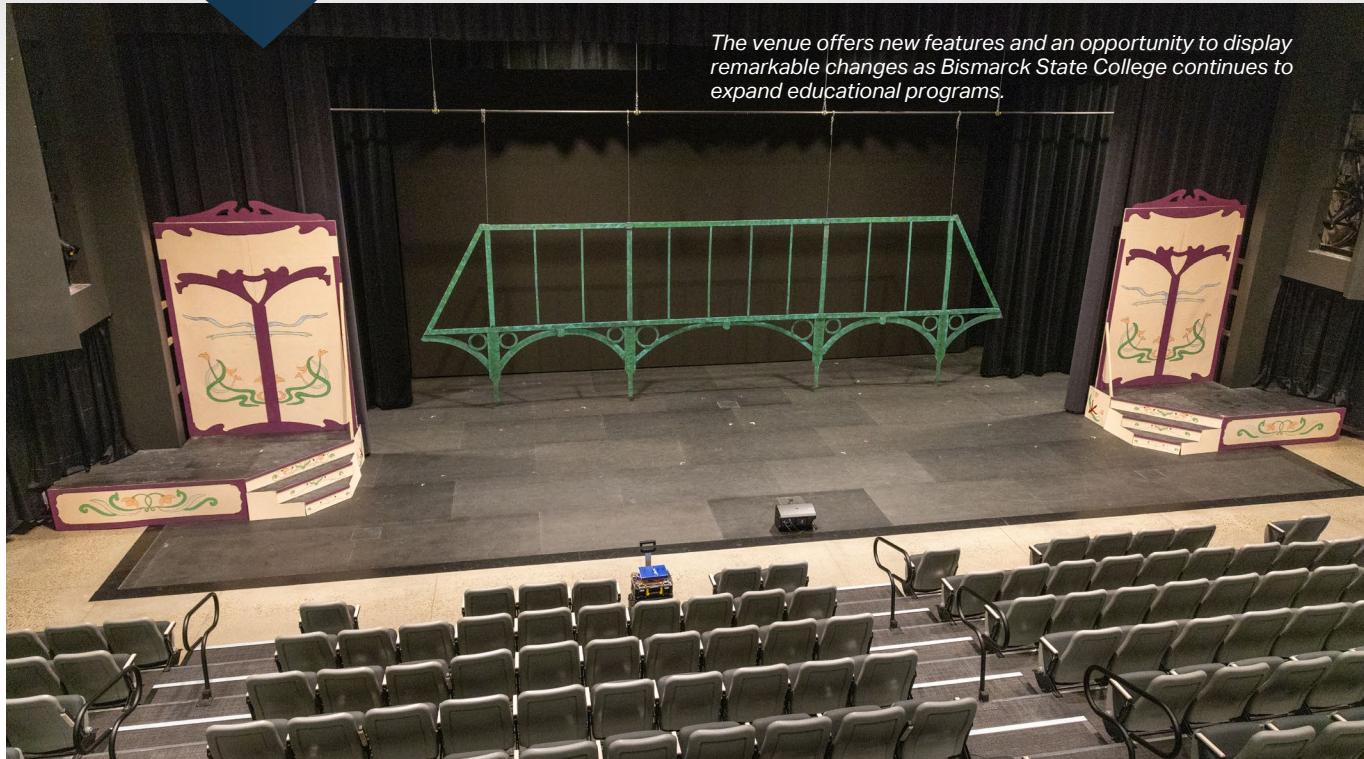
Roxanne:

"Participating in the Christmas Sharing Tree has become more than a holiday activity for our family; it's a tradition that reminds us, year after year, what generosity truly looks like. We are reminded that the season's real magic isn't found under our own tree, but in the joy we help create for someone else. It's our way of passing on compassion, gratitude and the belief that even small acts of kindness can brighten someone's Christmas."

Chelsey:

"To be part in making sure kids were able to enjoy a gift-filled Christmas was such a rewarding feeling. Every kid deserves to smile, especially during the holiday season."

The venue offers new features and an opportunity to display remarkable changes as Bismarck State College continues to expand educational programs.



Annual meeting moves to Bismarck State College

The Bismarck State College (BSC) Advanced Technology Center is the premier destination for hosting Capital Electric Cooperative's annual meeting and dinner. Featuring state-of-the-art facilities and the impressive Live Event Center, this venue offers a dynamic space designed for enhanced meetings and memorable celebrations.

The Live Event Center provides a modern, flexible environment with advanced audio-visual capabilities. The space features one of the largest video screens in the state, designed for presentations, theatrical backdrops and immersive visuals.

Located in the heart of BSC's campus overlooking the Missouri River, the location is an exciting venue to host the annual meeting. ☺

Capital Electric looks forward to 80th annual meeting

Capital Electric Cooperative has reached a major milestone. On June 16, we will be holding our 80th annual meeting. The past 80 years have been remarkable in many ways. Member growth has been exponential, as we now serve more than 23,000 meters. Behind each meter is a co-op member who, along with all members, represents 100% of the co-op's ownership.

"This milestone represents 80 years of Capital

Electric's commitment to providing reliable services to our members, delivered safely and economically," says General Manager Paul Fitterer. "Member support has been outstanding throughout the good and the tough times. The farmers who founded the co-op in the 1940s would be proud of how we continue to follow their vision."

We hope you can join us for the celebration at this year's annual meeting! ☺

Understanding the 2026 Rate Increase – Member Q&A



What are the primary drivers behind the rate increase?

Growth in traditional load, commodity price variability, increased planning reserve margins, and continued investments in reliability.

What factors are NOT behind the rate increase?

While large loads (data centers, crypto mining, AI, etc.) are a hot topic across the nation, they are not behind the 2026 rate increase. In collaboration with its membership, Basin Electric developed a Large Load Program designed to insulate our existing members from the costs and risks associated with serving new large electric loads.

How was member input used to make this rate decision?

After months of communication with the members, Basin Electric carefully evaluated feedback from members and market conditions before deciding to implement a multi-year phased approach.

How will this rate increase help ensure reliable electricity for members in the future?

A rate increase helps provide the resources needed to invest in infrastructure, technology, and maintain and upgrade equipment. These investments ensure the system stays strong and reliable, providing members with dependable electricity for their homes and businesses.

What if actual results are better than the budgeted rate increase in '26 or beyond?

Basin Electric has a history of pulling a variety of levers in situations when results are better than expected, including providing bill credits in 2021 and 2022; implementing rate decreases in 2020 and 2023; and adding to the rate stability fund to offset the financial impact of unexpected events that would otherwise result in rate increases.

How has inflation impacted Basin Electric?

Rising costs from inflation have made it more expensive to build and maintain infrastructure. Our current generation fleet has an average cost on our books of approximately \$800/kW, with future costs predicted to be \$2,700/kW. Likewise, our current transmission has an average cost on our books of approximately \$400,000/mile of line, with future costs predicted to be \$2 million/mile of line.

Why are higher margins necessary?

Basin Electric is growing, and part of the money for new projects must come directly from its members. This is similar to the concept of homeowner's equity in that a homeowner is required to provide a certain level of equity in their home to secure a mortgage at acceptable and reasonable interest rates.



Capital Electric Cooperative offers student scholarship

Capital Electric Cooperative is offering a \$1,000 student scholarship in partnership with Basin Electric Power Cooperative.

To qualify for the scholarship, students must be enrolled or planning to enroll in a full-time undergraduate or graduate course of study at an accredited two-year or four-year college, university or vocational/technical school. Their parent(s) or guardian(s) must be members of Capital Electric.

Our cooperative will assemble a panel of impartial judges to review all applications. The judges will select the winning application based on academic performance, potential to succeed, leadership and participation in school and community activities, honors, a statement of education and career goals, work experience and an outside referral. The scholarship will be awarded without regard to other awards, loans or financial assistance the applicant may have obtained.

Application forms may be downloaded at capitalelec.com or picked up at co-op headquarters at 7401 Yukon Drive in Bismarck. **Applications need to be completed and returned to Capital Electric on or before Monday, Feb. 16.** ☐

Township franchise agreements ensure reliable service

Capital Electric Cooperative has served members in Burleigh and Sheridan counties since 1948, and providing electrical service has remained a constant for Capital Electric ever since. Cooperative history is a noteworthy story:

- All loads are served. The cooperative model doesn't pick and choose loads based on profitability.
- Margins are returned to the members as capital credits, unlike dividends of investor-owned utilities going to their shareholders.
- Taxes collected are returned to local fire, ambulance and school districts based on the miles of line and kilowatt-hours sold in each jurisdiction within the cooperative's service territory.
- The cooperative is democratically governed by a nine-member board of directors, residing within the service territory and elected by the members. The cooperative is overseen by our neighbors and friends.

With these factors in mind, Capital Electric has recently reached out to the organized townships within the service territory to update or enter into new franchise agreements.

These agreements provide a two-way assurance for the townships to receive safe, reliable power for years to come, and for the cooperative to receive documented

support from the local community as a chosen provider of electrical service. These agreements are especially helpful in cases of territorial disputes with other utilities, providing evidence of mutual support that can help influence decisions in favor of the cooperative. Loads added to the system help spread costs over greater revenue, helping to reduce rate pressures for all members, which is why these franchise agreements are helpful and valuable to the membership.

To date, over half of the townships have signed fresh franchise agreements, with some townships yet to hold formal meetings.

We encourage you to contact your township officers to lend a message of support in signing the agreement and work together to ensure many more years of safe, reliable, and affordable service to all members of Capital Electric. ☐



Take the brrrr out of winter

When cold weather approaches, you can keep your home comfortable by making sure your furnace is operating properly. Some simple tips from Capital Electric Cooperative will help keep the heat flowing this winter.

Replace that filter!

Changing the air filter is the most important – and maybe the most overlooked – maintenance tip. Restricted air filters are the leading cause of furnace failures.

"It is important and a lot of people look past it. They say, 'Oh yeah, I changed it last year.' It should be changed at least once a month," says Cole Strong, the member services manager for North Central Electric Cooperative.

Replacing your furnace air filter allows air to flow through the furnace easily, which keeps the furnace from overheating. Furnace filters should be replaced each month during the heating season.

And purchase the correct type of filter for a furnace's operation, Strong advises. A low-cost pleated filter is recommended.

"A lot of people think if they buy a \$20 to \$25 air filter that they're doing the right thing. In reality, the expensive air filters are usually very restrictive, so they'll filter everything under the sun, but they also don't let any air through either. They're kind of like a HEPA filter. So, I tell people to buy a low-cost pleated filter. That usually gets you the best of both worlds. It's not real expensive and it does a decent job at filtering," Strong says.

Furnace filters are meant to keep your HVAC equipment clean. They are not meant to improve your home's air quality. Buy a separate HEPA air filtration system if you desire better air quality.

"The furnace filter is meant to just keep your HVAC equipment clean. It's not meant for better quality air," Strong says.

Open those vents!

"It's all about good air flow when it comes to heating and cooling equipment," Strong says.

So, open air vents or registers. Many people think they are helping themselves by closing air vents in unused rooms. When too many vents are closed, airflow is reduced, causing the furnace to overheat, which causes components to wear out prematurely and makes the furnace less efficient.

And clear exhaust vents. If you use a gas or fuel oil furnace, make sure your exhaust vent or chimney is clear of any obstructions. New, high-efficiency propane furnaces are typically vented out the side of the house, making obstructions like ice buildup more likely to occur. If you suspect your exhaust is blocked, call a trained service technician if you are unable to clear the obstruction. Electric furnaces do not have exhaust vents.

And replace your air filter! Yes, it is that important! Spending \$5 every month to replace your furnace filter can save you hundreds of dollars in service fees and will make your furnace last longer. ☺

Board minute excerpts DEC. 19, 2025

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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BOARD OF DIRECTORS:

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