

# Owner's Manual



Member Owned  
Since 1945



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# Welcome to Black Hills Electric Cooperative

This owner's manual has been prepared to answer most of your questions about your electric service and Black Hills Electric Cooperative. If you need additional information or would like to know more about our special programs and services, please give us a call. We want to help you get the most for your energy dollars, as well as provide you with reliable electric service.

## Office hours

Our office at 25191 Cooperative Way is located approximately two miles west of Custer, S.D., on Highway 16 and is open Monday through Friday from 7:30 a.m. until 5 p.m. You are welcome to stop in during those hours should you have any inquiries about your electric service or bill.

We are closed in observance of New Year's Day, Memorial Day, Independence Day, Labor Day, Veterans' Day, Thanksgiving Day and the day after Thanksgiving and Christmas Day.

You may call us at (605) 673-4461 or 800-742-0085. Our phones are answered 24-hours a day, seven days a week. Call anytime to report an outage, emergency or meter reading.

We may also be reached by e-mail at [bhec@bhec.coop](mailto:bhec@bhec.coop).

## Paying your bill

To avoid extra charges, please pay your electric bill upon receipt. Your bill is past due approximately 20 days after receipt. You may pay your bill by mail, by automatic payment, by credit card or in person at 25191 Cooperative Way, two miles west of Custer, S.D., on Highway 16 or on the Internet at [www.bhec.coop](http://www.bhec.coop). A drop box near the office door is available for after hours payments.

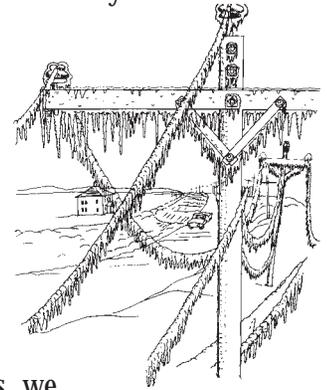


## In case of power interruption

It doesn't happen often, but there are times when your electric service may be interrupted.

Most power interruptions occur because of severe weather conditions, trees, traffic accidents, animals, power supplier problems, or other uncontrollable circumstances.

In addition, while most of our maintenance and construction work can be done without a power outage, occasionally we must interrupt electric service temporarily while we work on our lines. In most instances, we notify affected members in advance of a planned outage.



If your power goes out, first check to see if the power outage has been caused by a problem in your home or building. It could be a blown fuse or a tripped circuit breaker in the panel in your home or in the box below the meter socket mounted on your home or nearby pole. Check with your neighbors to see if their power is out, too.

If you believe the problem is on Black Hills Electric's distribution system, call us at (605) 673-4461 or 800-742-0085. We will dispatch a service crew, on call at all times, to restore your power as quickly as possible. After regular business hours, when you call the office, a recording will give you four choices. Please use:

- 1** – To report an outage
- 2** – For billing questions
- 3** – To record your meter reading(s)
- 0** – All other

When reporting an outage, you will be asked to enter your phone number. Please make sure that we always have your current phone number on file.

During severe weather, a power outage could be widespread and prolonged and the telephone lines may be very busy — please keep trying until you reach us or check Facebook for updates. Be assured the BHEC employees will do everything they can to restore power as quickly and safely as possible. In addition, we call in crews from



neighboring cooperatives and from power line construction companies to help out when necessary.

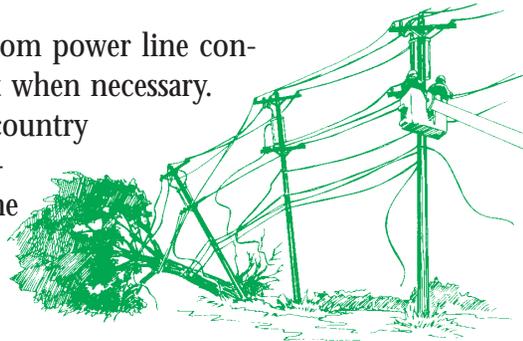
As more city people choose country living, they find that power outages in the country just aren't the same as power outages in the city. The countryside has little protection from strong winds and weather conditions can often leave country roads impassable, hindering line crews and preventing a speedy restoration of power.

It is a good idea to be prepared for a power failure, especially during the winter. Plan on an alternate source of heat, such as a kerosene heater or wood-burning stove or fireplace. In some circumstances, a stand-by emergency generator may be a good idea. Keep a battery-powered radio and flashlight in your home, have plenty of blankets and stock up on food, water and candles when severe weather is forecast.



If the outage affects a large number of people, we make periodic contact with local radio stations and posts to Facebook to keep you up-to-date on our progress in restoring power. However, it is very difficult to predict when we will have power restored. During major outages, we can't possibly restore power to

all of our affected members at the same time. The circumstances of each outage determine whose power comes on first. We follow a very logical process of restoring power. We begin by checking the source of power—our substations. Then, just like the spokes of a wheel, we work our way out from the substations to the main distribution lines. Smaller tap lines are repaired next, then individual services. This logical process allows us to restore power to the greatest number of members first. Any problem posing an immediate danger will be taken care of as quickly as possible.



## In-home life support

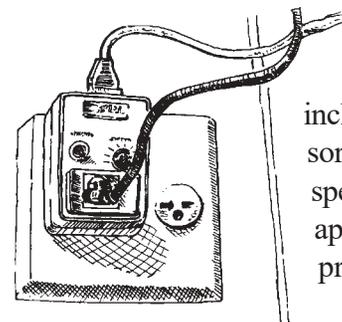
If someone in your household depends on in-home life support equipment, notify us immediately. We maintain an up-to-date record of all our members who use electrically operated life support machines so we can give these members a high priority in restoring power during an outage. However, because we can not guarantee uninterrupted electric service, we recommend that you have a backup power source and an emergency plan for extended power outages.

## Power quality

Today's home appliances and electronics are extremely sensitive to sudden voltage fluctuations and momentary power outages. Their sensitivity means that you may return home to find your digital clocks blinking or, much worse, your equipment may be seriously damaged or destroyed.

Voltage fluctuations and power outages are caused by many things. Between 65% and 80% of damaging surges are caused by problems or normal appliance operation inside your home. These include faulty wiring, loose connections, poor grounding and major appliances or motors switching on and off. It is impossible to eliminate all the causes. The **only** way to safeguard your home appliances and electronics is to “protect” them inside your home. Power quality protection includes lightning arresters and surge suppressors. Well pumps and satellite dishes require special protection. In addition, when buying new appliances and electronics, look for built-in protection features and battery backup.

Black Hills Electric recommends that you purchase high quality surge suppressor plug strips. Individual surge strips are available from local retail businesses. Surge protection installed in your breaker box is available from area electricians.



## Electric rates

Black Hills Electric has several rate schedules—general service single phase; general service single phase demand rate; electric heat credit; small general service multi-phase; large general service multi-phase; irrigation; security lighting; and street lighting.

These electric rates were developed by your board of directors and management staff. As a non-profit cooperative, the rates are set to recover only the costs needed to maintain the system and pay associated expenses.

Although BHEC is not subject to all the regulations of the South Dakota Public Utilities Commission, we follow its guidelines for rate structure and terms and conditions of service.

Rate schedules can be found at [www.bhec.coop/rates](http://www.bhec.coop/rates).

## Why your bills may vary

Electric bills vary from family to family and season to season.

Comparing your electric bill to your neighbor's is like comparing your grocery, telephone or gasoline bills. No two families are alike, particularly when it comes to electricity. Even if your homes and electrical appliances are identical, and you have the same number and ages of family members, your family's life-style goes a long way in determining your electric bills.

If you want to compare your bill, compare it to your last year's bill for the same period. Take into consideration the weather and changes in your family's life-style.

If you believe your electric bill is higher than it should be, contact our office, we offer a booklet to help you monitor your electric use. We also will come to your home and do an energy audit to determine if something is using more electricity than it should. We want to help you get the most for your energy dollars.



If you think your meter is inaccurate, BHEC will test your meter. There may be a small charge for this service. Meters are very accurate and rarely responsible for an increase in electric use.

## Understanding your bill

If you have questions concerning your monthly electric bill, please give us a call or go to [www.bhec.coop](http://www.bhec.coop) for a complete explanation of the bill.

 <b>Black Hills Electric Cooperative, Inc.</b> P.O. Box 752 Custer, SD 57734 A TruGreen Energy Company		Account Number BILLING SUMMARY AS OF 09/10/2014 No Payment Received 0.00 Balance Into Billing 0.00 Current Charges 33.07 <b>Amount Due by 10/10/2014 33.07</b> Penalty charges will be applied against all unpaid balances @ 1.25% per month (\$1.50 maximum).
Website: <a href="http://www.bhec.coop">www.bhec.coop</a> Phone: (605) 672-4461 (800) 762-6661 Email: <a href="mailto:help@bhec.coop">help@bhec.coop</a>		3 285 C-3 P-5
MESSAGES BHEC's rates are changing beginning October 1st. Please read the article on new rates coming out in October's Cooperative Connection in houses September 23th. Watch for more information in the coming weeks regarding the new rates. We appreciate the opportunity to provide your energy needs. We're here to serve you. Please call us with any questions.		
<b>Delinquent Accounts</b> Bills are considered delinquent if payment has not been received by the due date. The due date for the current charges on this billing is 10/10/2014. Unpaid balances are subject to disconnect and applicable service fees will be charged. We will be happy to work with you if you are experiencing difficulties in paying your electric bill. Please contact the office to make payment arrangements.		<b>BHEC Peak Demand Periods</b> January 1 - May 31 On Peak Off Peak Peak Demand Periods are Monday through Friday. Please return this slab with your payment.
Save money Save time Save paper Use eBill for convenient, secure, paperless billing and online payments. Sign up online today! <a href="http://bhec.bills@bhec.coop">bhec.bills@bhec.coop</a>		Account # Due Date: 10/10/2014 <b>Amount Due: 33.07</b>
 <b>Black Hills Electric Cooperative, Inc.</b> P.O. Box 752 Custer, SD 57734 A TruGreen Energy Company		BLACK HILLS ELECTRIC COOPERATIVE PO BOX 752 CUSTER SD 57730-0752 
Website: <a href="http://www.bhec.coop">www.bhec.coop</a> Phone: (605) 672-4461 (800) 762-6661 Email: <a href="mailto:help@bhec.coop">help@bhec.coop</a>		Please indicate any changes on reverse side.



## Meter reading

All BHEC meters are classified as automatically-read meters. Your meter is automatically read at approximately the same time every month by a computer at our office. However, the meter records daily readings throughout the year and if you have questions or concerns about your use, we can provide a printout of your use on a daily basis and use the printout to help determine what is causing the high energy use.



The amount of your bill is determined by the difference between the monthly readings. If you are a new member, the cooperative will obtain a meter reading when service begins.

If you have separately-metered electric heat, both meters will be read by the automatic metering system. You may still read your own meter to keep a personal accounting of your use. However, the use on your bill and your recorded use may vary due to the time difference between your reading and the computer's reading.

BHEC runs daily checks of all meters on the system. If your meter is not reporting, our office people may contact you or our line people may visit your location to check to make sure that there is not an outage that we are unaware of. If you have questions concerning reading your meter, please contact the office.

## Special programs and services

BHEC offers a variety of special programs and services.

 **Security Lighting** – For a low monthly fee, you can help protect your property and your family with an outdoor security light. BHEC's high pressure sodium security lights are convenient, efficient and economical. If you choose, these lights can be remotely controlled.

 **Surge Protection** – Protect your electronic equipment with surge suppression equipment. We can answer any questions on surge protection..

 **Electric heat credit** – With BHEC's electric heat credit, heating your home off-peak is among the lowest cost in the country. And, unlike other energy sources, the rate has remained competitive since 1988. BHEC offers this credit for homes or businesses with separately metered electric heat. The heat credit runs from October through April each heating season. There is a charge for labor and materials to install the second meter.

 **Water heater program** – Your cooperative offers discounts for electric water heaters purchased from the co-op. Call the office for details.

 **Low-Interest Loans** – We have energy resource conservation loans available up to \$5,000 at five percent interest for seven years. These loans may be used to purchase electric heaters, insulation, weatherization materials or thermal windows.

 **Budget billing** – If you are concerned about fluctuating electric bills, you may want to take advantage of our budget billing program. After 12 months of good payment history, budget billing will allow you to level out your electric bill each month.

 **Payment plans** – The automatic payment plan eliminates the need for you to write a check to your cooperative. Each month, your bank automatically pays your electric bill from the account you specified. MasterCard®, Visa® and Discover® are also accepted.

 **Youth programs** – Your cooperative offers two scholarships to high school seniors who are dependents of cooperative members. We also sponsor cooperative young people on a tour of our facilities in North Dakota.

 **Safety demonstrations** – Each year, cooperative personnel demonstrate electrical safety at area schools, fire departments and fairs. Please contact the cooperative if you would like a speaker or demonstration for your organization.

 **Wiring assistance** – BHEC has trained electricians on staff to assist with your wiring questions. Though we are not licensed to wire beyond the meter, we can offer advice on the safest and best way to wire a project.



## Managing Demand

Some BHEC members are on a demand rate that includes a charge for demand created during on-peak times, which are from 2-8 p.m. Monday through Friday from June 1 through September 30 and from 5-9 a.m. and from 5-9 p.m. Monday through Friday from October 1 through May 31. Keeping large loads off peak will save on your electric bill. The co-op offers several options for controlling demand. Please call for information.

## Service requests

To request a new service or have an existing account transferred into your name, contact our office. Our engineering or billing department will assist in getting the necessary paperwork completed.

You will be asked to provide us with a letter of credit from a previous utility or to issue us a refundable deposit and possibly sign an easement form.

During the busy construction months, our crews may be delayed by two weeks or more. Please plan your service needs well in advance and talk to our engineers several weeks before you need the service.

To discontinue service, let the billing department know when you want your service disconnected. We will read your meter for the final bill on your account as close as possible to the date requested.

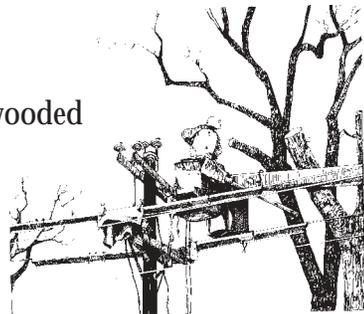
## Tree control

With much of our service territory in wooded areas, trees are a major cause of power outages. Black Hills Electric trims trees from the rights-of-way on a regular basis.

**After BHEC cuts trees or limbs, brush clean up is the property owner's responsibility.**

Your cooperation is needed when trees or brush on your property become dangerous or threaten electric service.

Also, when planting a new tree, look up and around for power



lines. Will the tree eventually grow into nearby power lines? Planning ahead will allow your trees to provide you with many years of enjoyment without causing a power outage or fire.

## What your membership means

Black Hills Electric is more than an electric utility company — it is a non-profit cooperative. And you are more than a customer — you are a member and part-owner of the cooperative.

You are an essential part of the cooperative's democratic process. You may attend BHEC's annual meetings, vote on proposed bylaw changes and elect representatives from your geographical area to serve on our seven-member board of directors.

As a member of the cooperative, you share in any margins, defined as the money left after expenses. This is called capital credits.

Each year, we will send you a notice stating the amount of capital credits allocated to you. This figure is based on your energy usage costs during the year. (See page 34 for more on capital credits.)

**Be sure to keep the cooperative informed of future address changes to ensure you receive your capital credit checks.**

## Wind power

A percentage of Black Hills Electric Cooperative's energy is generated by alternative sources, including wind. The co-ops that own Basin Electric Power Cooperative, buy or own almost all the wind power generated in South and North Dakota. The co-ops have more than 750 million watts of wind generation in their generation portfolio. Wind costs more to generate but blending it with low-cost coal helps keep its financial impact to co-op members low.



## ARTICLE I

## MEMBERSHIP

**SECTION 1. Requirements for Membership.** Any person, firm, association, corporation, or body politic or subdivision thereof will become a member of Black Hills Electric Cooperative, Inc. (Hereinafter called the “Cooperative”), provided that he, she, or it has first:

- (a) Made a written application for Membership therein.
- (b) Agreed to purchase from the Cooperative electric energy as hereinafter specified:
- (c) Agreed to comply with and be bound by the articles of incorporation and Bylaws of the Cooperative and any rules and regulations adopted by the Board of Directors.

No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable except as provided in these Bylaws.

**SECTION 2. Joint Membership.** A husband or wife may apply for a 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 a husband and wife holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect 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 of the holders of a joint membership shall be as follows:

- (a) The presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
- (b) The vote of either separately or both jointly shall constitute one joint vote;
- (c) A waiver of notice signed by either or both shall constitute a joint waiver;
- (d) Notice to either shall constitute notice to both;
- (e) Expulsion of either shall terminate the joint membership;
- (f) Withdrawal of either shall terminate the joint membership;
- (g) Either but not both may be elected or appointed as an officer or director, provided that both meet the qualifications for such office.

**SECTION 3. Conversion of Membership.**

- (a) 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, and rules and regulations adopted by the Board of Directors.
- (b) Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor.

**SECTION 4. Connection Charge.** Upon a membership application being accepted, the member shall be eligible for one service connection for which a connection charge shall be made in such amount as is in keeping with the then existing policies of the Cooperative. Any membership fee collected prior to the enactment of this section shall be considered a connection fee.

**SECTION 5. Purchase of Electric Energy.** Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy purchased for use on the premises, as specified in his or her application for membership, and shall pay therefore at rates which shall from time to time be fixed by the Board of Directors. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these Bylaws. Each member shall pay to the Cooperative such minimum amount per month regardless of the amount of electric energy consumed, as shall be fixed by the Board of Directors from time to time. Each member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable.

**SECTION 6. Termination of Membership.**

- (a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board of Directors may prescribe. The Board of Directors of the Cooperative may, by the affirmative vote of not less than two thirds of all the Directors, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, bylaws, rules and regulations adopted by the Board of Directors, but only if such member shall have been given written notice by the Secretary of the Cooperative that such failure makes him liable to expulsion and such failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by vote of the Board of Directors or by vote of the members at any annual or special meeting. The membership of a member who for a period of six (6) months after service is available to him,



has not purchased electric energy from the Cooperative, or of a member who has ceased to purchase energy from the Cooperative, shall be cancelled by resolution of the Board of Directors.

(b) Upon withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate.

**ARTICLE II  
RIGHTS AND LIABILITIES OF MEMBERS**

**SECTION 1. Property Interest of Members.** Upon dissolution after (a) all debts and liabilities of the Cooperative shall have been paid, and (b) all capital furnished through patronage shall have been retired as provided in these Bylaws, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all present and former members preceding the filing date of the certificate of dissolution.

**SECTION 2. Non-Liability for Debts of the Cooperative.** The private property of the members shall be exempt from execution or other liability for the debts of the Cooperative and no member shall be liable or responsible for any debts or liabilities of the Cooperative.

**ARTICLE III  
MEETINGS OF MEMBERS**

**SECTION 1. Annual Meeting.** The annual meeting of the members shall be held during the month of May or June of each year at such time and place within a county served by the Cooperative, as selected by the Board of Directors and which shall be designated in the notice of the meeting, for the purpose of electing Board members, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board of Directors to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

**SECTION 2. Special Meetings.** Special meetings of the members may be called by resolution of the Board of Directors, or upon a written request signed by three Directors, by the President, or by ten per centum or more of all the members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within one of the counties served by the Cooperative as



designated by the Board of Directors and shall be specified in the notice of the special meeting.

**SECTION 3. Notice of Members' Meeting.** Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten days nor more than twenty-five days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon default in duty by the Secretary, by the person calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his or her address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

**SECTION 4. Quorum.** As long as the total number of members does not exceed one thousand, five per centum of the total number of members present in person shall constitute a quorum. In case the total number of members shall exceed one thousand, fifty members present in person shall constitute a quorum. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice. The minutes of each meeting shall contain a list of the members present in person.

**SECTION 5. Voting.** Each member shall be entitled to only one vote upon each matter submitted to a vote at a meeting of the members. All questions shall be decided by a vote of a majority of the members voting thereon in person, except as otherwise provided by law, the articles of conversion, or these bylaws, and except that if the questions to be voted upon shall be to authorize an increase in the debt limit of the Cooperative, then such voting may be by mail with the member directing an affirmative or negative vote upon the question.

When so voting by mail, the member shall be provided, at the time of notice at the meeting at which the question will be voted upon, with a written or printed ballot fully stating the question, and with provision for the member to indicate thereon his or her affirmative or negative vote. Such ballot shall be voted by delivering same in a sealed envelope addressed to the Secretary and bearing the member's name, in person, by the member, or by mailing to the Secretary of the Cooperative so as to be received by the said Secretary of the Cooperative or at the place of meeting, simultaneously with or prior to balloting on the question by the membership in attendance at said meeting, at which said meeting and time of balloting the Secretary, after removing the ballot from the sealed envelope shall deposit said ballots in the ballot box or facility provided therefore.



Voting by mail as hereinbefore provided shall be supplemental to the right of voting in person, and shall be authorized only by resolution of the Board of Directors at a regular or special meeting of said Board.

**SECTION 6. Order of Business.** The order of business at the annual meeting of the members and, so far as possible, at all other meetings of the members, shall be essentially as follows:

1. Report on the number of members present in person in order to determine the existence of a quorum.
2. If by law required, or if any member requests, reading of notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Taking of necessary action on unapproved minutes of previous meetings of the members.
4. Presentation and consideration of reports of officers, Directors and committees.
5. Election of Directors.
6. Unfinished Business.
7. New Business.
8. Adjournment.

**SECTION 7. Credentials and Election Committee.** The Board of Directors shall, before any meeting of the members, appoint a Credentials and Election Committee consisting of an uneven number of members, not less than three (3) nor more than seven (7) who are not close relatives or members of the same household of known candidates for Directors to be elected at such meeting. In appointing the Committee, the Board shall have regard for equitable representation of the several areas served by the Cooperative. It shall be the responsibility of the Committee to pass upon all questions that arise with respect to the registration of members, to count all ballots cast in any election or in any other ballot vote taken, and to rule upon the effect of any ballots irregularly marked. The Committee's decision on all such matters shall be final.

**ARTICLE IV  
DIRECTORS**

**SECTION 1. General Powers.** The business and affairs of the Cooperative shall be managed by a Board of seven Directors elected two from the geographical area of Custer and Shannon Counties, two from the geographical area of Fall River County, and three from the geographical area of Meade, Pennington and Lawrence Counties, which said Board of Directors shall exercise all of the powers of



the Cooperative except such as are by law, the articles of conversion or by these Bylaws conferred upon or reserved to the members.

**SECTION 2. Election and Tenure of Office.** The Directors of the Cooperative shall be elected by secret ballot by and from the members of the Cooperative. If only one Director candidate is nominated for a Director's position in a geographical area as provided by Article IV, Section 4, no election shall be held for that Director's position and the Chairman of the meeting shall declare the sole Director nominee to be elected. In 2015 the Director representing the Meade, Pennington, and Lawrence Counties geographical area receiving the most votes shall be elected for a term of three years and the Director representing the Meade, Pennington, and Lawrence Counties geographical area receiving the second most votes shall be elected for a term of two years. In the event of a tie vote or in the event no election is held because there is only one nominee for each position, the Director elected for the term of two years shall be determined by drawing of lots. In all other elections Directors shall be elected for a term of three years and shall serve until their successors have been elected and qualify. If an election of Directors shall not be held on the day designated herein for the annual meeting, or at any adjournment thereof, a special meeting of the members shall be held for the purpose of electing Directors within a reasonable time thereafter. Directors may be elected by a plurality vote of the members.

**SECTION 3. Qualifications.** No person shall be eligible to become or remain a Director of the Cooperative who has been employed by this or any other electric cooperative during the previous five years, or who is a close relative of an incumbent Director or of an employee of the Cooperative, or who has been convicted of a felony in any court of law in the United States of America, or who is not a member in good standing of the Cooperative and receiving service therefrom at his or her primary residential abode.

No person shall be eligible to become or remain a Director of, or to hold any other position of trust in, the Cooperative who does not have the legal capacity to enter into a binding contract or is in any way employed by or financially interested in a competing enterprise, or electric utility, or a business selling electric energy to the Cooperative, or a business primarily engaged in selling distributed generation equipment such as wind turbines, solar systems, or fuel cells to, among others, the members of the Cooperative.

Upon establishment of the fact that a nominee for Director lacks eligibility under this Section or as may be provided elsewhere in these Bylaws, it shall be the duty of the Chairman presiding at the meeting at which such a nominee would otherwise be voted upon to disqualify such nominee. Upon the establishment of the fact that any person being considered for, or already holding, a Directorship or other position of



trust in the Cooperative lacks eligibility under this Section, it shall be the duty of the Board of Directors to withhold such position from such person, or to cause him to be removed therefrom, as the case may be. Nothing contained in this Section shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors, unless such action is taken with respect to a matter which is affected by the provisions of this Section and in which one or more of the Directors have an interest adverse to that of the Cooperative.

**SECTION 4. Nominations.** It shall be the duty of the Board of Directors to appoint not less than forty-five days or more than one hundred eighty days before the date of the meeting of the members at which Directors are to be elected, a committee on nominations consisting of not less than five nor more than eleven members who shall be selected from different sections so as to insure equitable representation. No member of the Board of Directors may serve on such committee. The committee, keeping in mind the principle of geographical representation, shall prepare and post at the principal office of the Cooperative at least thirty days before the meeting a list of nominations for Directors which may include a greater number of candidates than are to be elected. Any fifty or more members acting together may make other nominations by petition not more than one hundred twenty days nor less than thirty days prior to the meeting, and the Secretary shall post such nominations at the same place where the list of nominations made by the committee is posted. The Secretary shall mail with the notice of the meeting or separately, but at least ten days before the date of the meeting, a statement of the number of Directors to be elected and the names and addresses of the candidates, specifying separately the nominations made by the committee on nominations and also the nominations made by petition if any.

**SECTION 5. Removal of Board Member by Members.** Any member may bring one or more charges for cause against any one or more Directors and may request the removal of such Director(s) by reason thereof by filing with the Secretary such charge(s) in writing together with a petition signed by not less than ten percent (10%) of the total membership of the Cooperative, which petition calls for a special member meeting, the stated purpose of which shall be to hear and act on such charges and specifies the place, time and date thereof not less than forty (40) days after filing of such petition, or which requests that the matter be acted upon at the subsequent annual member meeting if such meeting will be held no sooner than forty (40) days after the filing of such petition. Each page of the petition shall, in the forepart thereof, state the name(s) and address(es) of the member(s) filing such charge(s), a verbatim statement of such charge(s) and the name(s) of the Director(s) against whom such charge(s) is(are) being made. The petition shall be signed by each member in the same name as he or she is billed by the Cooperative and shall state the signatory's address as the same appears on such billings.

Notice of such charge(s) verbatim, of the Director(s) against whom the charge(s) have been made, of the member(s) filing the charge(s) and the purpose of the meeting shall be contained in the notice of the meeting, or separately noticed to the members not less than ten (10) days prior to the member meeting at which the matter will be acted upon; PROVIDED, that the notice shall set forth only twenty (20) of the names (in alphabetical order) of the members filing one or more charges if the twenty (20) or more members file the same charge(s) against the same Director(s). Such Director(s) shall be informed in writing of the charges after they have been validly filed and at least twenty (20) days prior to the meeting of the members at which the charge(s) are to be considered, and shall have an opportunity at the meeting to be heard in person, by witnesses, by counsel or any combination of such, and to present evidence in respect of the charge(s); and the person(s) bringing the charge(s) shall have the opportunity, but must be heard first. The question of the removal of such Director(s) shall, separately for each if more than one has been charged, be considered and voted upon at such meeting; PROVIDED, that the question of the removal of a Director shall not be voted upon at all unless some evidence in support of the charge(s) against him shall have been presented during the meeting through oral statements, documents or otherwise.

AND PROVIDED FURTHER, a charge that a Director has in a lawful manner opposed or resisted any effort to sell, lease-sell, transfer, exchange, convey or otherwise dispose of all or a substantial portion of the Cooperative's properties and assets or to dissolve the Cooperative shall not constitute a "charge for cause" on the basis of which a Director may be removed from office under this Section.

**SECTION 6. Vacancies.** A vacancy occurring on the Board of Directors shall be filled by the affirmative vote of a majority of the remaining Directors for the unexpired portion of the term.

**SECTION 7. Compensation.** Board members shall not receive any salary for their services as such, except that members of the Cooperative may by resolution, authorize a fixed sum for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences, and training programs or performing committee assignments when authorized by the Board. In the event such action is not consummated by the members, the Board of Directors shall by resolution authorize such fixed sum. If authorized by the Board of Directors, Board members may also be reimbursed for expenses actual and necessary incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the board in lieu of detailed accounting for some of these expenses. No Board member shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a Board member receive compensation for serving the Cooperative; unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the



service by the Board member or his or her close relative shall have been certified by the Board as an emergency measure.

## ARTICLE V MEETINGS OF DIRECTORS

**SECTION 1. Regular Meetings.** A regular meeting of the Board shall be held monthly at such time and place within one of the counties served by the Cooperative as designated by the Board. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof.

**SECTION 2. Special Meetings.** Special meetings of the Board may be called by the President or by any three Directors, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President or Directors calling the meeting shall fix the time and place for the holding of the meeting.

**SECTION 3. Notice of Directors Meetings.** Written notice of the time, place and purpose of any special meeting of the Board of Directors shall be delivered to each Director not less than five days previous thereto either personally, electronically, or by mail, by or at the direction of the Secretary, or upon default in duty by the Secretary, by the President or the Directors calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Director at his or her address as it appears on the records of the Cooperative, with postage thereon prepaid.

**SECTION 4. Quorum.** A majority of the Board of Directors shall constitute a quorum. The act of the majority of the Directors present at the meeting at which a quorum is present shall be the act of the Board of Directors.

## ARTICLE VI OFFICERS

**SECTION 1. Corporate Officers.** The officers of the Cooperative shall be President, Vice President, Secretary, Assistant Secretary, Treasurer and such other officers as may be determined by the Board of Directors. The offices of Secretary and of Treasurer may be held by the same person.

**SECTION 2. Election and Term of Office.** The officers shall be elected by ballot, annually by and from the Board of Directors at the beginning of the first regular or special meeting of the Board of Directors held after the annual meeting of the members. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the members or until his or her successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board of Directors for the unexpired portion of the term.

**SECTION 3. Removal of Officers and Agents by Directors.** Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Cooperative will be served thereby.

**SECTION 4. President.** The President shall:

- (a) be the principal executive Officer of the Cooperative and shall preside at all meetings of the Board of Directors, and, unless determined otherwise by the Board of Directors, at all meetings of the members.
- (b) sign, with the Secretary, any deeds, mortgages, deeds of trust, notes, bonds, contracts, or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these bylaws to some other officer or agent of the Cooperative; or shall be required by law to be otherwise signed or executed; and
- (c) in general perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors.

**SECTION 5. Vice President.** In the absence of the President, or in the event of his or her inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall also perform such other duties as may be assigned to him or her by the Board of Directors.

**SECTION 6. Secretary.** The Secretary shall be responsible for:

- (a) keeping the minutes of the meetings of the members and of the Board of Directors in books provided for that purpose;
- (b) seeing that all notices are duly given in accordance with these Bylaws or as required by law;
- (c) the safekeeping of the corporate books and records and the seal of the Cooperative and affixing the seal of the Cooperative to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these Bylaws;



- (d) keeping a register of the names and post office addresses of all members;
- (e) keeping on file at all times a complete copy of the articles of incorporation and Bylaws of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the Cooperative, furnishing a copy of the Bylaws and of all amendments thereto to any member upon request; and
- (f) in general performing all duties incident to the office of Secretary and such other duties as may be assigned to him or her by the Board of Directors.

**SECTION 7. Treasurer.** The Treasurer shall be responsible for:

- (a) custody of all funds and securities of the Cooperative;
- (b) the receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these Bylaws; and
- (c) in general perform all the duties incident to the office of Treasurer and such other duties as may be assigned to him or her by the Board of Directors.

**SECTION 8. Assistant Secretary.** In the absence of the Secretary, or in the event of his or her inability or refusal to act, the Assistant Secretary shall perform the duties of the Secretary, and when so acting shall have all the powers of and be subject to all the restrictions upon the Secretary. The Assistant Secretary shall also perform such other duties as may be assigned to him or her by the Board of Directors.

**SECTION 9. Manager.** The Board of Directors may appoint a Manager who may be, but shall not be required to be, a member of the Cooperative. The Manager shall perform such duties and shall exercise such authority as the Board of Directors may vest in him or her. The Board of Directors may confer on the Manager other titles appropriate with his or her responsibilities.

**SECTION 10. Bonds of Officers.** The Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall give bond in such sum and with such surety as the Board of Directors shall determine. The Board of Directors in its discretion may also require any other officer, agent or employee of the Cooperative to give bond in such amount and with such surety as it shall determine.

**SECTION 11. Compensation.** The powers, duties and compensation of officers, agents, and employees shall be fixed by the Board of Directors, subject to the provisions of these bylaws with respect to compensation for Directors and close relatives of Directors.

**SECTION 12. Reports.** The officers of the Cooperative shall submit at each annual meeting of the members reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

## ARTICLE VII NON-PROFIT OPERATION

**SECTION 1. Interest or Dividends on Capital Prohibited.** The Cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

**SECTION 2. Patronage Capital in Connection with Furnishing Electric Energy.** In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons, members and non-members alike, will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons, members and non-members alike, for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts excluding non-operating margins in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons, members and non-members alike, as capital. The Cooperative is obligated to account on a patronage basis and pay by credits to a capital account for each patron all such amounts excluding non-operating margins in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his or her account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital. By action of the Board of Directors, non-operating margins may be allocated as capital credits to patrons in the same manner as the Cooperative allocates other margins or may be retained or used by the Cooperative as permanent, non-allocated capital.

The Cooperative, before retiring any capital credited to any patron's account, shall deduct therefrom any amount owing by such patron to the Cooperative, together



with interest thereon at the South Dakota legal rate on judgments in effect when such amount became overdue, compounded annually.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members.

If, at any time prior to its dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. The Board of Directors shall determine the method, basis, priority and order of retirement, if any, for all amounts furnished as capital.

The Board of Directors shall have the power to adopt rules providing for the separate retirement of that portion of capital credited to the accounts of patrons which corresponds to capital credited to the account of the Cooperative by an organization furnishing electric service to the Cooperative. Such rules shall (a) establish a method for determining the power supply portion of capital credited to each patron for each applicable fiscal year, (b) provide for separate identification on the Cooperative's books of the power supply portion of capital credited to the Cooperative's patrons, (c) provide for appropriate notifications to patrons with respect to the power supply portion of capital credited to their accounts and (d) preclude a general retirement of the power supply portion of capital credited to patrons for any fiscal year prior to the general retirement of other capital credited to patrons for the same year or any capital credited to patrons for any prior fiscal year.

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instructions from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Cooperative unless the Board of Directors acting under policies of general application, shall determine otherwise.

Notwithstanding any other provision of these bylaws, the Board of Directors, at its discretion, shall have the power at all times upon the death of any patron, who is a natural person, if the legal representatives of his or her estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these bylaws, to retire capital credited to any such patron immediately upon such terms and conditions as the Board of Directors, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Conversion and bylaws shall constitute and be a contract between the Cooperative and each patron, and both the



Cooperative and the patrons are bound by such contract as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative office.

**SECTION 3. Assignment and Gift by Failure to Claim.**

- (a) Notwithstanding any other provision of the Bylaws, if any patron or former patron fails to claim any cash retirement of capital credits or other payment from the Cooperative within three (3) years after payment of the same has been made available to him or her by check mailed to him or her at his or her last address furnished by him or her to the Cooperative, such failure shall be and constitutes an irrevocable assignment and gift by such member of such capital credit or other payment to the Cooperative.
- (b) Failure to claim any such payment within the meaning of this section shall include the failure of such patron or former patron to cash any check mailed to him or her by the Cooperative at the last address furnished by him or her to the Cooperative.
- (c) The assignment and gift provided for under this section shall become effective only upon the expiration of three (3) years from the date when such payment was made available to such patron or former patron without claim thereof and only after the further expiration of sixty (60) days following the giving of notice by mail or publication that unless such payment is claimed within sixty (60) days, such gift to the Cooperative shall become effective.
- (d) The Notice by mail herein provided shall be one mailed by the Cooperative to such patron or former patron at the last known address. If notice by publication is given, such publication shall be one (1) insertion in a newspaper circulated in the service area of the Cooperative.
- (e) The sixty (60) day period following the giving of such notice, either by mail or publication, shall be deemed to terminate sixty (60) days after the mailing or publication of such notice.

**ARTICLE VIII  
DISPOSITION OF PROPERTY**

The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds of all of the members of the Cooperative, and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the



meeting, provided, however, that notwithstanding anything herein contained, the Board of Directors of the Cooperative, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of any or all of the property, assets, rights, privileges, licenses, franchises and permits, of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the Board of Directors shall determine, to secure any indebtedness of the Cooperative.

Further, the Board of Directors may, upon the authorization of a majority of all members of the Cooperative at a meeting of the members thereof, called for that purpose, sell, lease or otherwise dispose of all or a substantial portion of its property to another Cooperative or to the holder or holders of any notes, bonds or other evidences of indebtedness issued to the United States of America or any agency or instrumentality thereof or any other lender.

**ARTICLE IX  
SEAL**

The corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal, South Dakota".

**ARTICLE X  
FINANCIAL TRANSACTIONS**

**SECTION 1. Contracts.** Except as otherwise provided in these bylaws, the Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

**SECTION 2. Checks, Drafts, Etc.** All checks, drafts and other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such officer or officers, agent or agents, employee or employees, of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Directors.

**SECTION 3. Deposits.** All funds except petty cash of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board of Directors may select.



**SECTION 4. Fiscal Year.** The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the thirty-first day of December in the same year.

**ARTICLE XI  
MISCELLANEOUS**

**SECTION 1. Membership in Other Organizations.** The Cooperative may become a member of or purchase stock in any other organization upon authorization of the Board of Directors to accomplish the purposes for which the Cooperative is organized.

**SECTION 2. Waiver of Notice.** Any member or Director may waive in writing any notice of a meeting required to be given by these bylaws, either before or after such meeting. The attendance of a member or Director at any meeting shall constitute a waiver of notice of such meeting by such member or Director, except in case a member or director shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

**SECTION 3. Policies, Rules and Regulations.** The Board of Directors shall have the power to make and adopt such policies, rules and regulations, not inconsistent with law, the articles of incorporation or these Bylaws, as it may deem advisable for the management of the business and affairs of the Cooperative.

**SECTION 4. Accounting System and Reports.** The Board shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Utilities Service of the United States of America. The Board of Directors shall also after the close of each fiscal year cause to be made by a certified public accountant a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. A report of such audit shall be submitted to the members at the next following annual meeting.

**SECTION 5. Official publication.** For the purpose of advising the members concerning the general activities of the Cooperative and disseminating such other information as the management may deem advisable, there shall be established an official publication of the Cooperative to be distributed to each



member in good standing of the Cooperative once in each month, or at such other intervals as may from time to time be determined by the Board of Directors.

**SECTION 6. Area coverage.** The Board shall make diligent effort to see that electric service is extended to all un-served persons within the Cooperative service area who (a) desire such service and (b) meet all reasonable requirements established by the Cooperative as a condition of such service.

**SECTION 7. Services provided.** The Cooperative may provide any service or engage in any business activity which is lawful under the laws of the State of South Dakota.

**ARTICLE XII  
AMENDMENTS**

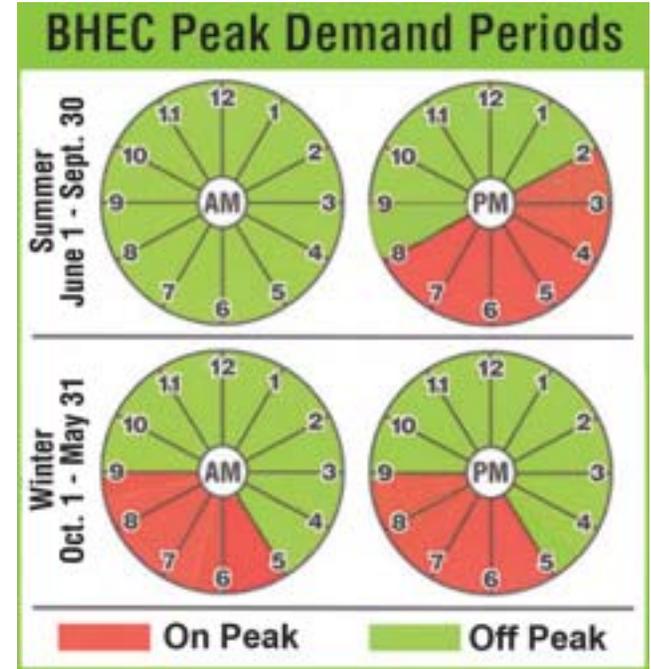
These bylaws may be altered, amended or repealed by the members at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal, except that Article VIII of these bylaws may only be amended by the affirmative vote of not less than two-thirds of all of the members of the Cooperative.

- Revised May 15, 1976
- Revised June 2, 1978
- Revised June 5, 1981
- Revised June 3, 1983
- Revised June 8, 1984
- Revised June 8, 1985
- Revised May 31, 1991
- Revised May 29, 1992
- Revised May 27, 1994
- Revised May 26, 1995
- Revised May 17, 1996
- Revised June 1, 2001
- Revised May 20, 2005
- Revised May 31, 2013



# Peak Demand Times

The times of greatest electricity use on Black Hills Electric’s system are listed to the right. These are the times of the day that the majority of our members are using electricity and the times that BHEC pays most for electricity from its wholesale power supplier. Using large loads, such as clothes dryer, water heater and electric heat off peak can reduce your electric bill and BHEC’s bill. Weekends and holidays are off-peak.



## Statement of Non-Discrimination

Black Hills Electric Cooperative, Inc. is an equal opportunity provider, employer, and lender. In accordance with Federal civil rights law and U.S. Department of Agriculture civil rights regulations and policies, the USDA, its Agencies, offices and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Person with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotope, American Sign Language, etc.) should contact the responsible Agency or USDA’s TARGET Center at (202)720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800)877-8339. Additionally, program information may be made available in languages other than English.

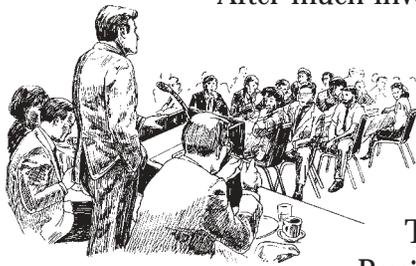
To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at [http://www.ascr.usda.gov/complaint\\_filing\\_cust.html](http://www.ascr.usda.gov/complaint_filing_cust.html) and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: 1) Mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, DC 20250-9410; 2) Fax: (202) 690-7442; or 3) e-mail: [program.intake@usda.gov](mailto:program.intake@usda.gov).



## About Black Hills Electric Cooperative

Born in 1940 and reborn in 1945, Black Hills Electric Cooperative has grown into one of South Dakota's larger cooperatives.

It all began with a rancher living between Hill City and Keystone. Fred Root had requested electrical service from the investor-owned power company in the area. Discouraged by the prohibitive cost of transformers and other charges required to provide electricity to him and his neighbors, Root turned up the kerosene lamp and set about learning of the Rural Electrification Administration program.



After much investigation, he decided to interest his neighbors and called a public meeting. Despite a temperature of 31 degrees below zero, the January 17, 1940, meeting attracted 49 hardy people from a wide area.

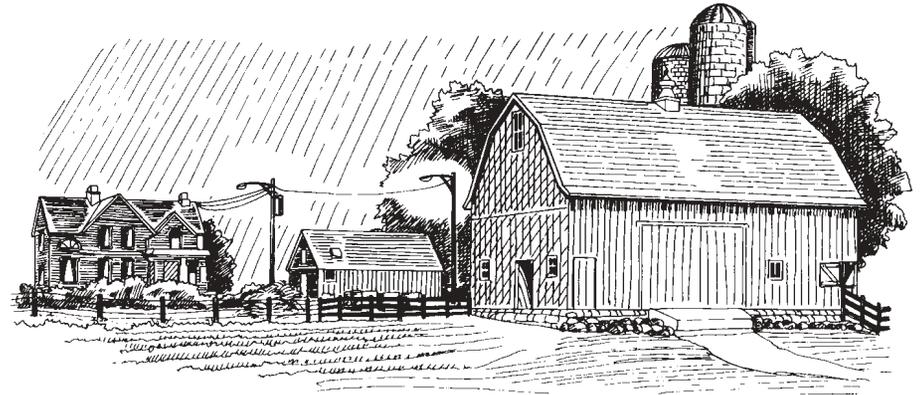
That night, just four years after President Franklin Roosevelt had signed the Rural Electrification Act, BHEC was organized at Hill City.

Early in 1941, the Custer Chamber of Commerce made an offer to furnish the cooperative with an office and carry the rent, light and telephone bills until such time as the cooperative could reimburse the chamber.

BHEC's newly elected board soon procured a federal loan of \$72,000 to begin construction of a power distribution system. Soon after, an additional \$108,000 was secured.

By late 1941, World War II was making it difficult for the cooperative to buy copper and other needed materials. As the war demands increased, the decision was made to close the office and rural people remained in the dark during the war.

On May 3, 1945, the cooperative was reactivated and again, the office was opened in Custer. Steel strikes and other shortages caused delay after delay that slowed construction.



Four hundred homes were awaiting wiring, and as materials became available, work progressed. Finally, the contractor notified the cooperative that the line from a point near Custer to, and including, the town of Pringle, was ready to be energized. REA gave final approval and the date for closing the breakers was set for July 20, 1946, at the Pringle substation.

With a hot stick and rubber gloves borrowed from another cooperative, George Frink, vice-president of the board, closed the switches and started the borrowed transformer humming.

Six years, six months and three days after BHEC was organized, the first light was turned on. Thirty additional homes were connected that day and at last, it seemed that the rural people of the Black Hills would soon be out of the dark.

Since that day in 1946, BHEC has provided rural areas of the Black Hills and southwestern South Dakota with more than a steady flow of electricity. Since its inception, BHEC has provided professional, courteous, high quality service to its membership.

Today, BHEC serves almost 7,700 members over more than 2,500 miles of line. Approximately 5,000 square miles in parts of Custer, Fall River, Pennington, Meade, Lawrence and Shannon counties are now embraced in BHEC's service territory.

Welcome to Black Hills Electric Cooperative, we are proud to have you included in our membership!

*Strong Cooperatives Need Active Members*



## Associated organizations

As a member/owner of Black Hills Electric, you own more than our office near Custer. You are members and co-owners of various organizations that help us serve you better. In turn, we provide input and participation in these organizations.

We borrow a portion of our financing from the Rural Utilities Service, which is part of the U.S. Department of Agriculture. We are members of and borrow the remainder of our financing from the National Rural Utilities Cooperative Finance Corporation, an independent financial institution.



Our national and state organizations, the National Rural Electric Cooperative Association and the South Dakota Rural Electric Association, provide cooperative members legislative representation, and cooperative employees with retirement and insurance programs, safety and personnel training and communications.



We are part owners of Basin Electric Power Cooperative, a generation cooperative with coal-fired power plants in North Dakota and Wyoming. Through subsidiaries, Basin also owns the Great Plains Synfuels Plant, a coal mine, and several other service subsidiaries.

BHEC also is a creator of and member of Rushmore Electric Power Cooperative, a generation and transmission cooperative serving eight western South Dakota cooperatives.



## Keep informed



By reading *Black Hills Electric Cooperative Connections* every month you will be able to stay abreast of what is happening at your cooperative.

The 16-page *Black Hill Electric Cooperative Connections* contains local and state-wide stories, articles covering legislative issues facing cooperatives, legal issues and re-regulation issues. It also contains recipes from cooks across the state, new ideas and a

page for children.

State and federal regulations, as well as your cooperative's bylaws, require certain notification be sent to all of our members. As a member-owned cooperative we are required to send you information about annual meetings, safety, nominating procedures, capital credit retirements, and other cooperative issues.

**If you do not receive your copy of *Black Hills Electric Cooperative Connections*, please contact the office.**

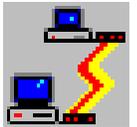


## Cyberspace co-op



Keep up to date on your cooperative's activities on the World Wide Web and Facebook.

Black Hills Electric Cooperative is on the Internet at: <http://www.bhec.coop>



Visit our homepage for services offered, newsletter articles, profiles of directors and manager, Black Hills weather radar and much more. You can set up an e-bill account directly from the website. This will allow you to pay your bill and check your use on line.

## Understanding Capital credits

Capital credits are the profits — called margins by cooperatives — that are left over from revenues after all operating expenses are deducted. Margins, along with borrowed funds, are used to finance capital improvements, such as electrical lines, poles, transformers, substations, etc. Each year, these margins are allocated, or credited, to members receiving electrical service and **paid back** to the members at a future date.



Black Hills Electric Cooperative is a non-profit cooperative. However, BHEC must produce margins in order to cover interest on debt and to develop equity, which assures financial strength. BHEC's electric rates are designed to produce an operating margin based upon the Cooperative's financial needs. Presently, our lenders — the Rural Utilities Service and the National Rural Utilities Cooperative Finance Corporation — encourage us to maintain at least \$1.50 of margin for every \$1 of interest.

Capital credits are allocated annually to each member. To determine your individual capital credit allocation, the margin percentage is applied to the amount you paid for electric service for the year. Once a year, your Cooperative will send you a notice informing you of the amount allocated to you in capital credits. This capital credit allocation notice is not a bill. It is a statement of your equity, or ownership, in your Cooperative. These capital credits will be refunded, or paid back, to you at a future date.

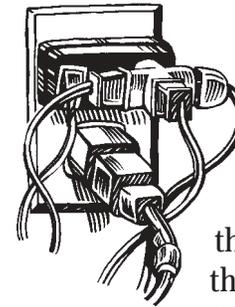
If you move from Black Hills Electric's service area, the capital credits accumulated in your account will remain in your name. It is important to keep the Cooperative informed of your current address so that we can send your refund when a general retirement is made.



## Safety

Electricity is an everyday part of our lives and often taken for granted by those of us who have always had its advantages. However, electricity can be very dangerous if not treated with caution. The safety of our members and employees is the number one priority at your Cooperative. BHEC does everything possible to safely deliver electricity to your home or business. But, it is difficult to list all the possible dangers associated with improper or careless use of electricity. Listed below are a few safety suggestions that may prevent injury or death to you or a family member:

◆ If you have young toddlers or curious children, consider installing safety caps in your outlets to prevent your child from receiving a serious burn or worse. It only takes one-tenth of an amp (the amount needed to light a seven-watt Christmas light bulb) of electricity to kill a person.



◆ Never overload the circuits of your home or business. The standard plug circuit is designed to carry 12 amps of electricity. Overloading a circuit causes the wiring to heat up and increases the chances of a fire. And, never cut the third prong off an electrical cord. The third prong attaches to the ground circuit and is there to help prevent you from receiving a shock.



◆ If you receive a shock on anything electrical, discontinue using the item and have it checked by a qualified electrician or electrical repair person. Any properly grounded electric appliance should not shock a person.





◆ When trees are planted too close to power lines, they can become an accident waiting to happen. If you plant trees near a power line, consider how large the tree will grow. Never plant trees or shrubs directly under a power line. If you see trees too close to power lines, contact your cooperative immediately, we will trim the trees

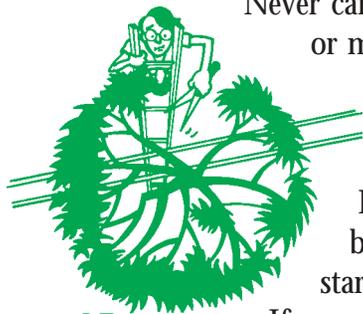
at no cost to you.

◆ Never allow your children to fly kites near power lines. A wet cotton string or metal reinforced string can carry enough electricity to burn or kill a person. If the kite should accidentally become tangled in power lines, contact BHEC, our trained linemen will remove the kite safely.



◆ Whether using a ladder or trimming trees, always be aware of where power lines are. Do not place your ladder where you could fall into power lines or easily touch the lines.

Never carry ladders or metal pipes in an upright manner. Look up before starting your work.



If you need to remove trees that are near power lines, it is safer to contact your cooperative.



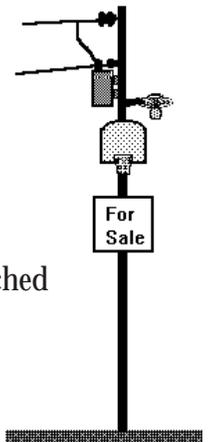
*Electrical hazards* can be anywhere—in the ground, in your home or above you. Always survey your work site before beginning. If you need to dig, you must call South Dakota One Call at 811 to have someone locate underground utilities. If you need a line raised to allow a piece of equipment to pass under, contact BHEC. You should never try to raise a line yourself. A little planning could save a life!



*There are things you can do* to help protect the cooperative personnel who work on power lines:

◆ If you own a generator to use as a back-up power source, you must install a double-throw switch to remove the generator from the power delivery system. An improperly installed generator can back feed into your transformer and send high voltage back through the power line. This voltage could be deadly to anyone working to restore your power.

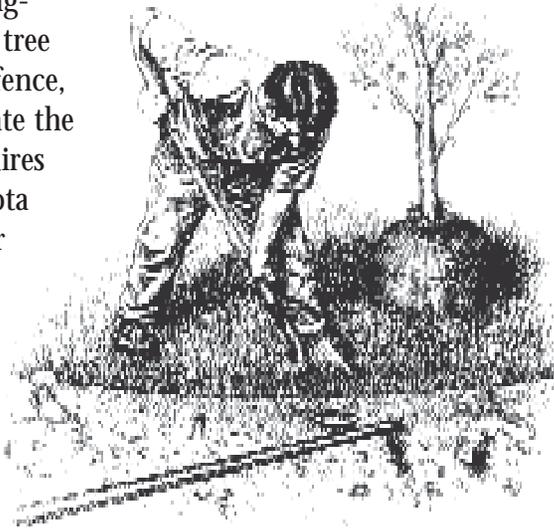
◆ Please do not attach anything to utility poles. Signs, posters, fences, basketball hoops or anything else attached to the poles make it unsafe for a lineman to climb the pole. Often, linemen are required to climb poles in adverse weather, attachments on the poles make the job even more dangerous.



*Some people are shocked* by what they find when they dig in their yards! Whenever digging, whether to plant a tree or shrub, put up a new fence, install a mail box, or locate the water line, state law requires that you call South Dakota One Call at 811 on your phone.

Underground power lines and other utilities are common in our area and you really do not know what you might hit when you dig into the ground.

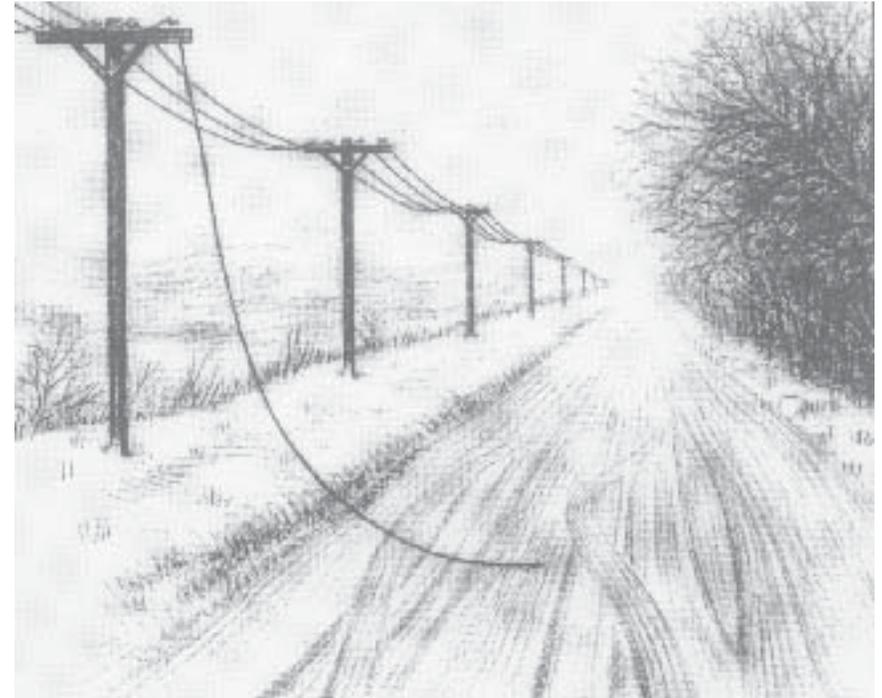
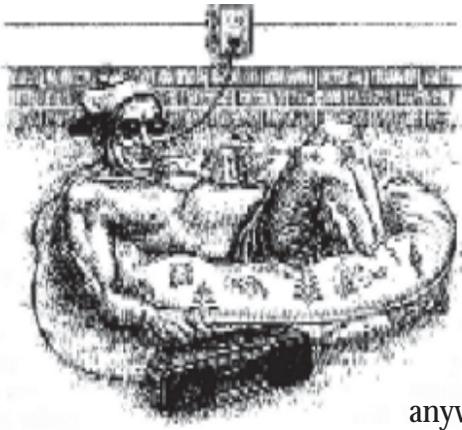
Once you contact South Dakota One Call, BHEC or other utility personnel will meet with you to locate any underground hazards.



*Don't touch that dial!* If you do, you could be in for a shock. Water and electricity do not mix. Remember, when you are near

water, do not use radios that are not battery powered. Do not use electric fans, electric hair dryers, electric blenders, or anything else that uses electricity. If it plugs into the wall, keep it away from water or any wet surface.

Install a ground fault circuit interrupter plug or breaker anywhere water and electricity could mix, usually in the bathroom, kitchen, garage and outdoor outlets.



*We can't avoid downed power lines caused by storms or accidents, but You Should!*

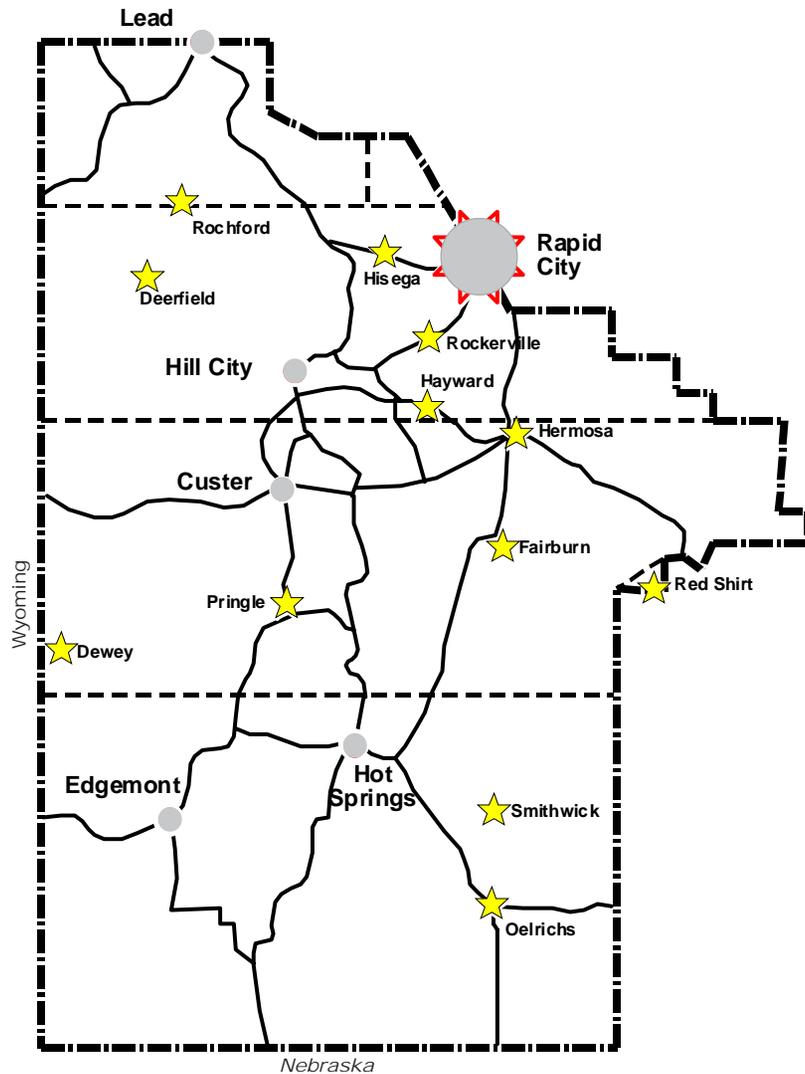
The weather in the Black Hills and southwestern South Dakota can change in a moment. Your cooperative is ready for these changes. But, no matter how well we prepare, we cannot avoid downed power lines caused by storms.

Hours of freezing rain can snap a power line without warning. Snow-laden trees can fall, taking several lines down with them. Lightning can blow the top out of a pole with surprising ease. And strong winds can break pole top hardware and poles.

If you spot a downed power line, **STAY AWAY** from it. Never assume that the line is not energized. Touching the wire could be a deadly mistake. Call us immediately at 673-4461 or 800-742-0085 and keep people away from the line. We will repair it and restore power as quickly as possible. Rain, snow, day or night.



# Service territory



- Outline of BHEC Territory
- County Boundary
- ★ Community Served by BHEC
- Other Communities

## Board Policy No. 409 Public Safety

### I. Objective:

To establish procedures and conditions which safeguard the Cooperative's members and the general public from potentially dangerous electrical conditions.

### II. Policy Content:

Cooperative members and the general public should never come into contact with electrical power lines. When potentially hazardous conditions are observed, Cooperative members and the general public should alert the Cooperative to the condition.

### III. Provisions:

A. The Cooperative, in the construction, operation, and maintenance of its electrical system, will at all times adhere to the provisions outlined in the most current edition of the National Electrical Safety Code, unless specifically required by other authorities to do otherwise.

B. It is the responsibility of each employee, contractor, Cooperative member, and general public member to report to the Cooperative all unsafe conditions which any such person observes on the Cooperative's electrical system. Any employee, contractor, Cooperative member, or member of the general public, upon finding a power line in an unsafe condition or a condition not in compliance with NESC clearances should immediately notify the Cooperative's dispatcher concerning the unsafe condition. Cooperative employees and contractors should stand by to guard against hazardous conditions until they are relieved, or until the defect is corrected. Cooperative members and members of the general public are not expected to stand by to guard against hazardous conditions, but should notify, in addition to Cooperative personnel, law enforcement and emergency personnel respecting the unsafe condition.

C. Members of the Cooperative and the general public should always assume that a downed power line or a sagging power line is unsafe. Contact should be strictly avoided, and the Cooperative and law enforcement authorities should be notified when such a condition is observed.

D. Even a power line which appears to be in its normal condition may be unsafe. Therefore, members of the Cooperative and the general public should always avoid contact with power lines.

E. If any Cooperative member or member of the general public inadvertently comes into contact with a power line, the incident should be reported immediately to the Cooperative. If there are injuries, emergency medical personnel should be contacted immediately. **FURTHER CONTACT WITH THE POWER LINE SHOULD BE STRICTLY AVOIDED, AND THE INCIDENT SHOULD BE REPORTED IMMEDIATELY TO THE COOPERATIVE. IF THE INCIDENT OCCURRED ON A PUBLIC RIGHT OF WAY, LAW ENFORCEMENT OFFICIALS SHOULD ALSO BE NOTIFIED.**

F. All accidental contacts involving the Cooperative's electric lines, vehicles, or property shall be properly and promptly investigated, with complete accident reports prepared, including photographs and sketches to substantiate written reports.

### IV. Responsibility:

A. The General Manager will be responsible for the administration of this policy.

B. Copies of this policy shall be posted in the Cooperative's reception area. Copies of this policy shall be forwarded to various public agencies within the Cooperative's service area. Copies of this policy shall be given to each new member upon application for service.

## From the CEO

Welcome to your cooperative. Unlike most other companies, BHEC was formed by, and is owned entirely by you and the other members we serve. Our purpose is not to maximize profits for shareholders—we are non-profit. Our mission is to provide great service at the lowest cost consistent with sound business practices. We exist for the long-term benefit of our members. We encourage you to be active in your cooperative. *Strong co-ops need active members.* We are here to help you. If at any time you have questions, comments, or concerns, call us. BHEC really is your company.



Walker Witt

## Values and Vision

Black Hills Electric Cooperative is a values-driven organization. Good values have always been an unwritten part of the cooperative way—until now. An employee team compiled a list of values they believed were needed to make a good company. From that list, they developed the values listed below. The list provides BHEC employees with a reminder of the values they have always had and must always strive to uphold.

We as individuals and as a team strive to set high ideals in an effort to provide exceptional service to our members and pledge:

- To demonstrate honesty and integrity in all that we do.
- To serve our members beyond their expectations.
- To be accessible and responsive to our members' needs.
- To be innovative and knowledgeable within the electrical industry.
- To be fiscally responsible and to be conservative with all our resources.
- To openly communicate and listen to our members and to each other.
- To have pride in our work with the cooperative and within the community.
- To work as a team and promote a positive attitude.

## Contacting BHEC

Phone — (605) 673-4461  
1-800-742-0085



Mail — Box 792  
Custer, SD  
57730-0792



(605) 673-3147



bhec@bhec.coop



Homepage Web Address:  
[www.bhec.coop](http://www.bhec.coop)  
(Use the *Contact Page*)



Facebook—[www.bhec.coop](http://www.bhec.coop)  
Click on the Facebook icon at  
the top of the page.

Black Hills Electric Cooperative is an equal opportunity provider and employer and lender. If you wish to file a civil rights program complaint of discrimination, complete the USDA Program Discrimination Complaint form, found on-line at [http://www.ascr.usda.gov/complaint\\_filing\\_cust.html](http://www.ascr.usda.gov/complaint_filing_cust.html), or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter by mail to U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or e-mail at [program.intake@usda.gov](mailto:program.intake@usda.gov).

## Black Hills Electric Cooperative, Inc.

25191 Cooperative Way  
Custer, South Dakota 57730



One of America's Consumer-Owned  
Rural Electric Systems