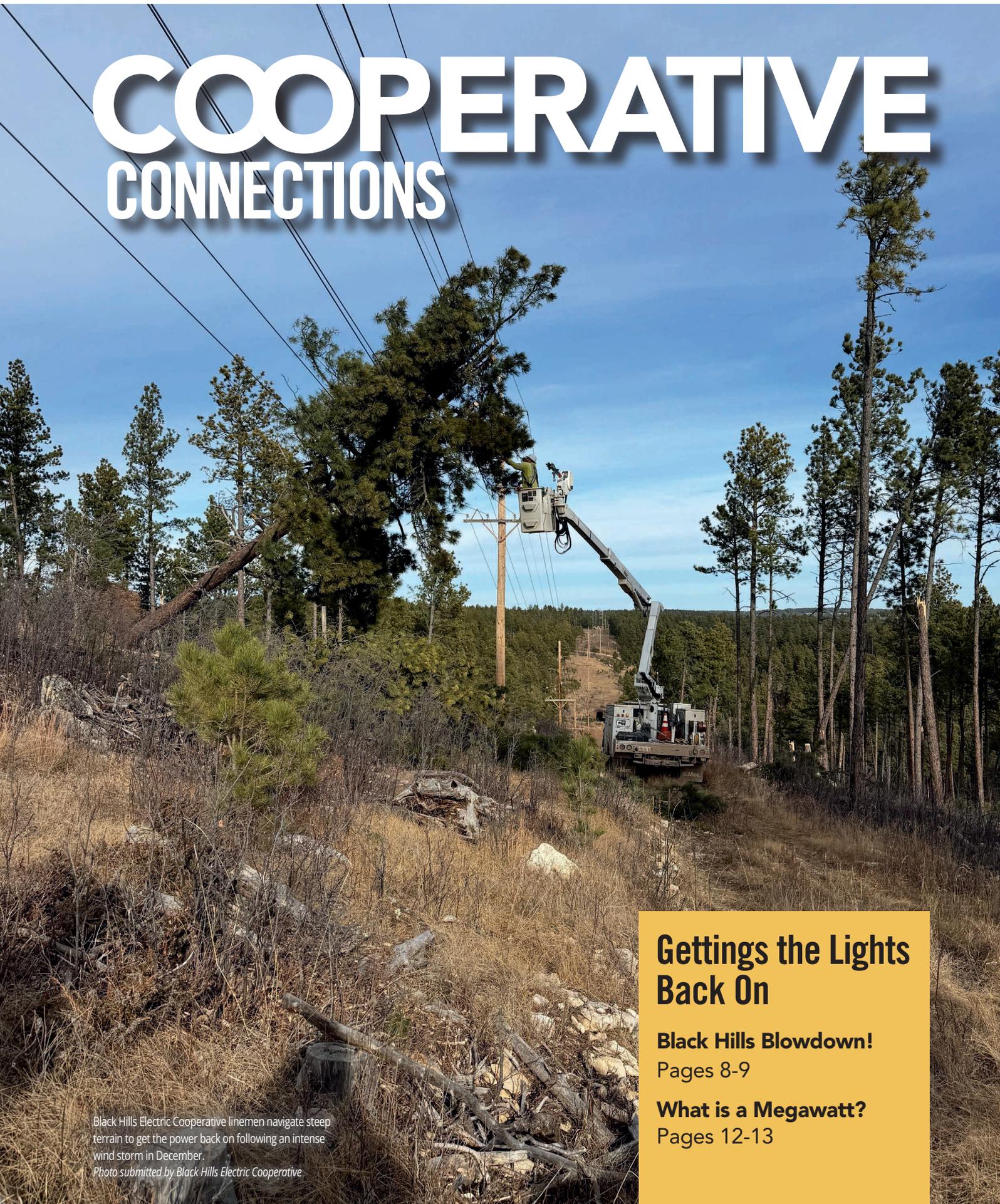


COOPERATIVE CONNECTIONS



Gettings the Lights Back On

Black Hills Blowdown!
Pages 8-9

What is a Megawatt?
Pages 12-13

Black Hills Electric Cooperative linemen navigate steep terrain to get the power back on following an intense wind storm in December.
Photo submitted by Black Hills Electric Cooperative

2026 Work Plan and Budget



Tim McCarthy
General Manager/
Chief Executive
Officer

Tim.McCarthy@
siouxvalleyenergy.
com

As we move into 2026, we remain committed to our mission of “Serving our Members. Always.” The Cooperative’s 2026 work plan and budget underscores that pledge with our initiatives designed to balance Sioux Valley Energy’s financial requirements with system replacement and maintenance plans, growth of our legacy membership, and support of our communities. Sioux Valley Energy’s operating budget for 2026 is \$126.2 million with 62% of that going towards paying for power supply.

Total power costs are budgeted at \$78.5 million which is up \$9 million from last year. Each year Sioux Valley Energy adds anywhere from 700 to 1,000 meters to its system. This type of “legacy” growth (residential, farm, commercial, etc.) is driving the need for our power suppliers to add new generation and transmission.

On a local level, our crews will be busy this year – working on the continuation of our aggressive yearly 125-mile replacement schedule. Our current four-year construction work plan, which covers years 2024-2027, will total \$92.4 million with more than \$25 million of that total to be used this year for the Cooperative’s capital work plan. We anticipate the total value of our utility plant to reach \$413 million by the end of 2026. To learn more about some of the major projects our crews will be working on, see Pages 10-11.

A 9.1% increase driven by power supply costs went into effect for our members January 1, 2026, and appear on the February 2026 billing statements. Our power suppliers have indicated we will see another increase in 2027 and possibly into subsequent years as well. Beyond increasing power supply costs, Sioux

Valley Energy is also facing rate pressure from the distribution (local) side of the system with increased costs for nearly everything including materials, fleet, tools, equipment, transformers, line, financing, etc.

We are in the process of reviewing the Sioux Valley Energy residential, rural residential, and general service rate structures, which presently only have two billing components (energy and basic service charge). We have been able to hold the basic service charge flat the past two years while continuing to invest in the system. However, that is not sustainable if we want to maintain high reliability in the future.

The current rate structure for those rate classes do not align with how the Cooperative is billed by its power suppliers. Approximately

50% of the Cooperative’s power bill is based on demand charges and in

the past, those demand charges were built into both the energy and basic service billing components for residential, rural residential, and general service accounts. As our power suppliers work to add more infrastructure to meet the demand of our legacy members and Sioux Valley Energy continues

to invest in the local system, it has become imperative that the Cooperative break out demand charges from the basic service and energy charges. Starting in 2027, residential, rural residential, and general service will have three billing components that cover costs for basic service, energy, and demand. We hope you will join us at this year’s district meetings to learn more about changes that will take place next year to your electric bill.

Please watch for your postcard invite to our upcoming district meetings or check out the schedule on Page 15.

Sioux Valley
Energy’s operating
budget for 2026 is
**\$126.2
million**
with 62% of that going
towards paying for
power supply.

Watch The
Sioux Valley
Energy
Commitment
video
by scanning
this code.

COOPERATIVE CONNECTIONS
SIoux VALLEY ENERGY

(USPS No. 497-440)

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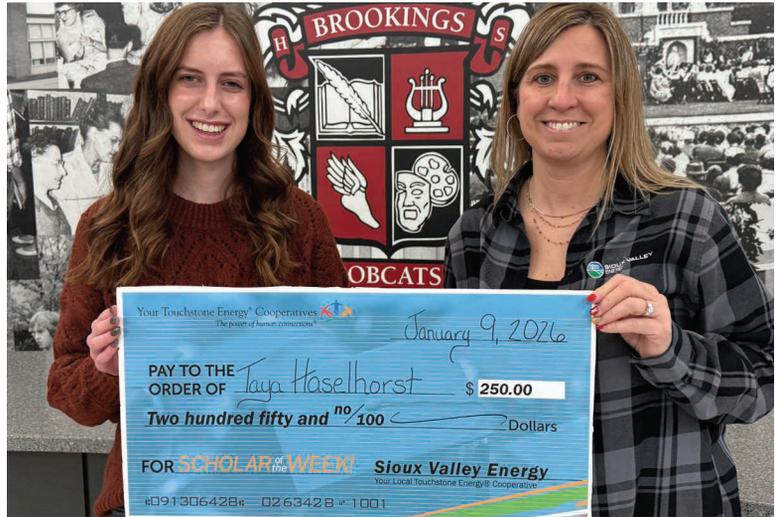
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Sioux Valley Energy is an equal opportunity provider and employer.



Brookings' Taya Haselhorst Named Scholar of the Week

Brookings High School senior Taya Haselhorst was named the Touchstone Energy Scholar of the Week for January 18, 2026.

Haselhorst's nominator described her as an exceptionally dedicated student and a determined individual whose tenacity, compassion, and leadership have defined her high school career. She sets ambitious goals for herself and consistently achieves them through hard work, initiative, and service to others.

She has been involved in FCCLA (Family, Career, and Community Leaders of America) throughout high school, taking on numerous leadership roles and completing impactful community projects that have reached far beyond her local community.

As a junior and senior, she has been involved with HOSA (Health Occupations Students of America) placing in the top five on the state level, qualifying for the International Leadership Conference with her project on respiratory therapy. She serves as the chapter treasurer.

Taya joined the National Honor Society her junior year where she continues to participate in community service and leadership projects. She was also a National Merit candidate.

She is a mentor for hard-of-hearing students where she provides academic and social mentorship twice weekly for two elementary students who are hard of hearing. She is an Inpatient Hospital Volunteer at healthcare facilities in Brookings and at the Children's Hospital in Sioux Falls.

"Because of my own experiences with hearing loss, I've spent much of my life in hospitals and with medical specialists. While many healthcare professionals were kind and supportive, a few were not as sensitive to the emotional experiences of children in care. Those moments inspired me to become a healthcare provider who prioritizes not only children's physical health, but also their emotional comfort. I want to help make hospitals a place where kids feel safe, understood, and cared for," said Haselhorst.

Ensuring Drone Safety Near Power Lines

As drones continue to gain popularity for recreational and commercial use, their integration into our daily lives should not lessen the consideration of safety – particularly when it comes to flying near power lines. The intersection of drone technology and electrical infrastructure necessitates adherence to safety protocols, regulations, and best practices to protect both pilots and the integrity of electrical systems.

Power lines are essential components of our electrical grid, delivering energy to homes and businesses. However, they can pose serious hazards for drone operators. Collisions with power lines can cause significant equipment damage, leading to costly repairs or replacements. More critically, such incidents can disrupt service for hundreds of members, creating outages that could last for hours or even days.

The Federal Aviation Administration (FAA) has established regulations governing drone use, including restrictions on flying in proximity to power lines. According to FAA guidelines, drone pilots must always maintain a visual line of sight with their aircraft and avoid flying over people. When operating near electrical infrastructure, it is crucial to adhere to the regulations pertaining to altitude and no-fly zones.

Drone operators should also be familiar with state and local laws, as some municipalities have designated specific areas as no-fly zones, particularly near critical infrastructure like power facilities. Understanding these regulations is not only a legal requirement but also an essential step in ensuring the safety of all involved.

Best Practices for Safe Operations

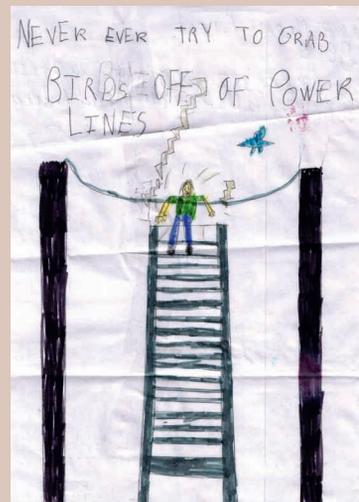
To minimize risks when flying drones near power lines, operators should adopt several best practices:

1. **Pre-Flight Planning:** Before taking off, thoroughly assess the flight area. Identify the location of power lines, potential obstacles, and any relevant no-fly zones. Consulting local maps and aerial photography can aid in understanding the landscape.
2. **Maintain Safe Distances:** When operating near power lines, always keep a safe distance. The FAA recommends a separation of at least 500 feet from energized power lines to avoid potential collisions. Keeping a safe buffer not only protects the drone but also mitigates risks to nearby electrical infrastructure.

3. **Use Technology Wisely:** Many modern drones come equipped with GPS and obstacle avoidance systems that can aid in safe navigation. Utilize these features and ensure that your drone's software is updated to reduce the likelihood of malfunction.
4. **Operating in Controlled Conditions:** Avoid flying drones in poor weather conditions such as high winds, rain, or reduced visibility. Harsh weather not only affects flight stability but can also lead to loss of control over the drone, increasing the risk of accidents.
5. **Emergency Procedures:** In case of a malfunction or loss of control, having an emergency plan in place is vital. Be prepared to communicate with local authorities if a drone becomes entangled in power lines or presents a safety concern.

As the popularity of drones continues to soar, awareness around safety protocols, especially near power lines, has become increasingly critical. By understanding the risks involved, adhering to regulations, and implementing best practices for safe drone operations, pilots can ensure the protection of themselves, others, and vital electrical infrastructure. Responsible drone use fosters innovation while ensuring safety remains paramount in our evolving technological landscape.

"Never ever try to grab birds off of power lines!"



**Naomi Krcil,
Age 8**

Naomi warns readers to never EVER grab birds off of a power line. Great picture, Naomi! Naomi's parents are Andrew and Andrea Krcil from Dante, S.D.

Kids, send your drawing with an electrical safety tip to your local electric cooperative (address found on Page 3). If your poster is published, you'll receive a prize. All entries must include your name, age, mailing address and the names of your parents. Colored drawings are encouraged.

Scrumptious SALADS

MACARONI SALAD

Ingredients:

2 cups macaroni (cooked, drained, rinsed and cooled)
 2 or more cups of carrots (chopped or shredded)
 1 small chopped onion (optional)
 1 cup chopped green pepper (optional)

Dressing

1 cup mayonnaise (Hellmans)
 1/4 cup vinegar
 1/2 cup sugar
 7 oz. sweetened condensed milk
 1/4 tsp. salt
 1/4 tsp. pepper

R. Gregg Fritz
 H-D Electric

KARI REDER'S POTATO SALAD

Ingredients:

7-8 lbs. potatoes, Yukon gold or red
 1 dozen eggs
 1 med. sweet onion
 2 cups Mayo
 1 tbsp. cream
 1/4 cup of apple cider vinegar
 1/2 cup of sugar or splenda
 1 1/2 tbsps. mustard
 2 tbsps. celery seed
 Celery salt, salt and pepper to taste

Method

Boil potatoes and eggs, peel and dice. Add the chopped onion. Mix together mayo, cream, apple cider vinegar, sugar, mustard, celery seed, celery salt, salt and pepper. Mix all together well and refrigerate.

Kari Reder
 Northern Electric

SUMMER GARDEN PASTA SALAD

Ingredients:

1 lb. thin spaghetti, broken into 1" pieces
 1 pt. cherry tomatoes, halved
 2 med. zucchini, peeled & diced
 2 med. cucumbers, diced
 1 green pepper, diced
 1 red pepper, diced
 1 - 16 oz. can sliced black olives, drained

Dressing:

1 - 16 oz. bottle Italian dressing
 1/4 cup parmesan cheese
 1 tbsp. sesame seeds
 1 tsp. paprika
 1/2 tsp. celery seed
 1/2 tsp. garlic salt

Method

Cook pasta; drain. Drizzle with 1-2 tsps. olive oil. In large bowl, combine pasta, tomatoes, zucchini, cucumber, peppers and olives.

Whisk dressing ingredients together. Pour over salad ingredients and toss to coat.

Cover and refrigerate for three hours.

Jane Ham
 Cam Wal Electric

Please send your favorite recipes to your local electric cooperative (address found on Page 3). Each recipe printed will be entered into a drawing for a prize in December 2025. All entries must include your name, mailing address, phone number and cooperative name.

The Last Water Heater You'll Ever Buy: Meet Marathon®



Sheila Gross
Energy Services
Specialist

Sioux Valley Energy is a resource for energy solutions for you and your family. Contact us to learn more about energy efficiency and conservation strategies to help you save money. Check out our website at www.siouxvalleyenergy.com or call 800-234-1960. Visit with our Beneficial Electrification team at your local district meeting or the Sioux Empire Home Show February 27-March 1.

Water heating is typically the second largest energy expense in a home. Simple steps like lowering your water heater thermostat, using less hot water, insulating hot water pipes, and using efficient appliances can help reduce energy use. When replacing a water heater, choosing a high-quality, efficient unit can provide long-term savings and peace of mind.

Sioux Valley Energy members can purchase a large-capacity, energy-efficient Rheem Marathon® electric water heater through a special Cooperative program. Marathon water heaters are built for durability, efficiency, and long service life, making them an excellent option for residential water heating needs.

Marathon water heaters are warranted not to leak for as long as you own your home. Unlike traditional steel water heaters, Marathon units feature an anode-free design and non-metallic, corrosion-resistant tank that will not deteriorate. Each Marathon water heater includes a lifetime tank replacement warranty for the original purchaser, along with a six-year warranty on parts. This warranty reflects the manufacturer's confidence in the product's long-term reliability.

In addition to durability, Marathon water heaters are engineered for energy efficiency. Thick Envirofoam® insulation significantly reduces standby heat loss, helping water stay hot longer while using less energy. Their large storage capacity supports household comfort while meeting Department of Energy efficiency standards that allow these units to be used in utility-managed demand response programs.

Through Sioux Valley Energy's residential water heater program, Marathon electric water heaters are available to qualifying members at a significantly reduced price. Installation of Cooperative-owned load management equipment by SVE personnel is required. With the large capacity and efficiency of Marathon units, most members experience little to no inconvenience while participating in the load management program.

This program provides meaningful value to

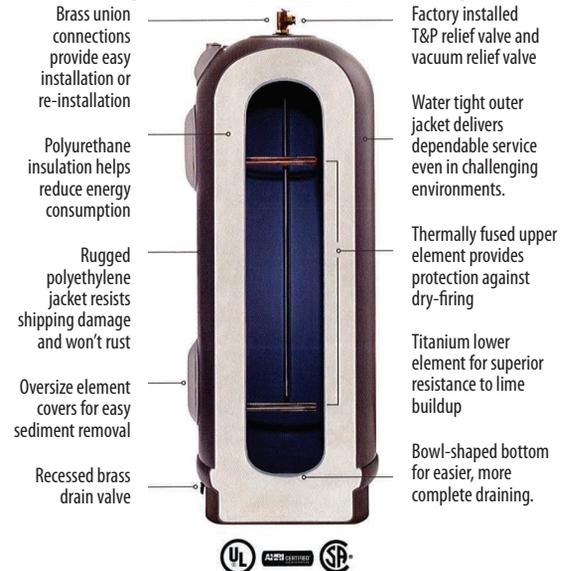
the entire membership. By temporarily shifting electric water heater use away from periods when the electric system is most heavily used, SVE reduces wholesale power supply costs by approximately \$1.8 million per year. These savings help keep electric rates as affordable as possible for all members.

PROGRAM DETAILS

- **Price:** \$600 for a primary water heater and \$1,200 for additional units. Residential dwelling applications only at locations served by Sioux Valley Energy.
- **Available Sizes:** 85-gallon and 100-gallon.
- **Warranty:** Lifetime tank replacement warranty for the original purchaser and a six-year warranty on parts. Some restrictions apply. Limited warranty coverage for rental applications and secondary owners.
- **Service & Installation:** Sioux Valley Energy submits product warranty registration and coordinates warranty and tank repair services. Tank installation is not provided by SVE.

For more information or to place an order, contact Sioux Valley Energy at 800-234-1960.

MARATHON® WATER HEATER ANATOMY



KINGBIRD COFFEE

Your Local Coffee Shop

Jocelyn Johnson

jocelyn.johnson@sarea.coop

Tucked away in the heart of Brandon, S.D., sits Sioux Valley Energy member Kingbird Coffee – a cozy, vibrant coffee shop built on the foundation of generosity and community spirit. Kingbird Coffee has blossomed from a simple act of love into a cherished gathering place that embodies hometown values and creative flair. It all began as a surprise.

“Technically, my wife, Jessica, owns it,” said Michael Gross, who purchased the coffee shop as a gift to his wife. “It was an impulse buy,” recalled Michael with a chuckle.

At the time, Michael felt his hometown lacked a proper coffee shop – a local hangout where neighbors could linger over coffee, connect and find a sense of belonging.

“Our inspiration is to be able to give back to the community,” Michael said. Since opening, every cent of profit has gone directly back into the community – nurturing local events, student activities, and charitable causes.

“My wife and I have never taken any money from the coffee shop,” Michael explained. “Everything we have made over the years has gone back into the community to support events or kids.”

Their commitment to fostering community shines through ongoing innovation and engagement. Now, the team is preparing to launch new extended hours, accompanied by themed nightly events – each designed to cultivate connections and celebrate local interests.

“We’re planning on having a different event every night,” Michael said. “Like Monday might be advanced board games. Tuesday might be about meeting a local pastor. Wednesday could be kids’ crafts night.”

This effort signifies Kingbird Coffee’s continual quest to be more than just a coffee shop: it is a place where everyone can find something to enjoy, every night of the week.

The eclectic atmosphere of the coffee shop invites you to stay awhile. Couches and nooks make perfect reading corners, board games beckon to the playful, and even a whimsical swing under the stairs welcomes imaginative children.

“It’s just a fun little quiet vibe,” Michael described. “We have little hidden nook areas underneath the steps and a little swing where kids can go and hang out... there’s a book, leave a book, and board games. It’s just a fun place.”

While the owners handle behind-the-scenes work, they credit the employees and a dedicated events manager for shaping the everyday magic that keeps patrons returning.



Photo by Kingbird Coffee

Kingbird Coffee’s devotion to local flavor extends to every product sold. Beans are sourced from Parable Coffee Roasting Co., a local roaster in Tea, S.D. Local honey, jewelry, bison jerky, pizza, even handmade stockings from coffee bags, and flowers from a local florist – each item tells a story of community partnership. Artists hang their work for free, keeping a portion of sales and donating proceeds to local art initiatives. On weekends, the shop welcomes pop-up boutiques, allowing small business owners an affordable, supportive venue.

Signature drinks bring history to the present. The beloved “Billy King” remains on the menu in honor of Billy, the shop’s founder and namesake. “We kept everything the same as if he’s still at it. Billy created it, and he’s a good friend of mine,” says Michael.

Such continuity gives regulars – and new customers – a sense of belonging and nostalgia.

Cultivating connections goes well beyond commerce. Employees past and present share a special bond, growing from high school baristas into college students and, often, friends for life.

“People don’t quit. They just...love it because they have the freedom to experiment and to make drinks,” he said, noting the murals and memories that fill the walls.

When asked to describe the shop’s personality, Michael laughs, “A crazy, wild teenager...you never know what’s gonna happen.” The unpredictable, energetic spirit is exactly what makes Kingbird Coffee so beloved – a hub that welcomes everyone, surprises often and gives back always.

For Kingbird Coffee, community isn’t a slogan – it’s a way of life, brewed fresh daily for everyone who walks through the door.



Intense wind left the crossarm of a broken three-phase pole hanging after a holiday storm.
Photos submitted by Black Hills Electric Cooperative

GETTING THE LIGHTS BACK ON

Black Hills Electric Cooperative Works Tirelessly Following Holiday Storm

Frank Turner

frank.turner@sdrea.coop

In the early morning hours of Dec. 18, powerful winds swept across western South Dakota, leaving much of the Black Hills without electricity. The outage included the home of Bill Brisk, manager of operations at Black Hills Electric Cooperative.

Through wild winds, Brisk set out for his office at the cooperative at 3 a.m., where he discovered that the windstorm was unlike anything he had seen in his 36 years with the cooperative.

“We get wind in the Hills,” Brisk said. “But nothing like that. In all of the time that I’ve been at the cooperative, I’ve never seen wind that strong.”

Wind gusts were later estimated at more than 100 mph, tearing through the Black

Hills with unprecedented force.

When Brisk arrived, the scope of the damage became clear. Nearly the entire system was down, and more than 11,000 of the co-op’s approximately 11,500 meters were without power. By daybreak, more than 96% of Black Hills Electric Cooperative’s system was dark, the largest outage event in the cooperative’s history.

Although an influx of outage calls from members came in around midnight, Brisk made an early and critical decision; crews would not be sent out while the storm was still raging.

“We began receiving calls around midnight, but I did not have our crews go out, just for the fact that it was just too dangerous,” Brisk said. “Trees were breaking off, conditions were hazardous, and I didn’t want to put our crews in any

dangerous situations.”

Instead, crews waited for daylight, when conditions allowed for safe assessment – the first step of getting the lights back on.

Assessment almost always begins with reporting from the community. Due to an overwhelming call volume during storm events, local reports of outages are forwarded to Basin Electric Power Cooperative’s Security and Response Services. These services relay important updates to electric cooperatives. Dispatchers communicate with linemen via push-to-talk radios and cell phones, tracking linemen from the time they leave the shop until the outage has been restored.

In addition to local reports, linemen also conduct their own assessments. That morning, linemen reported countless uprooted and snapped trees, downed poles and even wires lay broken across forest floors and roadways. In some areas, trees fell into other trees, creating dangerous conditions for anyone working below.

“I believe this was one of the worst storms in our cooperative’s history, including winter storm Atlas,” said Brisk.

As the assessment was underway, line

crews worked to bring downed substations back online first, then main three-phase feeders, followed by smaller distribution lines that bring power directly to homes and businesses. That order helps restore electricity to the greatest number of members as quickly as possible.

In the Black Hills, terrain adds another layer of complexity. Many lines run through dense forest, steep canyons and areas far from maintained roads.

“This isn’t square-mile territory,” Brisk said. “You might have to drive five or six miles just to get around a canyon.”

By midday Dec. 18, it was decided the damage was too widespread for Black Hills Electric to tackle alone. Brisk reached out to Mark Patterson, South Dakota Rural Electric Association’s manager of loss control, to request mutual aid from neighboring cooperatives – reinforcing a long-standing cooperative tradition built on neighbors helping neighbors.

Within hours, assistance began mobilizing. Crews, trucks and equipment arrived from across western South Dakota. Six electric cooperatives and a contractor ultimately sent help, bringing 55 additional linemen to the Black Hills. Those crews came from Butte Electric Cooperative, Cherry-Todd Electric Cooperative, Lacreek Electric Association, West Central Electric Cooperative, West River Electric Association, Rushmore Electric Power Cooperative and Kainz Power Lines, a local contractor based out of Custer.

“I had each operations manager of the responding cooperatives call me and ask what we needed,” Brisk said. “We asked for bucket trucks, digger trucks, chainsaws, attachments for skid steers, and extra line crews, and they sent everything we asked for.”

Days began early and ended late with crews often working 12 to 16-hour shifts. Brisk emphasized safety repeatedly to the crews as they worked among unstable trees, high winds and rugged terrain.

Behind the scenes, the restoration effort extended beyond the field. Office staff coordinated logistics and prepared meals. Lunches were packed daily for crews heading out before dawn. Supplies

were tracked, equipment was staged and communication updates were shared with members.

“It wasn’t just the line crews,” Brisk said. “Everybody stepped up.”

As crews continued working and Christmas approached, it appeared unlikely that power would be fully restored in time for the holiday. The visiting crews made it clear they were willing to stay through the holiday.

“All the outside crews said they weren’t leaving,” Brisk said. “They stayed to help us finish.”

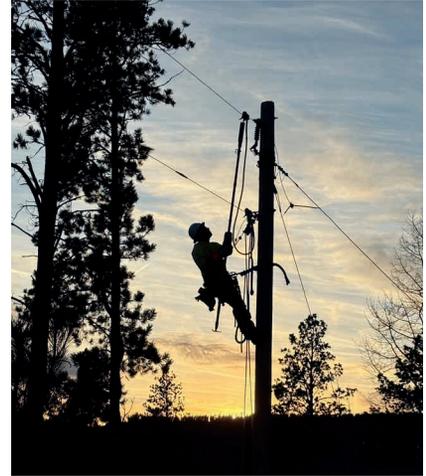
By Christmas Eve, most members had power for the holiday and visiting crews were able to return home. Even still, Black Hills Electric crews continued limited work through the holiday, work that continues today.

“To be truthful, we are still cutting trees, setting poles and repairing lines from this storm,” said Brisk.

The storm was later designated a FEMA-eligible event, requiring detailed tracking of labor, equipment and materials.

Looking back, Brisk said the restoration efforts relied heavily on cooperation and dedication among crews from the assisting cooperatives.

“It’s good to know you’ve got great neighbors,” he said. “When you need help, they come.”



An assisting lineman from West River Electric Cooperative installs a ground on the line to be further worked on.



Damage from the storm not only affected poles, but also uprooted trees.



Bill Brisk, manager of operations at Black Hills Electric Cooperative, gives a morning briefing, updating the cooperative and assisting crews with storm recovery assignments.

Sioux Valley Energy Plans Work to Meet Members' Future Needs

Growth throughout Sioux Valley Energy's service territory is directing the Cooperative's 2026 work plan.

"We have a lot of work going on all across our system, but we have areas where that growth is coming in a little faster," said Chris Graff, Sioux Valley Energy Director of Operations.

Major projects areas identified by Graff include:

- **Minnesota:** Crews are currently working southwest of Hardwick, Minnesota, on an overhead line build and will also follow up later this year with a large overhead project south of Edgerton, Minnesota.
- **Brookings County:** In the north part of the system, crews have several multiple mile projects south of Volga and south of Brookings to update aged facilities and increase capacity of the system in that area.
- **Lake County:** Crews will be working this year on cleaning up and burying aged overhead line as well as completing improvement projects around the Lake Madison area which is part of the system that continues to grow rapidly.
- **Moody County:** East River Electric Power Cooperative is currently constructing a new distribution substation west of Trent. Sioux Valley Energy crews will construct line connecting the new substation into the Co-op's existing system to serve load growth in that area.
- **Minnehaha County:** Work continues to be steady in Minnehaha County as well. The Co-op will be upgrading a main feeder line along West 41st Street west of Sioux Falls to serve the growing electric load in that area. On the east

side, Sioux Valley Energy is working on several projects in the East Sioux Falls and Brandon areas that will allow the electric system to serve continued growth.

Graff, along with Ted Smith, Vice President of Engineering and Operations, discussed the Cooperative's \$25 million overall work plan during a January segment of the Cooperative's *Inside the Grid* podcast.

As part of the Cooperative's overall construction work plan, Sioux Valley Energy seeks to rebuild 125 miles of electric line each year.

"The new overhead line is more resilient and built to withstand two inches of ice," said Smith, noting that the construction uses poles spaced more closely together and a heavier conductor line than in the past.

"Much of the system was built in the mid-20th century and is going on 80 to 90 years old," Smith said. "Now it is on us to upgrade it."

At the current pace, the



Cooperative's oldest lines should all be replaced within the next 15 years.

"But that doesn't mean we're done," Smith said.

When the oldest of the Cooperative's lines are replaced, it will continue upgrading aging infrastructure, ensuring that a reliable electric system is in place to serve the Cooperative's growing membership.

"Underground electric line is expected to last 40 to 50 years while overhead line is expected to last 80 to 90 years," Smith said.

Graff noted that the Co-op adds about 500 to 550 new services a year. Some services, like an apartment complex, could include dozens of meters.

"It took us about 75 years to get to 500,000 megawatt hours of sales per year," Smith said. "We got to a million within 20 years after that. We'll cross a million this next year. We're going to get to the next million in 10 to 15 years, doubling again. And then its going to double again 10 years after that. We are in a fairly aggressive load growth of what we call our legacy

New Podcast Episode Available





Your Host



Jay B.
*Manager of
Public Relations*

Episode Guests



Ted S.
*SVE Vice President of
Engineering and Operations*



Chris G.
SVE Director of Operations

Listen to the *Inside the Grid* podcast to learn more about the work plan.



Sioux Valley Energy's service territory includes over 6,200 miles of line spanning over 3,200 square miles throughout South Dakota counties of Minnehaha, Lake, Moody, Brookings, and Kingsbury and Minnesota counties of Rock and Pipestone.

members which includes residential, farm, local business, etc."

The growth will carry with it employment needs. "We know we're going to need more employees," Smith said. "We're going to need line workers, engineers, billing personnel. We're going to need more people handling member issues through calls, chat, emails."

Smith noted that the growth covered in the 2026 work plan is from legacy members.

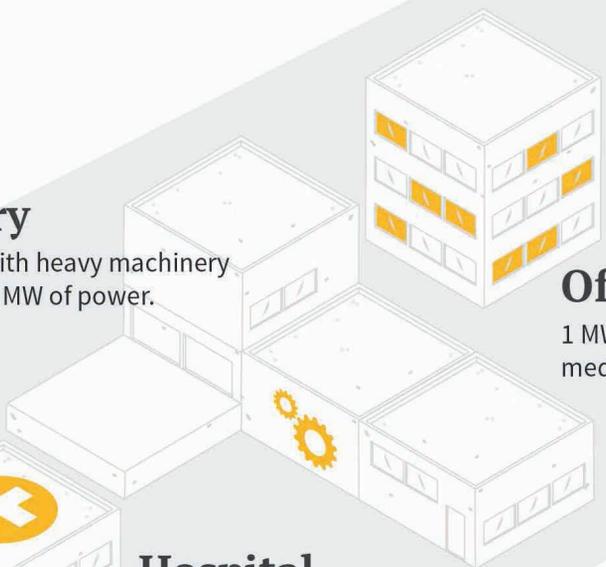
"This is all based upon our normal, traditional load growth that we've had for the last 85 years. If a data center comes, it is outside of this," Smith said. "We are being very diligent about it." If a data center would locate within the Cooperative's service territory, it would have to pay for the procurement of power and the construction and maintenance of all electric facilities/equipment needed to serve it. Smith added, "they would have to pay their own way."

To listen to the full podcast with detailed information on the Cooperative's work plan, scan the QR code above.

What Can You Do With 1 Megawatt?

Factory

Facilities with heavy machinery can draw 1 MW of power.



Big Box Stores

1 MW will power a typical large retail store.



Office Building

1 MW can power several medium-sized office buildings.

Hospital

1 MW will power a small hospital.



Power Plant

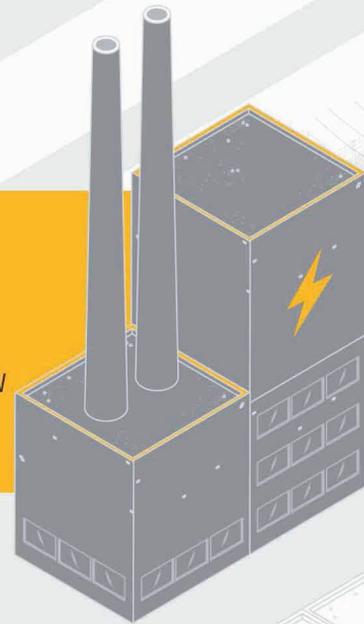
Typical outputs:

Coal: 500 MW to 1 GW

Gas: 50 MW to 1 GW

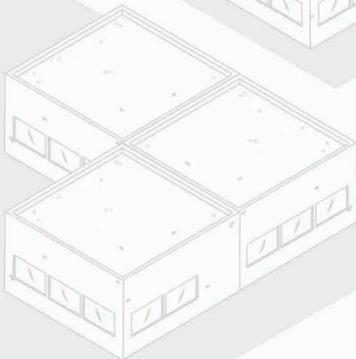
Nuclear: 500 MW to 1.5 GW

1 MW is 1 million watts of power.



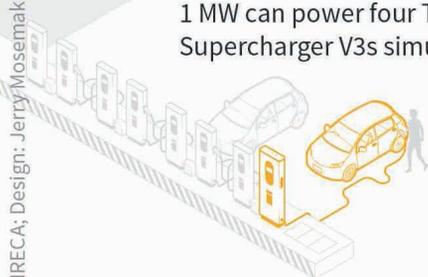
School

0.5 MW will power a medium-size public school.



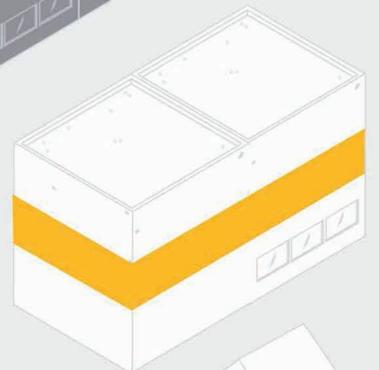
EV Charging

1 MW can power four Tesla Supercharger V3s simultaneously.



Data Center

1 MW will power one small data center.

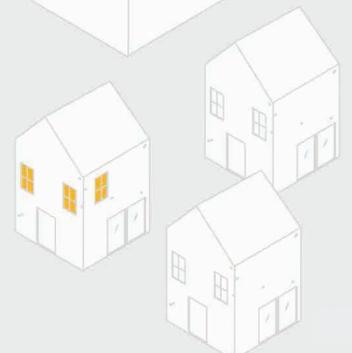


Other facilities that can draw up to 1 MW of power:

- High-speed rail
- Large farms
- Wastewater treatment
- Stadiums

Residential

1 MW can power 750 to 1,000 homes.



WHAT IS A MEGAWATT?

Jacob Boyko

jacob.boyko@sdrea.coop

If you're a regular Cooperative Connections reader, you've probably seen the term "megawatt" countless times. From articles about new power generation facilities, energy-saving tips, major infrastructure projects or energy policy, megawatts come up again and again. But what does a megawatt actually mean?

Watts, Kilowatts, Megawatts & More

A megawatt is a unit of power that measures the speed at which energy is generated or used at a given time. A megawatt is 1,000 kilowatts (KW), or 1 million watts.

You may recognize watts from the labels on everyday household items like light bulbs and phone chargers. These numbers indicate the amount of power the device draws while operating.

Here are the wattages for some common household items:

- LED Light bulb – 5-20 Watts
- Refrigerator – 350-800 Watts
- Desktop PC – 100-800 Watts
- LED Television: 30-300 Watts
- Microwave – 700-1,200 Watts
- Hair Dryer – 1,500-2,000 Watts
- Clothes Dryer – 1,800-5,000 Watts

At East River Electric Power Cooperative, the generation and transmission cooperative that sells power to member co-ops in Eastern South Dakota and Western Minnesota, Jennifer Gross uses a modified bicycle to help put power into perspective.

The bike is stationary – the pedals power a small generator wired to several different kinds of light bulbs. Gross, who is East River's education and outreach coordinator, says the "pedal power bike" demonstrates energy use in a tangible way and highlights the difference of energy-efficient products.

"It's actually quite difficult for the person pedaling to generate electricity consistently for more than a few minutes," Gross said.



Jennifer Gross demonstrates energy generation and consumption. Submitted Photo

"When they're pedaling to power the inefficient, old-school incandescent light bulbs, they can pedal for about one minute and not even keep it at 200 watts the whole time."

The electric grid experiences the most strain during peak demand times – the hours before and after work and school when most people are home doing laundry, watching TV etc.

In communities with hundreds to thousands of homes and businesses, electricity demand grows large enough to be measured in megawatts – the unit equal to 1,000 KW.

Your electric co-op's electricity is generated by Basin Electric Power Cooperative, which was formed in the 1960s by electric co-ops in the upper Midwest to generate electricity for co-ops. Serving over 3 million consumers across nine states, Basin generates power from its owned and leased assets, which include coal, natural gas, solar and wind. Basin's generation capability is so massive that it's measured in gigawatts – the unit equal to 1,000 MW.

Basin reports a maximum generating capacity of about 8,427 MW – or 8.427 GW. That figure reflects every available generation resource running at full output, including the oil-fueled peaking units used during times of high demand, along with purchases from the Western Area Power Administration and the Southwest Power Pool energy market.

On an even larger scale, the total installed generation capacity in the U.S. reaches the terawatt level, totalling about 1.3 TW, which is equal to 1,300 GW, 1.3 million MW or 1.3 billion KW – enough to simultaneously run about 1 billion hair dryers!

$$\begin{aligned}
 &1 \text{ Million Watts} \\
 &= \\
 &1,000 \text{ Kilowatts} \\
 &= \\
 &1 \text{ Megawatt} \\
 &= \\
 &1/1,000 \text{ Gigawatt}
 \end{aligned}$$

Your Co-op's Megawatts

As a co-op member, you're a part-owner of Basin Electric's generation resources. Here's a look at several of those facilities.



Antelope Valley Station
Beulah, N.D. • 1984
900 MW • Coal



Bison Gen. Station
Epping, N.D. • 2030
1,490 MW • Nat. Gas



Pioneer Gen. Station
Williston, N.D. • 2013
822 MW • Nat. Gas



Crow Lake Wind
White Lake, S.D. • 2011
172 MW • Wind



Wild Springs Solar
New Underwood, S.D.
2024 • 114 MW • Solar

2026 SEEDLING TREE GIVE AWAY

Celebrate Earth Day 2026 by picking up a duo of small bare-root seedling trees (Black Hills Spruce) at Sioux Valley Energy. In recognition of Sioux Valley Energy's commitment to community and caring for the environment objectives, the Cooperative will be providing 525 sets of bare root tree seedlings for members to plant. Members are eligible for two trees in total for as long as the trees last.

The give-away event (which is dependent upon weather, shipment dates, and availability) will take place at each of the Co-op's service centers in Colman, Brandon, Hartford, and Pipestone.

Members can stop by one of the offices on Thursday, April 16 from 8 a.m. to 4 p.m. If there are any extra trees available after the Thursday give-away, those trees will be available Friday, April 17, during the hours of 8 a.m. and 3:30 p.m.

Trees will be given out on a "first-come, first-served" basis. So once the trees are gone; they are gone!

Check Facebook and www.siouxvalleyenergy.com for updates or call 800-234-1960 before you come to ensure there are still trees available!



Touchstone Energy Cooperatives Named Industry of the Year

The region's Touchstone Energy Cooperatives, including Sioux Valley Energy, were recognized as Industry of the Year at the Mitchell Technical College Foundation's Donor Appreciation Reception in January 2026. The award honors the electric cooperatives' long-standing support of the college and its graduates.

The Industry of the Year award is presented to an industry that has collectively demonstrated exceptional support for a Mitchell Technical College (MTC) program through financial contributions, equipment and supply donations, training opportunities, internships, or employment of Mitchell Tech graduates. Sioux Valley Energy alone employees 33 MTC graduates.

This year's recognition highlights the collective impact of Touchstone Energy Cooperatives, which have pledged nearly \$750,000 toward the construction and equipping of MTC's new Energy Underground Lab.

The new MTC facility will provide students with a controlled, year-round training environment where they can practice underground construction without weather-related delays or the added costs associated with traditional outdoor lab work. The lab represents expanded access, hands-on learning opportunities, and enhanced workforce readiness for students entering the energy industry.



**TELL
US WHO
POWERS
YOU!**

We know our co-op community is filled with people making a difference. Let's celebrate them! Nominate a hero in your community who goes above and beyond. **They could win up to \$3,000!**



**SIoux
VALLEY
ENERGY**

A Touchstone Energy® Cooperative

Nominate your local hero at
WHOPOWERSYOUCONTEST.COM

**Nominations accepted
Feb. 1 to mid-April**

2026 DIRECTOR PETITIONS DUE

The Sioux Valley Energy Board of Directors approved the 2026 District Meeting schedule during their September meeting. Four elections will take place in Districts 5, 6, 7, and 9.

Members interested in running for the Board must submit a Director Petition, Conflict of Interest Statement, and Qualification Certification 60 days prior to the meeting date. Petitions must be delivered to a Sioux Valley Energy office location or postmarked by the petition deadline. Sioux Valley Energy encourages members to gather extra member signatures and to deliver or mail completed petitions in advance of the petition deadline to ensure time for member verification.

PETITION DEADLINES ARE AS FOLLOWS:

- District 5 - Friday, February 20, 2026
- District 7 - Sunday, March 1, 2026

Petitions can be obtained at www.siouxvalleyenergy.com or by calling 800-234-1960. The Cooperative Bylaws state the qualifications needed to be a director. Interested members may contact Brenda Schelhaas, Executive Assistant. Board seats elected in 2026 will serve three-year terms.

This year at the meetings, we'll be serving a menu of pulled pork sandwich, green beans, mac-n-cheese, and a cookie. Serving begins at 5:30 p.m. and the meeting starts at 7 p.m. Members must stay to the end of the meeting to receive their \$25 bill credit.

2026 District Meeting Schedule

DISTRICT 1	THURSDAY APRIL 23	ELKTON, SD Community Center
DISTRICT 2	THURSDAY APRIL 16	VOLGA, SD Sioux Valley High School
DISTRICT 3	THURSDAY APRIL 9	COLMAN, SD <i>New Site</i> Colman-Egan High School
DISTRICT 4	TUESDAY APRIL 14	MADISON, SD Dakota Prairie Playhouse
DISTRICT 5	TUESDAY APRIL 21	COLTON, SD <i>New Site</i> Tri-Valley High School
DISTRICT 6	TUESDAY MARCH 31	BRANDON, SD Brandon Valley High School
DISTRICT 7	THURSDAY APRIL 30	HARTFORD, SD West Central High School
DISTRICT 8	TUESDAY MARCH 3	LIVERNE, MN Generations Event Center
DISTRICT 9	TUESDAY MARCH 24	PIPESTONE, MN Pipestone Area School
DISTRICT 10	THURSDAY MARCH 26	EDGERTON, MN Edgerton Public School

Director Election Meetings indicated in Green



MARCH 7
Ag Day
 10 a.m.-2 p.m.
 Washington Pavilion
 Sioux Falls, SD
 605-367-6000

Washington Pavilion Photo

To have your event listed on this page, send complete information, including date, event, place and contact to your local electric cooperative. Include your name, address and daytime telephone number. Information must be submitted at least eight weeks prior to your event. Please call ahead to confirm date, time and location of event.

MARCH 5
SD Jazz Festival
 7:30 p.m.
 Johnson Fine Arts Center
 Aberdeen, SD

MARCH 7
Free Christian Men's Event
 The Barn at Aspen Acres
 8:30 a.m.-1:30 p.m.
 Spearfish, SD
 Register: RiseUpMen.com

MARCH 7
Southern Hills Holistic Fair
 9 a.m.-3 p.m.
 Mueller Civic Center
 Hot Springs, SD

MARCH 7-8
The Black Market
 Sat. 9 a.m.-5 p.m.
 Sun. 10 a.m.-3 p.m.
 W.H. Lyon Expo Building
 Sioux Falls, SD
 605-332-6004

MARCH 14-15
Philip Area Annual Rod & Gun Show
 Sat. 9 a.m.-5 p.m.
 Sun. 9 a.m.-3 p.m.
 American Legion Hall
 Philip, SD
 605-859-2135

MARCH 14
St. Uhro Finnish Festival
 11 a.m. Main Street Parade
 12 p.m. Community Ctr. Lunch
 Lake Norden, SD
 605-881-1758

MARCH 14
SNOLF (Snow Golf) Tournament
 Webster, SD
 Contact: Buster's Resort
 605-345-2787

MARCH 20-21
Badlands Quilters Getaway
 Fri. 5:30 p.m. Start
 Sat. 8 a.m. Start
 Wall Community Center
 Wall, SD
 605-279-2807

MARCH 20-22, 27-29
Mighty Corson Art Players
 March 20-21, 27-28: 7:30 p.m.
 March 22, 29: 2:30 p.m.
 Corson Playhouse
 Corson, SD
 www.mightycorson.com

MARCH 27
East Dakota Chapter NWTf 33rd Annual Banquet
 Ramkota Expo Hall
 Sioux Falls, SD
 605-940-0702

MARCH 28
Coteau Prairie Masters Gardeners Ready, Set, Grow
 9 a.m.-12 p.m.
 Codington Cty. Extension Cplx.
 Watertown, SD

MARCH 28
VFW Teener Baseball Benefit Vegas Night
 Social: 4:30 p.m., Meal: 6 p.m.
 Tyndall, SD

APRIL 3
Bachelors of Broadway: Gentlemen of the Theatre
 7 p.m.
 Johnson Fine Arts Center
 Aberdeen, SD

APRIL 5
Easter Sunrise Service
 7 a.m.
 Mount Rushmore
 605-391-9156

APRIL 9
McCrossan Wildest Banquet Auction in the Midwest
 Jimmy Buffett Tribute
 Polynesian Paradise Dancers
 Sioux Falls, SD
 www.mccrossan.org

APRIL 9-11
Annual Schmeckfest
 German Heritage Celebration
 Freeman, SD
 605-925-4237
 www.schmeckfest.com

APRIL 18
Brookings Quilt Show XII
 9 a.m.-5 p.m.
 Admission: \$10
 Dakota Bank Center
 Brookings, SD
 605-690-3246

APRIL 18
Tri-Valley Chorus 75th Annual Show
 4 p.m.
 Centerville, SD
 605-201-9398

Note: We publish contact information as provided. If no phone number is given, none will be listed. Please call ahead to verify the event is still being held.



SIoux VALLEY
ENERGY A Touchstone Energy® Cooperative 

BYLAWS & ARTICLES OF INCORPORATION

Sioux Valley-Southwestern Electric Cooperative, Inc.

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PRINTED
JANUARY 2026

SERVING OUR MEMBERS.

Always.

ARTICLE I. MEMBERSHIP

SECTION 1. Qualifications and Obligations. Any person, firm, association, corporation, limited liability company, trust, or local, regional, state, federal, or national government, including an agency or division of government, (hereinafter referred to as “Patron”) shall become a member of Sioux Valley-Southwestern Electric Cooperative, Inc. (hereinafter called the “Cooperative”) by purchasing electric energy furnished by this Cooperative. As a condition for receiving service, such member agrees to:

- (a) Make a request for electric service prior to being furnished with the same, and
- (b) Comply with and be bound by the Articles of Incorporation, Bylaws, policies, rules, regulations, general terms and conditions for electric service as adopted by the Board of Directors (hereinafter referred to as “Board”);
- (c) Submit a security deposit, a supplemental electric service contract, contribution in aid of construction, facilities extension fees, or electric service contracts in such form as may be required by the Cooperative; and
- (d) Grant of property rights as required by the Cooperative for Cooperative purpose, a Member shall: (1) provide the Cooperative safe and reliable access to or use of Member property; and (2) pursuant to terms and conditions specified by the Cooperative, grant or convey to the Cooperative easement, right-of-way, license, or other right or interest in Member property.

A “Cooperative Purpose” is the installing, constructing, inspecting, measuring, providing, monitoring, operating, maintaining, removing, relocating, upgrading, or replacing Cooperative Equipment or Cooperative Service to one or more of its Members or Customers.

- (e) Cause all premises covered by the membership to be wired according to applicable City, State and Federal specifications and the specifications of the Cooperative. Each member shall be responsible for, and shall indemnify the Cooperative, or any other person against injury, loss or damage resulting from the defective or improper use or maintenance of the member’s premises, wiring and any apparatus connected thereto.

No membership certificate shall be issued, and subject to Article I, Section 2 of these Bylaws, all memberships shall be automatically effective upon receipt of electric service from the Cooperative as evidenced from the books and records of the Cooperative. No member may hold more than one (1) membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in these Bylaws.

In the event a patron wants electric service but does not desire to be a member of the Cooperative, said patron may file a written election of non-membership with the Cooperative and shall thereafter be considered a non-member patron not entitled to the rights and privileges of membership, but shall continue to be bound by contractual conditions of service.

SECTION 2. Membership Record. Membership in the Cooperative shall be evidenced by enrolling the name of a member upon the membership record kept and maintained in the

office of the Cooperative, which record shall be available for inspection by any authorized person as established by Board policy.

SECTION 3. Joint Membership and the Effect of Death, Legal Separation or Divorce Upon Same. A legally married couple 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 legally married couple 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 of constituting 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 of 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 the one being elected or appointed as an officer or director meet the qualifications for such office as set forth in Article IV, Section 5, which shall apply only to the candidate.
- (h) The signature of either separately or both jointly on a director petition shall constitute one joint signature.

Upon the death of either spouse of a joint membership, such membership shall continue to be held solely by the survivor in the same manner and to the same effect as though such membership had never been joint; provided, that the Estate of the Deceased shall not be released from any debts due the Cooperative. Upon the legal separation or divorce of the holders of a joint membership, such membership shall continue to be held solely by the one who continues directly to occupy or use the premise covered by such membership, in the same manner and to the same effect as though such membership had never been joint; PROVIDED, that the other spouse shall not be released from any debts due the Cooperative.

SECTION 4. Conversion of Membership. A membership may be converted to a joint membership upon 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.

SECTION 5. Purchase of Electric Energy. Each patron shall, as soon as energy shall be available, purchase from the Cooperative all purchased electric energy required on the premises specified in that patron’s Request for Service and shall pay therefor at

rates which shall, from time to time, be fixed by the Board. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by patrons as capital and each patron shall be credited with the capital so furnished, as provided in these Bylaws. Each patron shall pay to the Cooperative such minimum amount, regardless of the amount of electric energy consumed, as shall be fixed by the Board from time to time. Each patron shall also pay all amounts owed by him or her to the Cooperative as and when the same shall become due and payable. When the patron has more than one (1) service connection from the Cooperative, any payment to the Cooperative shall be deemed to be allocated and credited to his or her outstanding accounts for all such service connections in such manner as the Board of Directors shall determine from time to time. Further, when a patron makes an undesignated payment to the Cooperative for multiple services being billed by the Cooperative, the Cooperative may apply any and all amounts paid by such patron to any and all of the accounts for which patron is being billed in such manner as determined by the Board in its sole discretion.

As required or allowed by law, and as determined by the Board; if a patron substantially reduces or ceases the patron's use, receipt or purchase of Cooperative services, either singly or in combination, then the Cooperative may charge the patron and the patron shall pay the Cooperative the costs and expenses incurred by the Cooperative in relying upon the patron's pre-reduction or pre-ceasing use, receipt or purchase of the Cooperative's services. The Cooperative shall provide Cooperative services to Members in a reasonable manner. The Cooperative, however, does not insure, guarantee, or warrant that it will provide adequate, continuous, or non-fluctuating electric energy or other Cooperative service. The Cooperative is not liable for damages, costs, or expenses, including attorney fees or legal expenses, caused by the Cooperative providing inadequate, non-continuous, or fluctuating electric energy or other Cooperative service, unless the damages, costs, or expenses are caused by the Cooperative's gross negligence or willful misconduct. The Cooperative's responsibility and liability for providing a Cooperative service terminates upon delivery of the Cooperative service to a Member.

In the event such facilities of the patron are interfered with, impaired in their operation or damaged by the patron, or by any other person when the patron's reasonable care and surveillance should have prevented such, the patron shall indemnify the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage resulting therefrom, including, but not limited to, the Cooperative's costs of repairing or relocating any such facilities and its loss, if any, of revenues resulting from the failure or defective functioning of its metering equipment. In no event shall the responsibility of the Cooperative extend beyond the point of delivery.

SECTION 6. Termination of Membership. Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The membership of a member who has ceased to purchase energy from the Cooperative shall be canceled under such terms and conditions as prescribed by the Board. The Board of the Cooperative may, by the affirmative vote of not less than two-thirds (2/3) of all the Directors, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, Bylaws or rules or regulations adopted by the Board, but only if such member shall have been given written notice by the Cooperative that such failure makes him/her liable to expulsion and such failure shall have continued for at least ten (10)

days after such notice was given. Any expelled member may be reinstated by vote of the Board or by vote of the members at any annual or special meeting.

Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate. Termination of membership in any manner shall not release a member or his/her estate from any debts due the Cooperative.

SECTION 7. Electronic Notice, Documents and Actions. With the consent of a member, notice, dissemination of documents and actions may be completed by electronic means as determined by the Board and as allowed by Law. A document electronically sent or transmitted to a Member or former Member at the Member or former Member's last known electronic address is considered sent, received, transmitted, and effective on the date sent by the Cooperative. A document electronically received or transmitted from a Member or former Member is considered sent, received, transmitted, and effective on the date received by the Cooperative. If electronically delivered, such notice shall be deemed to be delivered when sent to the last known electronic address of the member for which no nondelivery notice is returned.

If addressed to an address shown in the Membership List, then a written or electronic notice, communication, or report delivered or transmitted as part of a newsletter, magazine, or other publication regularly sent to Members constitutes a notice, communication, or report to all Members: (1) residing at the address; or (2) having the same address shown in the Cooperative records. If a Member has reasonable access to appropriate hardware and software, then under such terms and conditions as the Board, acting under policies of general application determines, and as allowed by law, the Member consents and agrees to (A) use, accept, send, receive, and transmit an electronic signature, contract, record, notice, vote, communication, comment, and other document regarding an action, transaction, business, meeting, or activity with, for, or involving the Cooperative; (B) electronically conduct an action, transaction, business, meeting, or activity with, for, or involving the Cooperative; and (C) electronically give or confirm this consent and agreement.

ARTICLE II. RIGHTS AND LIABILITIES OF MEMBERS

SECTION 1. Property Interest of Members. Upon dissolution, after all debts and liabilities of the Cooperative shall have been paid, and 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 in which aggregate patronage of each bears to the total patronage of all members during the ten (10) years next preceding the date of the filing 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.

SECTION 3. Publication and Subscription Fees. The Board is hereby authorized to assess and collect from the revenues from each patron each year the amount necessary to pay the subscription fee for the Cooperative's official publication, which is a newsletter or periodical published either by the Cooperative alone or in cooperation with others for the purpose of providing information and notice to the patrons.

ARTICLE III. MEETINGS OF MEMBERS

SECTION 1. Annual Meeting. An Annual Meeting of the members of this Cooperative may be held at the principal place of business of this Cooperative, or such other place conveniently located in the general service area served by it, and at such date and hour as may be determined by the Board and designated in the notice of the meeting. It shall be the responsibility of the Board 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. Meetings of the members are permitted to be held through remote or electronic communication. In case of emergency, meetings of the members may be cancelled or postponed.

SECTION 2. Special Meetings. Special Meetings of the members may be called by Resolution of the Board or upon the written request signed by any three (3) Directors, by the President or by ten (10%) percent or more of 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 shall be held at the principal place of business of this Cooperative or such other place conveniently located in the general service area at such date and hour as may be determined by the Board. Meetings of the members are permitted to be held through remote or electronic communication. In case of emergency, meetings of the members may be cancelled or postponed.

SECTION 3. Notice of Members' Meetings. 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 to each member not less than ten (10) days nor more than twenty-five (25) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or, upon a default in duty by the Secretary, by the persons calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his/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 that may be taken by the members at any such meeting.

SECTION 4. Quorum. A quorum necessary to the transaction of business at any meeting of the members shall be at least fifty (50) members, except for the election of directors at district meetings. In determining a quorum on a question submitted to a vote by mail, members present in person, or represented by mail votes, shall be counted. Registration shall be verified by the President and Secretary and shall be reported in the Minutes of the meeting.

SECTION 5. Voting. Each member of the Cooperative shall be entitled to one (1) vote on each matter submitted to a vote at each meeting of the members. The spouse of a member may vote on behalf of the member unless the member has indicated otherwise. 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. Voting by proxy shall not be permitted. Any member who is absent from any Annual or Special Meeting of the members may vote by mail at such meeting upon any motion or resolution as allowed by state law. The Secretary shall enclose with the notice of such meeting an exact copy

of such motion or resolution to be acted upon and such absent member shall express his/her vote thereon by placing a cross (x) in the space provided therefore opposite each such motion or resolution. Such absent member shall enclose each such copy so marked in a sealed envelope bearing his/her name and address to the Secretary at Colman, South Dakota. When such written vote so enclosed is received by mail from any absent member, it shall be counted as a vote of such member at such meeting. If spouses hold a joint membership and are absent from any meeting of the members, they shall jointly be entitled to vote by mail as allowed by state law. The failure of any absent member to receive a copy of any such motion or resolution shall not invalidate any action which may be taken by the members at any such meeting. Voting by members other than members who are natural persons shall be allowed upon the presentation to the Cooperative, prior to or upon registration at each member meeting, of satisfactory evidence, entitling the person presenting the same to vote.

SECTION 6. Order of Business. The Board shall determine the agenda and order of business for member meetings.

SECTION 7. Resolutions. Any member may introduce a Resolution at an Annual Meeting of the Cooperative or at any special meeting of the Cooperative, so long as said Resolution is submitted in written form. Any such Resolution that is approved by the members at any such meeting shall not be binding upon the Cooperative and shall be advisory only.

ARTICLE IV. DIRECTORS

SECTION 1. General Powers and Duties. The business and affairs of the Cooperative shall be managed by a Board of Directors consisting of eleven (11) Directors, which Board shall exercise all of the powers of the Cooperative, except such as are by law, the Articles of Incorporation, Conversion or Merger or these Bylaws conferred upon or reserved to the members. It shall be the duty of each Director to participate in such activities as are deemed necessary to enhance the prestige of the Cooperative, broaden its operation and fulfill its public obligations as a member of the community and the Rural Electrification Program, and in furtherance thereof to devote reasonable time and attendance at meetings of affiliated organizations and at training sessions designed to assist Directors and Officers in carrying out their duties.

SECTION 2. Election and Tenure of Office. The Cooperative shall be comprised of ten (10) director districts. The members from within each district shall nominate and elect a qualified Director from within their district. The Directors are elected for three (3) year terms on a staggered term basis. The existing staggered terms shall remain in effect unless it shall appear to the Board that additional modifications will be necessary to maintain the staggered term concept, at which time the Board may make such adjustments as they deem necessary and appropriate. The normal three-year term of office of a newly elected Director shall commence immediately following the Annual Meeting of the members following the District Meeting in which the new Director was elected. The term of the Director shall continue until the Annual Meeting following the District Meeting in which his or her successor is elected. If the Annual Meeting is postponed or cancelled due to an emergency situation, the term of the Director shall continue until such time a successor has been elected and seated.

SECTION 3. Nomination and Election of Directors District Meetings. The Board shall fix the date, hour and place of a meeting of the members in each district for which a Director is to be nominated and elected. If, in the opinion of the Board, a suitable place for the conduct of the meeting is not available in such district, then the Board shall designate a suitable meeting place reasonably near the district. Meetings of the members are permitted to be held through remote or electronic communication. In case of emergency, meetings of the members may be cancelled or postponed. The Notice of such meeting shall be given by publication of Notice thereof in the Cooperative's monthly publication in the issue published next prior to the date of such meeting or by delivery to each member located in such district as provided for in Article III, Section 3 hereof. The Notice shall include the names of all nominees and notify members that a Director will be elected at the meeting. The meeting shall, however, be open for discussion of any other matters pertaining to the business of the Cooperative, regardless of whether or not such matters were listed in the Notice of the meeting.

Whenever a vacancy in a Director's position shall exist by virtue of a Director's term expiring, any person who meets the Director qualifications as set forth in these By-Laws, may become a candidate for the office of Director for such vacancy by filing at the Corporate Headquarters or a Sioux Valley Energy Service Center at least sixty (60) days prior to the date of the District Meeting, a Nominating Petition setting forth the name of the person so nominated for the office of Director, which Petition must be signed by at least ten (10) members who also reside within the District in which the vacancy exists. The spouse of a member may sign a petition on behalf of the member unless the member has indicated otherwise. Individuals seeking signatures to satisfy the requirements of the Nominating Petition are allowed to gather digital signatures and submit to the Cooperative via email or other electronic means. If no Petitions are timely received, nominations shall be received from the floor at the District Meeting. If one (1) or more Nominating Petitions are timely received, no nominations shall be received from the floor at the District Meeting. At said District Meeting, the members present and voting shall select by secret written ballot a Director to fill the expired term in that District. Mail or electronic voting may also be allowed if permissible by state law. Each member present and voting shall be entitled to vote for one (1) Director Nominee. The Director candidate receiving the most votes shall be declared to be the elected Director of the Corporation from the particular District. In the event there are no more Director nominees than there are vacancies, the Director candidate may be elected by voice vote at the District Meeting.

The meeting shall be called to order by the Director residing within the district or, in his or her absence or refusal to act, by any other Director of the Cooperative. In the absence of a Director, any member residing within the district may call the meeting to order.

The Director or person calling the meeting to order shall appoint a Chairperson to preside at said meeting. The Chairperson shall be someone other than the Director. The Chairperson shall appoint a Secretary to act for the duration of the meeting. A quorum of twenty-five (25) members present and who reside within the District shall be necessary to conduct the election portion of said meeting.

Following the balloting, the name of the persons nominated and the number of votes received by each candidate shall be set forth in the Minutes, which shall specify the duly

elected Director, following the vote. A copy of the Minutes signed by the Secretary and Chairperson of the District Meeting shall be delivered to the Cooperative within five (5) days of such District Meeting.

In the event of a tie vote between candidates receiving the highest number of votes, none of the candidates shall be elected and a run-off election shall be held between the candidates who tied in receiving the highest number of votes, said election to be held at the same meeting. If the tie is not resolved by the re-balloting, the winner shall be resolved by the flip of a coin.

SECTION 4. Director Districts. The territories served by the Cooperative shall be divided into ten (10) districts. Each district, other than District No. 6, shall be represented by one Director. The ten (10) districts shall be as follows:

District No. 1 shall be made up of those Townships in Brookings County, South Dakota, which lie within Ranges 47, 48 and 49 and Townships 109, 110, 111 and 112; and Range 50 and Townships 111 and 112.

District No. 2 shall be made up of those Townships in Brookings County, South Dakota, which lie within Ranges 51 and 52 and all that part of Kingsbury County, South Dakota, served by the Cooperative.

District No. 3 shall be made up of all Townships in Moody County, South Dakota.

District No. 4 shall be made up of all Townships in Lake County, South Dakota.

District No. 5 shall be made up of those Townships in Minnehaha County, South Dakota, which lie within Ranges 50, 51 and 52 and Townships 103 and 104.

District No. 6 shall be made up of those Townships in Minnehaha County, South Dakota, which lie within Range 47, 48, 49 and Townships 101, 102, 103 and 104. Two “at large” Directors will represent District No. 6.

District No. 7 shall be made up of those Townships in Minnehaha County, South Dakota, which lie within Ranges 50, 51 and 52 and Townships 101 and 102.

District No. 8 shall be made up of those Townships in Rock County, Minnesota, which lie within Range 44, 45, 46 and 47 and Townships 101 and 102.

District No. 9 shall be made up of those Townships in Pipestone County, Minnesota, which lie within Range 44, 45, 46 and 47 and Townships 106, 107 and 108.

District No. 10 shall be made up of those Townships in Pipestone County, Minnesota and Rock County, Minnesota, which lie within Range 44, 45, 46 and 47 and Townships 103, 104 and 105.

The District make up shall be reviewed by the Board of Directors at least every five (5) years to evaluate the equitable allocation of Directorships and Director Districts considering capital investment requirements, meters installed and members served, quantities of energy and service consumed, geographic considerations and other factors rationally focused on a broad and fair representation of the members and their interests. Any proposed alteration of Bylaws setting out district territories recommended by the Board will be submitted to the membership for consideration with voting to take place as

allowed by state law. A District revision may not increase an existing Director's term or shorten an existing Director's term unless the affected Director consents in writing.

SECTION 5. Qualifications. Any member shall be eligible to be nominated or elected or to remain a Director, provided that:

- (a) They are a natural person receiving electric service from the Cooperative at their primary residence or meet the qualifications for corporate representation;
- (b) They have the capacity to enter legally binding contracts;
- (c) They have been and shall remain a resident of the district for which they are or were nominated or elected for at least one (1) year prior to nomination, and continue to reside therein during their entire term as Director;
- (d) While a Director and during the five (5) years immediately prior to becoming a Director, they have not been convicted of a felony;
- (e) They or their spouse are not employed by, materially affiliated with or have a material financial interest in any individual or entity which either is:
 - (i) Directly and substantially competing with the Cooperative, or any of its subsidiaries; or
 - (ii) Selling goods and services in substantial quantity to the Cooperative or its subsidiaries; or having sold goods or services in substantial quantity to the Cooperative or its subsidiaries within three (3) years of seeking nomination.
 - (iii) Possessing a substantial conflict of interest with the Cooperative or any of its subsidiaries; or
 - (iv) They are not in any way employed by the Cooperative or any of its subsidiaries nor have they been employed by the Cooperative or its subsidiaries within three (3) years of the directors nomination, and
 - (v) They are not a close relative of any existing Director or existing employee of the Cooperative or its subsidiaries. For the purpose of this section only "close relative" shall mean a person who is either a child, grandchild, stepchild, parent, grandparent, stepparent, brother or sister, by blood or in-law, of the principal.
- (f) A designated representative of any non-human member such as a corporation, shall, notwithstanding that he or she does not receive service from the Cooperative at their primary residential abode, be eligible to become a Director, if:
 - 1) He or she is an officer of said non-human member; and
 - 2) He or she is in substantial permanent occupancy, direction or use of the premises served by the Cooperative; and
 - 3) He or she is a permanent year round resident within the district for which the Corporation or non-human member is receiving service, and
 - 4) Otherwise meets the qualifications set forth herein, provided, however, that no more than one (1) such person as the designated representative may serve

on the Board at the same time and in the event that he or she should resign or is unwilling to so act, the directorship shall become vacant.

SECTION 6. Removal of Directors by Members. Any member who resides within a district may bring charges against a Director from within that District by filing at the Corporate headquarters such charges in writing, together with a Petition signed by at least ten (10%) percent of the members residing within said district, or three hundred (300) whichever is lesser, requesting the removal of such Director by reason thereof. In the event charges are filed in the above manner, the Board of Directors shall schedule a special meeting of the members of said District, to be held within 90 days of the date of such charges; to consider the charges filed against said Director. Such Director shall be informed in writing of the charges at least ten (10) days prior to the special meeting of the members at which the charges are to be considered. He or she shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him or her shall have the same opportunity. The question of the removal of such director shall be considered and voted upon at the meeting of the district members and any vote to remove said Director from office shall require a two-thirds (2/3) majority vote of the members present at said meeting.

SECTION 7. Removal of Directors by the Board of Directors. Any Director may be removed from the Board by a vote of three-fourths (3/4) of the Directors at a duly constituted and conducted Meeting of the Board. Such removal must be for cause and the persons subject to such removal shall be informed in writing of the charges at least twenty-five (25) days prior to the Meeting of the Board in which the charges are to be considered, and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence with respect to the charges. The Directors bringing the charges against the Board Members shall have the same opportunity.

SECTION 8. Resignation or Death. Any Director may resign his or her position at any time. Such resignation shall be made in writing, shall be submitted to the Board and shall take effect at such time as specified therein. Any Director who is absent from three (3) out of twelve (12) consecutive Regular Meetings of the Board or who is certified by a medical doctor to be unable to physically or mentally perform his or her duties as a member of the Board of Directors shall be deemed to have so tendered his or her resignation from the Board, but such resignation shall not be considered effective unless and until a three-fourths (3/4) majority of the remaining Board accepts such resignation and declares that Board seat vacant.

SECTION 9. Vacancies. The unexpired remainder of any vacant Director's term on the Board shall be filled by the vote of the members of the district in which the vacancy exists at the next regular district meeting. If the next district meeting is more than ninety days from the time a vacancy occurs, the petition, nomination and election process described in Article IV, Section 3, will be employed. If the next district meeting is ninety days or fewer from the time a vacancy occurs, nominations shall be received from the floor at the district meeting and the election shall proceed as described in Article IV, Section 3. The director elected to fill the unexpired portion of a term shall be seated immediately.

SECTION 10. Compensation. Directors shall be authorized, by resolution of the Board to establish compensation and other benefits for Cooperative employees and for

their services as Directors of the Cooperative. No Director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a Director receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by vote of the Board or the service by such Director or 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 may be held without notice, immediately after the adjournment of the Annual Meeting of the members, or as soon thereafter as convenient. A Regular Meeting of the Board shall also be held monthly at such date, time and place as the Board may provide by resolution. Such Regular Monthly Meeting may be held without notice other than such resolution fixing the time and place thereof; provided, however, that any Board Member absent from any meeting of the Board at which such a resolution initially determines or makes any change in the date, time or place of a Regular Meeting shall be entitled to receive written notice of such determination or change at least five (5) days prior to the next meeting of the Board.

SECTION 2. Special Meetings. Special Meetings of the Board may be called by the President or by any three (3) Directors and it shall thereupon be the duty of the Secretary to cause such notice of said meeting to be given as hereinbefore provided. The President or the Directors calling the meeting shall fix the time and place for the holding of the meeting.

SECTION 3. Meetings by Teleconference. Regular or Special Meetings of the Board may be by teleconference if conducted in accordance with State Law pertaining thereto.

SECTION 4. Notice of Directors' Meetings. Written notice of the time, place and purpose of any Special Meeting of the Board shall be delivered to each Director not less than five (5) days previous thereto, either personally or by mail, by or at the direction of the Secretary, or upon a 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/her address as it appears on the records of the Cooperative, with postage thereon prepaid. Written notice may also be made by electronic mail (E-mail), provided that the Director has provided the Cooperative in advance with his or her E-mail address and consents to said notice by electronic mail.

SECTION 5. Quorum. A majority of the Board shall constitute a quorum, provided that, if less than such majority of the Directors is present at said meeting, a majority of the Directors present may adjourn the meeting from time to time; and further, that the Secretary shall notify any absent Directors of the time and place of such adjourned meeting. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board, except as otherwise provided in the Bylaws.

ARTICLE VI. OFFICERS

SECTION 1. Number. The officers of the Cooperative shall be a President, Vice President, Secretary, Treasurer and such other officers as may be determined by the Board from time to time. The offices of Secretary and 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, said election to be held at the next regularly scheduled

Board Meeting following the Annual Meeting, or as soon thereafter as may conveniently be scheduled. Each officer shall hold office until the first meeting of the Board following the next 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 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 may be removed by the Board whenever in its judgment the best interests of the Cooperative will be served thereby. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten (10) days prior to the Board Meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect to the charges; and the members of the Board bringing the charges against him/her shall have the same opportunity.

SECTION 4. President.

The President shall:

- (a) Be the principal executive officer of the Cooperative and, unless otherwise determined by the members or the Board, shall preside at all meetings of the members and the Board;
- (b) Sign, with the Secretary, any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board 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 from time to time.

SECTION 5. Vice President. In the absence of the President, or in the event of his/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 from time to time may be assigned to him/her by the Board.

SECTION 6. Secretary. Except as otherwise provided by the Board or these Bylaws, the Secretary shall be responsible for:

- (a) Preparing Minutes of Board and Member meetings;
- (b) Authenticating the Cooperative's records; and
- (c) Affixing the Cooperative's seal to a document authorized and approved by Board members
- (d) In general, performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him/her by the Board.

SECTION 7. Treasurer. Except as otherwise provided for by the Board or these Bylaws, the Treasurer shall perform all duties and have all responsibilities; and may exercise all authority prescribed by the Board.

SECTION 8. Manager/Chief Executive Officer. The Board shall retain a Manager who may be, but who shall not be required to be, a member of the Cooperative. This individual may also be designated as a Chief Executive Officer or Executive Vice President. The person so retained shall perform such duties and shall exercise such authority as the Board may, from time to time, vest in him/her.

SECTION 9. Bonds or Insurance 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 be bonded or insured in such sums and with such surety as the Board shall determine. The Board, in its discretion, may also require any other officer, agent or employee of the Cooperative to be bonded or insured in such amount and with such surety as it shall determine.

SECTION 10. Compensation. The powers, duties, and compensation of officers and agents of the Board shall be fixed by the Board.

SECTION 11. 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 OPERATIONS

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 conducted that all patrons 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 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 pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of the 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 patron's 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 pursuant of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

Notwithstanding anything contained herein to the contrary, the Board may divide the

business of the Cooperative into one (1) or more various and different departments or pools using rules of reasonable application so that amounts received and receivable from the operation of the Cooperative's business will be considered proceeds to one (1) or more various departments or pools and each of such departments or pools shall have operating costs and other expenses or deductions properly chargeable to the total proceeds of said department or pool.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated shall be included as a part of the capital credited to the accounts of patrons, as herein provided.

SECTION 3. Retirement of Capital Credits. 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-rated basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board 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 shall determine the method basis, priority and order of retirement, if any, for all amounts heretofore and hereafter furnished as capital.

Further, the Board shall have the power to adopt rules providing for the separate retirement of that portion of capital credited to the accounts of patrons that corresponds to capital credited to the account of the Cooperative by organizations in which the Cooperative is a member. Such rules shall (a) establish a method for determining the particular portion of capital credited to each patron for each applicable fiscal year, (b) provide for separate identification on the Cooperative books of the separate portion or portions of capital credited to the Cooperatives' patrons, (c) provide for appropriate notification to patrons with respect to the separate portions of capital credited to their accounts and (d) preclude a general retirement of these separate portions 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 of any capital credited to patrons for any prior fiscal year.

The retirement of capital credits of any patron may be applied to any obligation that the patron may owe the Cooperative for any services or products purchased from or through the Cooperative.

Notwithstanding any other provisions of these Bylaws, the Board, at its discretion, shall have the power at any time upon the death of any patron, who was a natural person, if the legal representatives of his/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 such patron immediately upon such terms and conditions as the Board, 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 death of either spouse who is a party to a joint membership shall constitute a termination of said membership and shall be treated in all manners as the death of any other patron for early retirement of patronage capital as provided for in these Bylaws.

When a patron is no longer receiving electric service from the Cooperative, the Board, in its sole discretion, is authorized to apply any capital credits of the former patron, discounted at the rate established for other authorized early retirement of capital credits, against any obligations that the patron may owe the Cooperative for any services or products purchased from or through the Cooperative.

SECTION 4. Assignment of Capital Credits. Capital Credits 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, acting under policies of general application, shall determine otherwise.

If the member ceases to receive electric service from the Cooperative and two (2) or more names appear on the membership record, the Capital Credits shall be assigned in the first name mentioned unless otherwise arranged and stated in writing between or among them.

In the event of the death of one of the joint members, patronage shall be assigned and vested in the name of the surviving joint member. If any married couple as members are divorced or legally separated, the Capital Credits shall be assigned and vested in the name of the member who continues to directly occupy or use the premises covered by the membership unless informed by a Court having jurisdiction over the matter to the contrary.

Notwithstanding any other provisions of the Bylaws, if any patron or former patron fails to claim any cash retirement of Capital Credits or other payment from the Cooperative, then such failure shall be and constitutes an irrevocable assignment and gift by such patron of such capital credit or other payments to the Cooperative.

Failure to claim any such payment within the meaning of this section shall include the failure of such patron or former patrons to cash any check mailed to patron by the Cooperative at the last address furnished by patron to the Cooperative.

The assignment, gift or forfeiture of Capital Credits shall become effective only upon the expiration of the time and in the matter and under the conditions provided by the state law applicable to the Member's capital credit allocation.

The Notice shall be distributed by the Cooperative to such patron or former patron at the last known physical address or email address. If Notice by publication is given, such publication shall be one insertion in a newspaper or the Cooperative newsletter circulated in the service area of the Cooperative.

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.

SECTION 5. Other Patronage Allocations. In the event that the Cooperative should engage in the business of furnishing goods or services other than the delivery of electric energy, all amounts received and receivable therefrom which are in excess of costs and expenses, properly chargeable against the furnishing of such goods or services, may be allocated annually and returned to the patrons of this Cooperative, or may be used by the Cooperative as permanent, non-allocated capital. In addition, all amounts allocated to the Cooperative from other organizations that furnish services, supplies or products to the

Cooperative may be allocated annually and returned to the patrons of this Cooperative, or may be used by the Cooperative as permanent, non-allocated capital. The Board of Directors shall determine the method, basis, priority and order of retirement, if any, for all such amounts heretofore or hereafter allocated to the patrons of this Cooperative.

**ARTICLE VIII.
ENCUMBERING OR DISPOSING OF PROPERTY**

SECTION 1. Encumbering Cooperative Property. The Board shall have full power to authorize the execution and delivery of a mortgage or mortgages, or a deed or deeds of trust of, 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 therefrom, all upon such terms and conditions as the Board shall determine, to secure any indebtedness of the Cooperative to the United States of America or any agency or instrumentalities thereof, or any other lender.

SECTION 2. Other Disposition. Except as provided in Section 1 of this Article, the Cooperative may not sell, lease, or otherwise dispose of all or a substantial portion of its property, unless such sale, lease, or other disposition is authorized by the affirmative vote of not less than a majority of all members of the Cooperative; members voting thereon may do so as allowed by state law; provided, however, that notwithstanding any other provisions of this Article, or any other provisions of law, the Board may, upon the authorization of a majority of all members of the Cooperative at a meeting of 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."

ARTICLE X. FINANCIAL TRANSACTIONS

SECTION 1. Contracts. Except as otherwise provided in these Bylaws, the Board 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, and/or countersigned by such officer or officers, agent or agents, employee or employees of the Cooperative and in such a manner as shall from time to time be determined by resolution of the Board.

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 banks, governmental entities or other institutions as the Board 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 Cooperatives. The Cooperative shall not become a member of or purchase stock in any other organization without an affirmative vote of the members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchase; provided, however, that the Cooperative may upon the authorization of the Board, purchase stock in or become a member of any corporation or organization organized on a non-profit basis for the purpose of engaging in or furthering the cause of rural electrification, or of any other organization, when in the opinion of the Board such membership will promote the interest of the Cooperative.

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 grounds that the meeting has not been lawfully called or convened.

SECTION 3. Policies, Rules and Regulations. The Board shall have the power to make and adopt such policies, rules and regulations, not inconsistent with law, the Articles of Conversion 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 generally accepted accounting standards. The Board 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 at 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. Area Coverage. The Board shall make diligent effort to see that electric service is extended to all unserved persons within the Cooperative's service area who (a) desire such service, and (b) meet all reasonable requirements established by the Cooperative as a condition of such service.

SECTION 6. Rules of Procedure. Unless otherwise provided in these Bylaws, the rules of parliamentary procedure as provided in "Roberts Rules of Order" shall govern the conduct of all meetings of the Board and meetings of members of the Cooperative.

SECTION 7. Credentials and Election Committee. The Board shall, at least ten (10) days before any meeting of the members, appoint a Credentials and Election Committee consisting of not less than five (5) nor more than eleven (11) members who are not close relatives or members of the same household of a Director. 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 may arise with respect to the registration of members, to count all ballots cast in any ballot

vote taken, and to rule upon the effect of any ballots irregularly marked. The Committee's decisions on all such matters shall be final.

SECTION 8. Capital Reserve. The Cooperative may establish and maintain a capital reserve for the purpose of providing a reserve against which this Cooperative may charge losses and other charges.

SECTION 9. Indemnification. The Cooperative shall indemnify a director, officer, agent or employee who is a party to a proceeding by reason of being a director, officer, agent or employee to the extent permitted under law.

ARTICLE XII. AMENDMENTS

SECTION 1. Standard Amending Procedure. These Bylaws may be altered, amended or repealed by the members at any Annual or Special Meeting by the affirmative vote of a majority of those members voting thereon may do so as allowed by state law. A copy of the proposed alteration, amendment, or repeal, or a statement specifying the nature of the proposed alteration, amendment, or repeal shall be provided to all members in the same manner and time as is provided for Notice of the Annual Meeting. Any amendment which is germane to the proposed alteration or amendment specified in the notice and submitted at such meeting may be acted upon at said meeting with the same force and effect as though it had been contained in the notice of the meeting.

SECTION 2. Initiated Amendments. Proposed alterations, amendments, or repeals to the Bylaws may be initiated by the members by filing with the Cooperative at least sixty (60) days prior to the date of such Special or Annual Membership Meeting, a petition signed by at least ten (10) percent of the members of the Cooperative, setting forth the proposed alterations, amendments or repeals and requesting that same be submitted to the membership for approval or rejection. Upon receipt of such a petition, the Cooperative shall give notice of said proposed alterations, amendments or repeals as provided herein and submit same to the membership for rejection or approval at the next Annual or Special Meeting thereof.

**ARTICLES OF AMENDMENT TO ARTICLES OF CONSOLIDATION,
ARTICLES OF CONVERSION AND ARTICLES OF MERGER OF
SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.**

ARTICLE I.

The name of the Corporation is SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.

ARTICLE II.

The address of the principal office of the Corporation is Box 216, Colman, South Dakota 57017.

ARTICLE III.

The Cooperative was converted to a rural electric cooperative from a consolidated corporation pursuant to the Electric Cooperative Act of South Dakota, Chapter 33 of the Laws of 1947. The Directors of the converted Cooperative were HARVEY J. BLY of Brandon, South Dakota; WARNER BOYD of Madison, South Dakota; LUTHER EGAN of Chester, South Dakota; L.W. ELLEFSON of Sherman, South Dakota; WILLIAM HASVOLD of Flandreau, South Dakota; W.C. KOBALL of Hartford, South Dakota; FLOYD LEE of Colman, South Dakota; LOUIS LORENTSON of Egan, South Dakota; ADOLPH QUAIL of Volga, South Dakota; E.G. SANDERSON of Aurora, South Dakota; and LEROY ULLMAN of Brookings, South Dakota.

ARTICLE IV.

The names and addresses of the existing Directors of SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC., are HENNING HANSEN of Elkton, South Dakota; EUNICE BARTELS of Jasper, Minnesota; JAN BOBENDRIER of Pipestone, Minnesota; MARK ROGEN of Sherman, South Dakota; GARY DROST of Luverne, Minnesota; DIAN HOVEN of Colton, South Dakota; ERNEST KROEGER of Hartford, South Dakota; DAVID LARSEN of Sinai, South Dakota; BRUCE MARTINSON of Jasper, Minnesota; CURTISS NELSON of Wentworth, South Dakota; and CLIFF NOCK of Valley Springs, South Dakota.

ARTICLE V.

To the fullest extent permitted by South Dakota Codified Laws, as the same may exist or may hereafter be amended, a Director of this Corporation shall not be personally liable to the Corporation or its members for monetary damages for breach of fiduciary duty as a Director.

ARTICLE VI.

The Cooperative shall have such powers as are authorized for rural electric cooperatives, pursuant to Chapter 47-21 South Dakota Compiled Laws, as amended from time to time.

Sioux Valley Energy is an equal opportunity provider and employer.