



## *Agenda*

**5 to 7 p.m. MDT**—Registration and dinner

**7 p.m. MDT**—**Business meeting:**

- Call to order and welcome
- Invocation
- Reading of notice and proof of mailing
- Minutes of previous meeting
- Financial report
- Balloting
- Report from Nominating Committee
- President and managers' report
- Unfinished business
- New business
- Election results

Adjournment

### **ATTENTION:**

#### **Persons with disabilities**

If you plan to attend the annual meeting and require assistance because of a disability, please call the Roughrider Electric Cooperative office at least one week prior to the meeting.

Call Hazen at (800) 748-5533 or (701) 748-2293 or Dickinson at (800) 627-8470 or (701) 483-5111.

#### **Kids' prize**

#### **Free daycare**

Daycare will be provided at the gymnasium with entertainment and a drawing for a \$25 door prize given away to one registered child.

#### **Free shuttle bus**

Roughrider Electric will be offering a free shuttle bus to the meeting leaving from the Dickinson office.

If you are interested in riding the bus to Hazen, please contact Debbie at (701) 483-5111 or (800) 627-8470. Deadline to sign up to ride the bus is May 19.

## OFFICIAL NOTICE

### **Roughrider Electric Cooperative**

**Wednesday, June 2, 2010**  
**Hazen High School - Hazen, N.D.**

**To: All members of Roughrider Electric Cooperative Inc.**

Notice is hereby given that the annual meeting of the members of Roughrider Electric Cooperative Inc. will be held in June 2010, as provided in the bylaws of said cooperative. Said meeting will be held on the second day of June 2010, and will commence at the hour of 7 p.m. MDT of said day at Hazen High School in the city of Hazen, county of Mercer, state of North Dakota.

There will be reports from officers and election of a director in each district.

You, as a member of this cooperative, are requested to be present at the meeting. Registration shall begin at 5 p.m. MDT.

*Roger Kudrna, secretary*  
*Roughrider Electric Cooperative Inc.*



William Retterath  
president



Don Franklund  
co-manager



Clayton Hoffman  
co-manager

## 2009 was a very successful year for Roughrider Electric Cooperative

### CONSOLIDATION

We continue to work hard to finish up the consolidation process. The emphasis this past year was to prepare for the conversion to the new software package from National Information Solutions Cooperative (NISC).

In preparation for the actual conversion, we had to make sure that the data from the Dickinson office and the Hazen office was completely compatible. One of the main changes was to move the entire billing process to the Hazen office. As a result, we had to make the billing cycles of both offices the same. In order to accomplish this transition, some Dickinson consumers paid two bills in one month.

### AUTOMATIC METER READING SYSTEM (AMR)

Good progress was made on installing the AMR system. By the end of the year, most of the meters will be changed out for the entire Roughrider Service area.

The completed AMR system will have many benefits for our members. Meter readings will be done accurately and consistently without having to send out meter readers or asking our members to provide them. This will allow Roughrider to provide accurate billing and usage records, reducing errors and estimated bills.

This system is capable of providing outage information on demand, so our employees can identify a problem even if the consumer is not aware of it.

### RATES

Between 1986 and 2008, cooperatives as a whole, enjoyed a period of rate stability. During the upcoming decade, electrical utilities can expect continual increases in costs as a result of:

- A new power supply construction cycle and rising construction costs
- Increased volatility in fuel costs and wholesale market price
- Political, environmental and regulatory pressures on utilities to achieve the new standards
- Pending federal climate change legislation likely to impose additional costs on fossil fueled generation

As our costs are projected to increase, rates will likely increase for the next several years. The philosophy of the board and management is to make small rate increases to keep up with the increasing wholesale power costs and operating expenses.

The most recent rate increase for most members was an increase in their base charge. The concept is to have the base charge recover most of the cooperative's fixed costs.

Fixed costs are identified as those costs that would continue to occur if the cooperative sold 100 KWHs or 1 million KWHs. Those costs include depreciation, interest and taxes, which in 2009 was \$4.2 million for Roughrider. With 10,800 meters on our system, that would indicate that our monthly base charge should be \$32 per month. We are currently at \$18. Does that mean we are going to continue to raise the base rate

every year? No, it does not. We will continue to develop a balance between the base rate and the energy rate.

### ENERGY EFFICIENCY

As rates increase distributed generation and energy efficiency will become attractive options for our consumers. As technologies improve and government incentives increase, achieving efficiency becomes more practical.

These changes could lead to significantly lower per capita usage levels for some classes of consumers. For that reason, a rate structure is necessary that will assume cost recovery regardless of the level of KWH sales.

In the future, it is likely consumers will use less energy by:

- Conserving or becoming more energy efficient
- Refraining from using electricity during peak periods
- Allowing the cooperative to interrupt or directly control certain loads

There are presently several incentive programs available to assist our consumers with heating, cooling and appliance improvements, as well as reducing home and business heating and cooling needs.

### 2009-2010 STORMS

Weather conditions in 2009 and the beginning of 2010 were not kind to electrical cooperatives. We had damage on the system from flooding, a tornado in the Dickinson area, and then the severe storm beginning in January of this year.

The tornado last July, destroyed two miles of 115KVA transmission line near Dickinson and seven transmission poles north of Richardton.

Then on January 19, the worst possible weather conditions descended on Western North and South Dakota. First came several days of fog, then rain, and finally the snow and wind. For nearly three weeks, we fought extremely difficult weather conditions and snow filled roads and right-of-ways.

Getting the crews access to repair the damaged lines went slow, because of the amount of snow that had to be removed.

The snow and the immense territory that had major damage is what made this system different than any other one we have had to deal with.

Twelve cooperatives in the two states

had substantial damage. The damaged area covered an area 200 miles wide from the Montana border across two thirds of the states with over 15,000 poles on the ground.

With the amount of damage, the cooperatives had to find contractors from all over the United States. Construction companies were needed that could supply hundreds of linemen and lots of

equipment. Coordinating 120 linemen, keeping material available, and getting miles of snow removed was a tremendous challenge for all the employees of Roughrider Electric. Working 16 hour days, in ugly weather conditions takes a special effort, especially when it goes on for over two weeks. The employees met that challenge without any serious injuries or accidents.

It will take the rest of the year to get our system back to normal operating condition. We will be replacing over 600 poles and reconducting miles of line. It is likely that we will have more outages than normal, especially if we have a lot of moisture and windy conditions.

Your patience and understanding will be appreciated.

## MINUTES OF ANNUAL MEETING OF MEMBERS

June 3, 2009

**When, Where and Who:** Roughrider Electric Cooperative, Inc. held its Annual Meeting of Members at Trinity High School Auditorium, Dickinson, North Dakota on June 3, 2009 beginning at 7:00 PM.

The meeting opened with a short film about electric costs and environmental issues. William Retterath, President, then called the meeting to order. Ervin Binstock, Secretary, kept the minutes of the meeting.

Mr. Retterath reported that a quorum consists of 3% of the membership. 203 members registered for the meeting. Mr. Retterath declared that a quorum existed for the transaction of business.

**Recurring items:** Mr. Retterath announced that he would conduct the meeting according to Roberts Rules of Order. He appointed Paul Ebeltoft, one of the attorneys for the Cooperative, as parliamentarian.

Ervin Binstock, the Secretary for the Cooperative, read the Notice of the Annual Meeting and the Affidavit of Service of it.

Upon motion duly made, seconded and carried, the membership approved the Minutes of the Annual Meeting of Members held on June 4, 2008 as printed in the NDAREC magazine center pages.

**Financial Report:** David Holte, of Brady Martz and Associates, independent auditors for the Cooperative, presented the financial report for the Cooperative. This is the first consolidated audit for the Cooperative. He reviewed the balance sheet and explained it. He told the membership that the total assets of the Cooperative exceed \$90 million. \$55 million is member equity. Mr. Holte reviewed the statement of operations highlighting operating revenue changes from the prior year and current year margins. He explained the impact on total margins of larger-than-expected power supplier capital credits allocations and stressed that these allocations do not represent bankable cash. Upon motion duly made, seconded and carried, the members approved

the financial report.

**Co-Manger's Report:** Don Franklund, co-manager of the Cooperative provided under contract with Innovative Energy Alliance LLC, began with an explanation of the changes made to transition from two consolidating cooperatives to one. He noted that, in addition to significant progress in the standardization of policies and practices, and negotiation of a collective bargaining agreement encompassing both offices, Roughrider Electric Cooperative, Inc. built 17 miles of power line and added 200 consumers. In addition, the Cooperative built a substation for a green energy project taking waste heat from a Northern Border Pipeline company turbine and powering an electric generator. Looking forward, the Cooperative's work plan outlines more than \$8 million in needed work over the next two years. Mr. Franklund explained plans to reduce inventories of construction material and to install a new phone system to link the two offices in such a way that they will be, virtually, a single office.

Clayton Hoffman, co-manager of the Cooperative provided under contract with Innovative Energy Alliance LLC, explained other changes and challenges on the horizon for Roughrider Electric Cooperative, Inc. He talked first about rates. Rates will increase due to a doubling of the cost of coal. Projections are that electrical use will increase by 30% in the next 10 years, demanding that the industry build new generation plants and transmission facilities, the cost of which has gone up dramatically. The Cooperative's energy supplier, Basin Electric Power Cooperative, Inc. will need to increase its wholesale rates by 25 percent over the next three years. Roughrider Electric Cooperative, Inc. will need to increase rates to its members, as a result, by about five mills per year. There will be a cost increase in rates over the next years of five mills. The Board of Directors of the Cooperative has put away \$3 million in deferred revenue to offset cost increases.

Growth will help offset some cost increases as well. Neither growth nor past savings will eliminate the need for a rate increase only lower the amount of increase. Mr. Hoffman talked about the legislation to limit carbon dioxide emissions and the cap and trade proposal. He explained how each would cause a steep increase in rate pressure, in addition to known factors. Mr. Hoffman asked each member to take part in a grass-roots card campaign. A signed card will give NDAREC authority to send emails to the North Dakota Congressional delegation on behalf of the member. He explained the limited purpose of the permission. Mr. Hoffman closed his presentation with information on energy efficiency. He explained the many things that the Cooperative is now doing, including providing energy audits, efficient appliances and water heaters, promoting use of fluorescent bulbs and heat pumps and providing low interest loans for energy improvements. He also talked about the promise of the smart grid, explaining the plan to upgrade the automated reading system in the Cooperative's service territory as the beginning of the steps needed to implement the smart grid.

**Nominations and Election of Directors:** Tony Aman of Center, North Dakota, Committee Chairperson, gave the Nominating Committee report. He placed two names in nomination for each of the three districts, nominating Darrell Herman and Dan Price for the East District; Greg Steckler and Troy Sailer for the Central District; and Roger Kudrna and Dean Oe for the West District. Mr. Ebeltoft, one of the Cooperative's attorneys reviewed nominating and voting procedures. He explained director's qualifications, procedures for nominating from the floor, and that the membership elects two directors from each of the three districts of the Cooperative, with voting results determining which director receives a three-year and which receives a two-year term.

*(Continued on page C7)*

# BOARD OF DIRECTORS



**William Retterath**  
president



**Dean Oe**  
vice president



**Roger Kudrna**  
secretary



**Darell Herman**  
treasurer



**Ervin Binstock**



**Dan Price**



**Gary Scheid**



**David Swenson**



**Bruce Darcy**



**Greg Steckler**



**Troy Sailer**

## NOMINATING COMMITTEE REPORT

The nominating Committee met at the Hazen office of Roughrider Electric Cooperative, March 8, 2010, and in the Dickinson office on March 24, 2010. Those committee members were: Reinhard Hauck, Lynn Selle, Rodney Syminow, Gordon Ficek, Tony Aman, Donald Cline, Carol Stolberg, Sandra Fisher, Eugene Sailer, William Emmil and Theodore Reich.

There being one vacancy in each district, the committee submitted the following candidates. (Listed in alphabetical order by district)

### Western District:

Callen Schoch, 11791 52 St SW, New England

### Central District:

Bruce Darcy, 650 County Rd 5 NW, Golden Valley  
David Swenson, 8680 12 St SW, Halliday

### Eastern District:

William Retterath, 1291 33rd Ave SW, Center

A qualified member of Roughrider Electric Cooperative may become a candidate for election by being nominated by the nominating committee, by a petition submitted not less than thirty days before the meeting or from the floor at the annual meeting.

## Looking back on 2009....

Devastating F-3 tornado hit Dickinson the summer of 2009



## SERVICE TERRITORY MAP

### District Boundaries are:

West/Central = ND Highway #22

Central/East = ND Highway #49, from Beulah north on County Rd #21 to ND Highway #1806 north to lake.



### Roughrider Electric Cooperative - December 2009

10,800 services  
6,880 members  
42 employees  
477 million Kwhs sold  
\$29.6 million in revenue  
294 mile transmission line  
3,395 miles distribution, overhead  
1,478 miles distribution, underground

# CONSOLIDATED FINANCIAL REPORT

DECEMBER 31, 2009

## OPERATING REVENUE

	2009
Farm/Residential .....	\$8,248,468
Seasonal (Cabins) .....	\$158,599
Irrigation .....	\$80,039
Small Commercial .....	\$1,666,875
Large Commercial .....	\$10,595,983
Large Commercial -1000 KVA.....	\$8,628,975
Street Lights .....	\$51,182
Sales For Resale .....	<u>\$183,392</u>
<b>Total Electric Revenue.....</b>	<b>\$29,613,513</b>
Miscellaneous Revenue.....	<u>\$245,239</u>

**TOTAL OPERATING REVENUE.....\$29,858,752**

## COST OF ELECTRIC SERVICE

Cost of Power .....	\$18,269,764
Cost of Operating and Maintaining.....	\$2,219,104
Cost of Billing and Collecting .....	\$418,669
Member Service Expense .....	\$259,232
Administrative and General Expense.....	<u>\$1,771,239</u>

**TOTAL OPERATING EXPENSE.....\$22,938,008**

## FIXED COSTS

Depreciation of System .....	\$2,548,502
Taxes Paid .....	\$467,556
Interest Paid.....	\$1,207,004
Income Deductions .....	<u>\$66,936</u>

**TOTAL FIXED COSTS .....\$4,289,998**

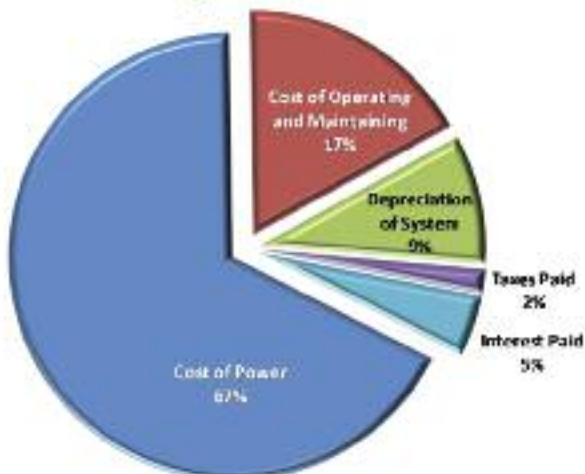
**TOTAL COST OF ELECTRIC SERVICE .....\$27,228,006**

## MARGINS

Operating Margins .....	\$2,630,746
Non-Operating Margins .....	-\$32,423
Power Supplier Margins.....	\$2,071,921
Interest on Investments.....	<u>\$391,673</u>

**TOTAL MARGINS (CAPITAL CREDITS) .....\$5,061,917**

Cost of Operation 2009



## ASSETS AND OTHER DEBITS

	2009
Total Cost of Utility System.....	\$106,599,923
Less: Reserve for Depreciation .....	<u>\$43,503,956</u>

**PRESENT BOOK VALUE OF SYSTEM.....\$63,095,967**

Investments .....	\$17,884,314
Special Funds - Revenue Deferment .....	\$3,000,000
Temporary Investments .....	\$1,503,970
Cash on Hand .....	\$1,012,433
Accounts and Notes Receivable .....	\$4,027,452
Materials and Supplies on Hand .....	\$1,297,554
Prepayments, Deposits, Etc. ....	<u>\$231,766</u>

**GRAND TOTAL.....\$92,053,456**

## LIABILITIES AND OTHER CREDITS

Long Term Debt Less Current Maturities:	
Construction Loan (COBANK) (CFC).....	\$2,141,134
Construction Loan (RUS) .....	\$15,428,649
Construction Loan (FFB) .....	\$5,886,627
Economic Development Loans (RUS).....	\$0
Current Maturity of Long Term Debt .....	\$1,989,200
Current and Accrued Liabilities .....	\$4,659,148
Regulatory Liabilities - Revenue Deferred .....	\$3,000,000
Consumers' Prepayment and Other Credits .....	<u>\$1,089,246</u>

**TOTAL .....\$34,194,004**

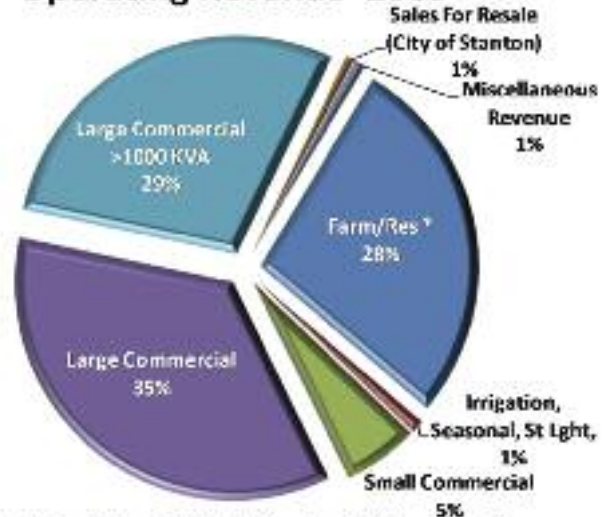
## MEMBERS' EQUITY

Other Equities .....	\$3,679,466
Patronage Capital .....	<u>\$54,179,986</u>

**TOTAL .....\$57,859,452**

**GRAND TOTAL.....\$92,053,456**

Operating Revenue 2009



\* Farms, Village, Tr. Ots, Idle Service, Sch&Church, Wells

Mr. Retterath opened the meeting for nominations from the floor for the West District. After calling for nominations for a reasonable time and receiving none, Mr. Retterath declared nominations for the West District closed. Mr. Retterath then opened the meeting for nominations from the floor for the Central District. After calling for nominations for a reasonable time and receiving none, Mr. Retterath declared nominations for the Central District closed. Finally, Mr. Retterath opened the floor for nominations from the East District. After calling for nominations for a reasonable time and receiving none, Mr. Retterath declared nominations for the East District closed.

Mr. Retterath asked that candidates introduce themselves to the membership. Each candidate gave a short presentation. Thereafter the membership voted. Election tellers came forward to gather the ballots. After doing so, they left the meeting room to tally the ballots. Mr. Retterath advised that if the tellers could not complete the tally before the meeting adjourned, election results would be available on line, by calling the offices, or by staying after the meeting to receive the report.

**Operation Roundup:** Deb Zillich, Director of Administration for the Dickinson office, gave a report about Operation Roundup, which is a program of charitable giving currently operating only out of the Dickinson office. 74% of the Dickinson office patrons participate, allowing the Cooperative to "round up" their bill. This results in a total bill "round-up" contribution of about \$6-\$7 per member, per year. The program donated \$160,000 to charitable causes since it began in August of 2002. Ms. Zillich identified the 2008 program recipients. As soon as automated

meter reading is in place for members served out of the Hazen office, these members will have a chance to participate.

**Scholarships:** Mr. Hibel, Director of Member Services and Marketing from the Dickinson office told the membership how the Roughrider Electric Cooperative, Inc. scholarship program operated this year. He also announced the scholarship recipients and their parents. The Cooperative gave a \$500 scholarship award to one graduating senior from each of the high schools in the service territory, chosen by the schools. In addition, the Cooperative gave one scholarship for a senior attending a high school located outside the service territory. The recipient's parents are Cooperative members living within the service territory. The high school selected each of these \$500 award recipients. Finally, Roughrider awarded one \$1,000 scholarship, selecting the winner from all applications received by the Cooperative.

**Conclusion:** Mr. Retterath called for new business. There was no new business from the floor. Thereafter, upon motion duly made, seconded and unanimously carried, the meeting adjourned at 8:40 PM.

**Election results:** After the meeting adjourned, the election tellers reported that in the West District, Roger Kudrna is elected to a three year term and Dean Oe to a two year term. In the Central District, Troy Sailer is elected to a three year term and Greg Steckler to a two year term. In the East District, Darrell Herman is elected to a three year term and Dan Price is elected to a two year term.

Ervin Binstock, Secretary  
Attest  
William Retterath, President

## ROUGH RIDER ELECTRIC COOPERATIVE

TAXES PAID	MILES LINE	GROSS RECEIPT TAX	REAL ESTATE TAX	TOTAL TAXES 2008
BILLINGS	869.53	\$99,588	\$119	\$99,707
DUNN	790.06	90,486	62	90,548
GOLDEN VALLEY	55.28	6,331		6,331
HETTINGER	0.28	32		32
MERCER	1,153.18	132,075	2,319	134,394
OLIVER	709.67	81,279	414	81,693
SLOPE	2.69	308		308
STARK	1,435.64	164,426	5,528	169,954
<b>TOTAL</b>	<b>5,016.33</b>	<b>\$574,525</b>	<b>\$8,442</b>	<b>\$582,967</b>



**HAZEN OFFICE**  
800 Highway Drive, Hazen, ND 58545-4737  
Office hours 7:30 a.m. - 4 p.m.  
Phone (701) 748-2293 or (800) 748-5533

**For emergencies and after-hours call:**  
(701) 748-2293 for local calls and (800) 748-5533 for long-distance calls

Payments may be deposited in the deposit box by the main entrance at the Roughrider Electric's office or in the drop-off box located at Krause's Super Valu in Hazen or Bronson's Super Valu in Beulah.

**DICKINSON OFFICE**  
P.O. Box 1038, 2156 4th Ave. E.  
Dickinson, ND 58602-1038  
Office Hours 8 a.m. - 5 p.m.  
Phone (701) 483-5111 or (800) 627-8470

**For emergencies and after-hours call:**  
(701) 483-5111 for local calls and (800) 627-8470

Payments may be deposited in the deposit box west of the main entrance door at the Roughrider Electric's office or in the drop-off box located at Dickinson City Hall, and Dan's Supermarket (both locations).

### OFFICERS AND DIRECTORS

William Retterath, President—Center	794-8729
Dean Oe, Vice President—Belfield	575-4594
Roger Kudrna, Secretary, Dickinson	483-8377
Darell Herman, Treasurer—Beulah	873-4371
Ervin Binstock, Dickinson	579-4120
Dan Price, Hensler	794-3779
Gary Scheid, Hazen	748-2250
David Swenson, Halliday	938-4521
Bruce Darcy, Golden Valley	983-4222
Greg Steckler, Dunn Center	548-8122
Troy Sailer, Golden Valley	948-2427

### Innovative Energy Alliance, LLC

Clayton Hoffman, Manager	748-6087 or 880-1312
Don Franklund, Manager	426-3918

### EMPLOYEES

Leonard Hibel...Dir. of Key Accounts/Marketing, Dickinson
Brad Quenette ....Dir. of Member Serv./Marketing, Hazen
Deborah Zillich.....Dir. of Finance and Admin., Dickinson
Steve Hildebrand.....Member Services Asst./ Work Order Representative, Hazen
Jackie Kovash.....Accounting Coordinator, Dickinson
Laurie Miller.....CIS/Billing Manager, Hazen
Debbie Lorz.....Admin. Representative, Dickinson
Jen Gruebele.....Accounting Rep., Dickinson
Julie Dukart.....Customer Service Rep., Dickinson
Kayla Fandich.....Part-time Receptionist, Hazen
Brent Hysjulien.....Billing/Customer Rep., Hazen
Simon Kuntz.....Line Superintendent, Dickinson
Bill Gress.....Operations Manager, Hazen
Tim Volk.....Line Superintendent, Hazen
Lynn Cherney.....Working Foreman, Dickinson
Tim Ridl.....Working Foreman, Dickinson
Bryan Braun.....Working Foreman, Dickinson
Dennis Kinzell.....Lead Lineworker, Hazen
Chad Hysjulien.....Journeyman Lineworker, Dickinson
Kevin Randle.....Journeyman Lineworker, Hazen
Dale Ficek.....Journeyman Lineworker, Dickinson
Jim Block.....Working Foreman, Hazen
Wayne Schmaltz.....Journeyman Lineworker, Hazen
Billy J. Kummer.....Journeyman Lineworker, Dickinson
Scott Leintz.....Journeyman Lineworker, Hazen
Dion Gefre.....Journeyman Lineworker, Dickinson
Russell Walters.....Journeyman Lineworker, Hazen
Brock Swensrud.....Journeyman Lineworker, Dickinson
Tony Kordonowy.....Apprentice Lineman, Dickinson
Zach Maersbbecker.....Apprentice Lineman, Dickinson
Gerald Krebs.....Staking Engineer, Dickinson
Bruce Buchert.....Electric Technician/Meter Technician
Cory Halter.....Lead Meter Technician, Dickinson
Larry Rosenau.....Radio/Engineering Technician
Nick Schafer.....Warehouseman/Technician, Hazen
Bryce Jurgenson.....Warehouse Supervisor, Dickinson
Claud Privratsky.....Maintenance/Custodian, Dickinson
Russel Goodwin.....Electrician Foreman, Hazen
Lance Peterson.....Journeyman Electrician, Hazen
Jorden Pfliger.....Journeyman Electrician, Hazen
Adam Wilkens.....Apprentice Lineman, Hazen
Jason Obenauer.....Plumber, Hazen
Kassandra Degenstein.....Appliance Rep., Hazen

A Touchstone Energy Cooperative

# Don't miss YOUR annual meeting!

Wednesday, June 2, 2010

Hazen High School, Hazen, ND



**5 to 7 p.m. MDT**—Registration and dinner

**7 p.m. MDT**—Business meeting

## Authorization to vote for other than 'natural' person

There are times at registration when someone wants a ballot to vote for an account other than a "natural" person. This could be a business, church or account not recorded by an individual's name. To assist in the registration, the person authorized by the board of directors of said account should complete this form and have authorizing signature to get voting forms. You may use this form or pick one up at the office.

### 2010 ANNUAL MEETING - ROUGHRIDER ELECTRIC COOPERATIVE INC. VOTING AUTHORIZATION

I, \_\_\_\_\_ of \_\_\_\_\_  
hereby authorize \_\_\_\_\_ to vote on all matters of concern to members of the  
annual meeting of Roughrider Electric Cooperative Inc.

Signed \_\_\_\_\_ Dated \_\_\_\_\_