



Annual Meeting 2017

Dickinson, N.D.
Dickinson Trinity High School
June 7, 2017

AGENDA

5 to 6:30 p.m. MT — Registration and dinner

6:30 p.m. MT — Business meeting:

- Call to order
- Invocation
- Welcome address
- Reading of notice and proof of mailing
- Minutes of previous meeting
- Report from Nominating Committee
- Balloting
- Financial report
- Managers' report
- New business
- Election results

Adjournment

OFFICIAL NOTICE

Dickinson, N.D.

Dickinson Trinity High School

June 7, 2017

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 2017, as provided in the bylaws of said cooperative. Said meeting will be held on the seventh day of June 2017, and will commence at the hour of 6:30 p.m. MT of said day at Dickinson Trinity High School in the city of Dickinson, county of Stark, 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. MT.

Troy Sailer, secretary
Roughrider Electric Cooperative, Inc.



Roger Kudrna
President



Chris Baumgartner
Co-General Manager/CEO



Don Franklund
Co-General Manager/CEO

Members – the Foundation of the Future

Roughrider Electric is looking forward to another fast-paced and exciting year. As member-owners, this is your cooperative and we thank you for allowing us to serve you – whether it's your first year as a member of the cooperative or your 70th year – we remain dedicated to the legacy of bringing light and comfort to your home, farm or business. At its best, a cooperative does not differentiate between itself and members – we are one and the same. The opportunities and challenges we face together make us stronger, and this year's theme, "Members – the Foundation of the Future," reflects that spirit of cooperation.

However busy things become, member engagement is important to your board of directors and staff. Although we may not get a chance to talk to you personally, we want to understand what is important to you when it comes to the service we are providing. In 2016, Roughrider Electric completed a Member Satisfaction Survey – and if you received a call, we thank you for participating. Overall, we learned

that our cooperative is meeting expectations. We know that your overall member satisfaction is directly related to the reliability and affordability of the services provided.

Roughrider Electric is responsible for 5,524 miles of power lines. Each year, maintaining a reliable system takes hundreds of hours of planning, inspecting and making system upgrades. Equally important is our commitment to balancing reliability and affordability with member expectations, which requires a mindset of continuous improvement and looking ahead to anticipate your future needs.

A core part of a lineman's job is restoring power. You may remember, in some parts of Roughrider Electric's system, the July 4 wind storm wreaked havoc on 2.5 miles of transmission line, affecting 925 members. We know the wait to have electric service restored can be frustrating, and we appreciate those of you who called us or commented on Facebook to support our line crews and staff. That storm is just one example where our linemen worked to restore everyone's power in

difficult conditions. Then, they went home safely to their families.

This, of course, leads to the importance of your cooperative's continued dedication to our culture of safety and commitment to working safely every day. Roughrider Electric is an advocate of safety. It remains a priority, and in fact, our way of life. We cannot say this enough: We look out for the safety of ourselves and others – before, during and after work.

In the past few years, we have spent many hours focusing on the ever-changing utility regulatory environment. The November election alludes to changes for our federal government. We continue to watch with great interest the future of the Environmental Protection Agency's Clean Power Plan. Even though recent changes have been announced, the impact that it may have on the future of coal remains a discussion on Capitol Hill and potentially in the courts. Whatever policy is ultimately accepted, a carbon-constrained environment is a reality in which utilities must operate.

Our major power supplier, Basin Electric Power Cooperative, has embraced this changing environment. Over the last decade, Basin Electric has taken a leadership role in the development of renewable energy, adding more than 1,500 megawatts of wind generation into the power grid, investing more than \$1 billion in natural gas generation resources, and investing more than \$1.6 billion in emissions controls to make the already-clean generation fleet even cleaner.

Roughrider Electric, with its alliance partners, continues to coordinate efforts with Basin Electric, Western Area Power Administration, Upper Missouri Power Cooperative

and other utilities to meet compliance regulations set forth by the North American Electric Reliability Corporation and the Federal Energy Regulatory Commission. Strategic planning and adaptability will help us meet the future needs of our member-owners.

Roughrider Electric is no stranger to change. In fact, it could be argued that those who came years before us looked to the future with some anxiety, but more so with great hope.

Just think what it was like for the housewife, on that rural farm, to flip on a light switch and light up a room; or the first time the family went to the refrigerator to pick out something cold. Those children likely heard someone say, “Can you please close that refrigerator door?”

Yes, adapting to change over the decades has made us stronger and more aware of the needs of our members. Times of change cause us to prioritize what truly matters,

and bring us together to achieve a common bond. We are focused on powering the lives of our members and empowering the communities we serve.

We look forward to visiting with you at the annual meeting on June 7 at Dickinson Trinity High School, Dickinson.

Thank you for supporting Roughrider Electric Cooperative, Inc. ■

ANNUAL FINANCIAL REPORT

HOW YOUR 2016 DOLLAR WAS ACCOUNTED FOR:

REVENUE	2016	2015	FINANCIAL STATUS		
Farm, Wells, Residential	13,410,801	12,875,112	ASSETS		
Seasonal Cabins	343,546	312,450	Utility Plant	220,235,966	199,178,874
Irrigation	302,543	201,520	Less Accumulated Depreciation	<u>(48,547,537)</u>	<u>(47,116,962)</u>
Small Commercial	2,794,979	2,826,375	Net Utility Plant	171,688,429	152,061,912
Large Commercial	32,528,619	34,057,360	Cash & Investments	34,676,057	29,801,808
Large Commercial >1000 KVA	16,935,707	16,783,402	Receivables and Prepayments	9,034,427	8,506,715
Street Lights	57,168	54,951	Material & Supplies	4,694,151	4,915,442
Sales For Resale	242,943	235,891	Revenue Deferment	<u>7,000,000</u>	<u>7,000,000</u>
Miscellaneous Revenue	<u>531,552</u>	<u>(4,606,153)</u>	TOTAL ASSETS	<u>227,093,064</u>	<u>202,285,877</u>
TOTAL REVENUE	<u>67,147,857</u>	<u>62,740,908</u>	LIABILITIES AND MEMBER EQUITY		
EXPENDITURES			Long-Term Debt	119,135,916	84,993,050
Cost of Power	48,869,159	45,067,694	Accounts Payable	12,696,488	26,825,806
Line Operation & Maintenance	5,508,497	5,936,053	Other Current & Accrued Liabilities	2,343,837	1,921,304
General Operating Expense	3,346,352	3,307,153	Regulatory Liabilities - Deferred Revenue	7,000,000	7,000,000
Depreciation	5,125,529	4,511,451	Consumers' Prepayment & Other	<u>178,997</u>	<u>117,349</u>
Taxes	449,359	795,968	TOTAL LIABILITIES	<u>141,355,238</u>	<u>120,857,509</u>
Interest & Other Deductions	<u>3,249,882</u>	<u>2,727,659</u>	Donated Capital & Equities	5,170,201	4,966,489
TOTAL EXPENSE	<u>66,548,778</u>	<u>62,345,978</u>	Patronage Capital	<u>80,567,625</u>	<u>76,461,879</u>
Operating Margins	599,079	394,930	TOTAL MEMBERS' EQUITY	<u>85,737,826</u>	<u>81,428,368</u>
Non-Operating Margins	(349,855)	(269,675)	TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>227,093,064</u>	<u>202,285,877</u>
Income on Investments	102,663	147,215			
Power Supplier Capital Credits	<u>5,177,156</u>	<u>2,171,240</u>			
TOTAL MARGINS	<u>5,529,043</u>	<u>2,443,710</u>			

BOARD OF DIRECTORS



Roger Kudrna
President
Western District



Darell Herman
Vice President
Eastern District



Troy Sailer
Secretary
Middle District



Bruce Darcy
Treasurer
Middle District



Greg Steckler
Middle District



Dan Price
Eastern District



William Retterath
Eastern District



Arnold Kainz
Western District



Callen Schoch
Western District



Chris Baumgartner
Co-General Manager/CEO



Don Franklund
Co-General Manager/CEO

NOMINATING COMMITTEE REPORT

The Nominating Committee met at the Hazen office of Roughrider Electric Cooperative, Jan. 27, and in the Dickinson office on Feb. 24. Those committee members were: Ivo Schoch, Gordon Ficek, Alan Kadrmas, David V. Sadowsky, Bruce Voegel, Robert Fitterer, John Smith, Cole Price and Clay Price.

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

West District: Arnold Kainz, 11251 32nd St. S.W., Dickinson, 58601-9146

Central District: Greg Steckler, 1240 101st S.W., Dunn Center, 58626-9628

East District: Dan Price, 2274 River Rd., Hensler, 58530-9453

A qualified member of Roughrider Electric Cooperative may become a candidate for election by being nominated by the Nominating Committee, or by petition submitted not less than 60 days before the annual meeting date.

Annual meeting date

June 7

Trinity High School – Dickinson ■

VOTING INSTRUCTIONS FOR THE 2017 ANNUAL MEETING

In 2009 Roughrider Electric Cooperative's board of directors decided to offer the members the option of voting by mail. Ballots and instructions will be mailed out prior to the annual meeting. Under the bylaws, no nominations are accepted from the floor at the annual meeting. A qualified member of Roughrider Electric Cooperative may become a candidate for election by being nominated by the Nominating Committee or by a petition submitted not less than 60 days before the meeting. Mail-in ballots will only be sent to members upon request in an attempt to cut down on costs associated with sending out mail-in ballots to all of the members. To request a ballot please contact Steve Hildebrand at 701-748-2293 or 800-748-5533 prior to May 9. You may also contact Steve at shildebrand@roughriderelectric.com. Please note: Those members present at the annual meeting will be directed to vote in person. The mail-in ballots are for members not planning to attend the annual meeting. If you have mailed your ballot and attend the annual meeting, your mail-in ballot will be pulled and you will be issued a new ballot at that time. Members present at the annual membership meeting will receive instructions on how to complete the ballot prior to being asked to mark their ballot. ■

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 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 our offices.

2017 ANNUAL MEETING - ROUGHRIDER ELECTRIC COOPERATIVE, INC.

I, _____ of _____

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

Signed _____ Date _____



Your Touchstone Energy® Cooperative 

Roughrider Electric Cooperative, Inc. **Minutes of the Annual Meeting of the Members** June 1, 2016

Roughrider Electric Cooperative, Inc. (Roughrider) held its Annual Meeting of Members at Hazen High School, Hazen, North Dakota, on June 1, 2016, beginning at 6:30 p.m., Central Time.

The President of the Board, Roger Kudrna, who presided over the meeting, called the meeting to order. Troy Sailer, Secretary, kept the minutes of the meeting. The membership then rose to give the Pledge of Allegiance.

Mr. Kudrna welcomed all of the members. He thanked the many who worked hard to make the meeting a success, those who made the meal, provided the facilities, provided bus transport, offered child care, and who offered medical screening services.

The audience rose for the invocation given by Pastor John Whitaker from Cornerstone Community Fellowship Church. Jerry Obenauer, Mayor of Hazen, then welcomed the members to the meeting.

Mr. Kudrna reported that the Bylaws require 50 members be registered for a quorum. One hundred fifty-five members registered for the meeting and voted by mail-in ballot. Mr. Kudrna declared that a quorum existed for the transaction of business.

Mr. Kudrna appointed Jennifer Grosz, one of the lawyers for Roughrider, parliamentarian for the meeting and announced that she would conduct the meeting according to Roberts Rules of Order.

At this time, Mr. Kudrna asked if the membership would be willing to dispense with the reading of the official Notice of Annual Meeting and the minutes of the June 3, 2015, meeting, and approve them. Upon motion duly made, seconded and unanimously carried, it was RESOLVED to dispense with the reading of the Notice of Annual Meeting and the minutes and approve them.

Mr. Kudrna then asked Roughrider employee Steve Hildebrand to draw for some door prizes.

Mr. Kudrna introduced the Roughrider

Board of Directors present at the meeting. Mr. Kudrna also introduced persons representing entities and governmental agencies, as well as political candidates, who took time from their busy schedules to attend the meeting.

Mr. Kudrna then asked Roughrider employee Steve Hildebrand to draw for some more door prizes.

Alan Kadrmaz provided the membership with the 2016 Nominating Committee Report. The Committee nominated Mr. William Retterath for the Eastern District director vacancy, Mr. Bruce Darcy for the Central District director vacancy and Mr. Callen Schoch for the Western District director vacancy.

Ms. Grosz explained the voting procedure to the membership. She notified the membership that, since there was just one candidate for each district vacancy, the membership can entertain a motion to suspend the rules and cast a unanimous ballot. Thereafter, upon motion duly made, seconded and unanimously carried, it was RESOLVED to suspend the rules and cast a unanimous ballot for the following directors in the following districts:

Callen Schoch	Western District
Bruce Darcy	Central District
William Retterath	Eastern District

Mr. Kudrna then asked Mr. Hildebrand to draw for some more door prizes.

Travis Kupper, Chief Financial Officer for Roughrider, presented the 2015 financial report for the Cooperative. He noted that Roughrider's financials were audited by Brady Martz & Associates, P.C. Roughrider received an unmodified opinion from Brady Martz, which is the highest opinion that can be received and expresses their confidence in the Cooperative's financial record keeping. Among the highlights he explained were: The Cooperative's operating revenue for 2015 was \$62,740,908, which was approximately the same as 2014's numbers. Mr. Kupper noted that cost of power for 2015 was approximately 70% of the entire expense of the Cooperative. Mr. Kupper highlighted that Roughrider increased its net utility plant by nearly \$20

million in 2015. Member Equity totaled \$81.5 million, and Roughrider's long-term debt increased considerably from 2014 to \$84,993,050. Mr. Kupper noted that the interest rates on the long-term debt incurred by Roughrider were at extremely low rates. In 2015, Roughrider ended with a margin of \$2,443,710, which will be returned to the Members in the form of capital credits. Upon motion duly made, seconded and unanimously carried, it was RESOLVED that the 2015 Financial Report be approved as presented.

Don Franklund and Chris Baumgartner, Co-General Managers of Roughrider, gave a report of the activities of the Cooperative for the past year and their expectations for the Cooperative. Mr. Baumgartner noted that safety remains a key priority and goal of the Cooperative. He highlighted that a new fall-restraint system for line crews has been implemented, as have the wearing of high-visibility clothing. Mr. Baumgartner also provided the membership with an update on Roughrider's source of power. Roughrider's power supplier is now supplied through power through Southwest Power Pool ("SPP"). This operational change was implemented at the same time that the Clean Power Plan was implemented, which requires a significant reduction in emissions from coal power plants in the coming years. This is an important issue for Roughrider and its members. It will increase the cost of our electricity, and have a direct effect on Roughrider's members' daily lives. North Dakota has been required to reduce its carbon emissions by 45%, which is one of the highest reductions mandated. Mr. Baumgartner played a video prepared by Basin Electric Power Cooperative, Inc. (Basin) to provide a summary of the Clean Power Plan and what its effects on the membership will be. A brief summary of the legal challenge being mounted against the Clean Power Plan was provided to the membership.

Mr. Franklund provided the membership with a report on the economic factors that are affecting Roughrider's members and

their cost of power. The strength of the U.S. dollar has made its exports more expensive to the rest of the world. The price of oil, while recovering slightly, is not projected to reach \$100 per barrel for quite some time. Roughrider as a cooperative understands that the cost of electric power is very important to its members, and keeping the cost low is a key priority. He also reminded the membership that there is a value to electricity, as well. He noted that the members can watch television for 44 hours for \$1, and charge their cell phones for over a year for \$1. Mr. Franklund provided the members with information on actions being taken by the Cooperative to ensure greater reliability of the provision of power to the members, including cable replacement. Cable replacement also serves to reduce cost in the long term, as new cable has fewer outages and blinks in service, which results in less overtime hours being logged by its linemen. Mr. Franklund reported to the members that Basin, Roughrider's power supplier, is contemplating another rate increase in 2016, which could mean another rate increase to Roughrider's members this year, as well. Mr. Franklund highlighted the steps that Roughrider has taken and is implementing to keep its costs as low as

possible, while ensuring it maintains its priorities of safety and reliability. He noted that a member survey reflects that the membership shares these priorities of safety and reliability, particularly with reliability.

Mr. Kudrna then asked Roughrider employee Steve Hildebrand to draw for some door prizes.

Leonard Hibl, Director of Key Accounts and Marketing for Roughrider, was asked to provide the membership a report from Operation Round Up. He provided information on the non-profit organizations and projects benefited by the donations to this program by over 60% of the membership. He noted that the average donation through this program is \$6.00-\$7.00 per meter. Mr. Hibl provided the membership with a summary of donations made by Operation Round Up and entities and projects benefited from these donations in 2015.

Mr. Hibl announced this year's scholarship recipients. There were nine \$500 scholarships and one \$1,000 scholarship awarded. Roughrider also has an endowment fund with Dickinson State University for a student studying in the agribusiness field and the recipient was announced. Mr. Hibl also announced

the 2016 Youth Tour winner, McKenzie Walters, from Hazen.

Mr. Brad Quenette introduced Ms. Eva Byerley, of Hazen, who was the 2015 Youth Tour winner, and asked her to provide the membership with a report on her 2015 Youth Tour experience awarded to her by Roughrider. Ms. Byerley provided the membership with a history of the Youth Tour, and what she learned during her Youth Tour experience. She thanked the members for the wonderful opportunity they gave her to experience this Tour.

Mr. Kudrna called for New Business. There was no new business. There were no questions from the floor.

Mr. Kudrna then asked Mr. Hildebrand to draw for the final door prizes.

Thereafter, upon motion duly made, seconded and unanimously carried, the meeting adjourned at 7:32 p.m. The membership stayed for coffee, cookies and fellowship after the meeting.

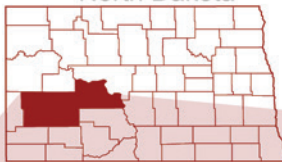
Attest:

Troy Sailer, Secretary

Roger Kudrna, President

SERVICE TERRITORY MAP

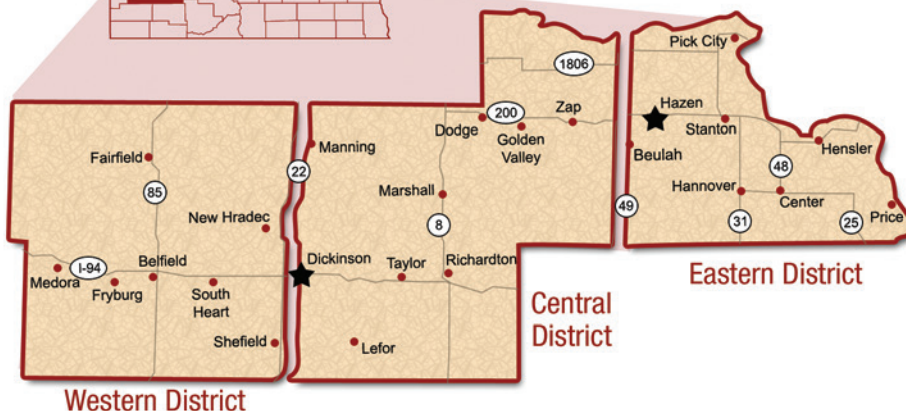
North Dakota



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 2016

Service area 5,800 square miles

Miles of line 5,550

Members 8,625

Connected meters 14,698

Meters per-mile-of-line 2.65

MWHs sold 730,911



FREE SHUTTLE BUS RIDE

Roughrider Electric Cooperative will be offering a free shuttle-bus service to the meeting leaving from the Hazen office. If you are interested in riding the bus to Dickinson, please contact Steve Hildebrand at 1-800-748-5533 or shildebrand@roughriderelectric.com. The deadline to sign up to ride the bus is May 16. ■

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 1-800-748-5533 for more information.

KIDS' PRIZE | FREE DAYCARE

Entertainment will be provided at the annual meeting for the kids to enjoy throughout the evening.



www.roughriderelectric.com

HAZEN OFFICE

701-748-2293 or 800-748-5533
800 Highway Dr., Hazen, ND 58545
7:30 a.m. – 4 p.m. CST Monday-Friday

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

DICKINSON OFFICE

701-483-5111 or 800-627-8470
P.O. Box 1038, 2156 4th Ave. E.
Dickinson, ND 58602
8 a.m. – 5 p.m. MST Monday-Friday

Payments may be deposited in the deposit box west of Roughrider Electric's main office entrance or in the drop boxes located at Dickinson City Hall, or the north and south locations of Family Fare supermarkets.

OFFICERS AND DIRECTORS

Roger Kudrna, President; Dickinson483-8377
Darell Herman, Vice President; Beulah873-4371
Troy Sailer, Secretary; Golden Valley948-2427
Bruce Darcy, Treasurer; Golden Valley983-4222
William Retterath; Center794-8729
Arnold Kainz; Dickinson483-8207
Dan Price; Hensler794-3779
Greg Steckler; Dunn Center548-8122
Callen Schoch; New England579-4395

MANAGEMENT

Don FranklundCo-General Manager/CEO
Chris BaumgartnerCo-General Manager/CEO



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