



Annual Meeting 2016

Hazen, N.D.
Hazen High School
June 1, 2016

AGENDA

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

6:30 p.m. CST — 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

Hazen, N.D.

Hazen High School

June 1, 2016

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 2016, as provided in the bylaws of said cooperative. Said meeting will be held on the first day of June 2016, and will commence at the hour of 6:30 p.m. CST 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. CST.

Troy Sailer, secretary

Roughrider Electric Cooperative Inc.

Reliability – Regulations – Resources Ready to serve you

What a difference a year makes. As we at Roughrider Electric Cooperative reflect on the work plans and activities that happened across our service area over the past year, we can honestly say nothing — and everything — has changed.

Last year, we talked about Roughrider's culture of safety, and how we focus on working safely every day, all day. Safety continues to be our priority, and we assure you this will never change. Before they do a job, our linemen meet together as a group to assess what needs to be done and how they are going to do it as a team.

While working outdoors, our employees wear brightly colored clothing that makes them highly visible, and our linemen wear personal protective gear in the field including the relatively new fall-restraint system while climbing. Indoors, our employees do what they need to do to minimize slips, trips and falls. While we are required to follow the rules set forth by the Occupational Safety and Health Administration, our employees choose to work safely so they can go home to their families every night. Together as a team, we continue our culture of safety.

Our commitment to safety is one of few things that did not change in 2015, which proved to be an eventful year for Roughrider. While your cooperative remained steeped in its grassroots foundation, Roughrider and its membership began to see some of the effects of the evolving electric generation and transmission environment.

As we have reported in our *North*



Roger Kudrna
President



Chris Baumgartner
Co-General Manager/CEO



Don Franklund
Co-General Manager/CEO

Dakota Living local pages, Roughrider's power generators, Basin Electric Power Cooperative and the Western Area Power Administration, have joined the Southwest Power Pool, a Regional Transmission Organization (RTO). The ultimate benefit of participating in an RTO is that our power providers can more economically purchase power from other regional utilities in time of need and sell power in time of excess. While this is a complicated and philosophical change, the Roughrider board of directors and management believe this move is the right one.

As Roughrider was realizing this change, an environmental regulation on the federal level came into play. Last year, the Environmental Protection Agency (EPA) enacted the Clean Power Plan – an environmental regulation that calls for the reduction of carbon dioxide emissions from existing fossil fuel power plants.

With a heavy focus on the Midwest, each state was given a target level of reduction. North Dakota was handed one of the highest reductions at 45 percent. Electric cooperatives here and across the nation are faced with serious questions about compliance options,

and concerns about reliability, and the impact the plan could have on electric rates. Basin Electric, with support from its member-cooperatives including Roughrider, chose to litigate this rule.

That legal challenge was denied by the DC Circuit Court in January this year. However, in an unprecedented turn of events, the U.S. Supreme Court did grant Basin Electric and several other petitioners a motion to stay the Clean Power Plan. Granted by a vote of 5-4, the stay means the implementation of the rule will not go into effect until it can be determined that the EPA's plan is actually lawful. That will require another legal battle, which likely will not be settled until later in 2017.

How will the landscape of the electric generation and transmission environment evolve in the coming years? With the help of key tax breaks, new wind energy impacted electric generation across the country in 2015 more than any other power source. Texas accounted for most of the additions, followed by Oklahoma, Kansas, Iowa and then North Dakota. We remain vigilant as federal and state regulatory plans unfold, but we also remain true to our cooperative roots.

Like those before us, the resourcefulness of our employees and their dedication to you, the member-owner, runs deep. Crews worked to replace Highway 200 and 85 overhead powerline crossings. Roughrider bored under the highway to install underground cable, so we can reduce our exposure to bulky objects crossing underneath them as they are transported down the highway. This also will reduce the need for manpower to escort these objects through our system.

Roughrider has been busy replacing underground cable to accommodate additional load and prevent overhead line deterioration. The underground cable to Beulah Bay was upgraded and powerline at Pick City was converted from overhead to underground.

Your cooperative built transmission line from the South Heart substation to the new Skunk Hill substation. This new substation will take some load off of the Gorham substation, and add to the service quality and reliability in that area.

Roughrider also completed many pole change-outs and trimmed trees. As part of our inspection program, faulty poles are identified for replacement and trees are noted to be trimmed or removed. This year many poles around Highway 8 were replaced.

Reliability and safety are essential to the success of Roughrider, and we are mindful of the delicate balance between affordability and reliability, as we strategically plan to meet the electrical needs of our members.

Innovative Energy Alliance (IEA), LLC, our shared group of employees, continues to help with that balance by providing a way to pool resources and employees among Roughrider, Slope, Mor-Gran-Sou and KEM electric cooperatives, in addition to 3C Construction, LLC and West Dakota Utility Services. This year, the alliance added a transmission and

substation maintenance manager to provide oversight on our transmission line and substations, and assist staff with regulations set forth by the North American Electric Reliability Council and the Federal Energy Regulatory Commission.

In existence since 2008, the alliance allows us to stay current with technology, regulations, members' needs and more, which otherwise would be hard to do as individual entities. This relationship provides significant savings to the memberships and allows us to be prudent with the revenue provided by you, the member-owners. As the topic of power generation and transmission persists in the headlines, please know your cooperative's interest and resources remain with you, our member. While

we are not immune to decisions made on the federal level and how future rates may impact us all, you remain our top priority.

As a Touchstone Energy® Cooperative, Roughrider's board, management and employees are committed to providing safe, dependable and reliable electric service that will fulfill the needs of today's and tomorrow's members.

We look forward to visiting with you at the annual meeting on June 1 at Hazen High School. If you are unable to attend, please consider voting in the director election by mail. Either way, we encourage each of you to participate in this year's annual meeting.

Thank you for supporting Roughrider Electric Cooperative, Inc. ■



Reliability and safety are essential to the success of Roughrider Electric Cooperative and our members. This year, some of the projects your cooperative undertook to increase reliability included replacing underground cable, building transmission lines, replacing poles and trimming trees.

General Foreman **Bryan Braun** and Journeyman Lineman **Brock Swensrud** install secondary wires to a new service.

PHOTO BY KIRSTI CRAIG



Your Touchstone Energy® Cooperative 

Roughrider Electric Cooperative, Inc. **Minutes of the Annual Meeting of the Members** June 3, 2015

Roughrider Electric Cooperative, Inc. (Roughrider) held its Annual Meeting of Members at Trinity High School Auditorium, Dickinson, North Dakota, on June 3, 2015, beginning at 6:30 p.m., Mountain 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 Deacon Kris Ringwall from Queen of Peace Catholic Church. Cooper Whitman, Executive Director of the Dickinson Chamber of Commerce, then welcomed the members to the meeting.

Mr. Kudrna reported that the Bylaws require 50 members be registered for a quorum. 138 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 4, 2014, 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 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. Shirley Meyer from Senator Heidi Heitkamp's office gave the members a greeting from Senator Heitkamp, and read a letter from Senator Heitkamp to the members.

Alan Kadrmas provided the membership with the 2015 Nominating Committee Report. The Committee nominated Mr. Darell Herman for the Eastern District director vacancy, Mr. Troy Sailer for the Central District director vacancy and Mr. Roger Kudrna 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:

Roger Kudrna	Western District
Troy Sailer	Central District
Darell Herman	Eastern District

Travis Kupper, Chief Financial Officer for Roughrider, presented the 2014 financial report for the Cooperative. He noted that Roughrider's financials were audited by Brady Martz and 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 increased approximately 8 percent over 2013's numbers. Revenue in 2014 totaled approximately \$63,043,989. Expenses for the Cooperative also increased and the total cost of power increased to \$61,372,076 in 2014. The members' equity in the Cooperative increased from \$77,035,700 to \$78,830,965. Long-term debt totaled \$34,983,126. Mr. Kupper noted that the long-term debt was obtained at near record-low interest rates. Roughrider's total liabilities for the 2014 year-end were \$97,584,840. In 2014, Roughrider ended with a margin of \$2,846,306, 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 2014 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. They also provided the membership with information on upgrades made to Roughrider's plant and distribution system, and how these improvements will benefit the members. New substations have been built, and lines have been upgraded and replaced. Member usage has increased, which has led to upgrades to existing substations. The goal of Roughrider remains to provide Roughrider's members with reliable electric service balanced against keeping this service affordable. Mr. Baumgartner reported that during 2014, Roughrider did not experience any storms that resulted in widespread outages. This is due in substantial part to Roughrider's diligent attention to its tree-trimming program. Mr. Baumgartner stressed how safety was a key value of

Roughrider. They spoke about future changes that are being considered to benefit the membership and some that may challenge the Cooperative. The members were invited and encouraged to assist the Cooperative in maintaining its goal of the highest level of safety possible. Members were encouraged to report any concerns about unsafe conditions to Roughrider so that Roughrider can promptly investigate the concern.

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 organization and projects benefited by the donations to this program by more than 60 percent of the membership. Mr. Hibl provided the membership with a summary of donations made by Operation Round Up and entities and projects benefited from these donations.

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.

Roughrider employees drew names for door prizes throughout the meeting.

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

Thereafter, upon motion duly made, seconded and unanimously carried, the meeting adjourned at 7:20 p.m. The membership stayed for coffee, cookies and fellowship after the meeting.

Attest:

Troy Sailer, Secretary

Roger Kudrna, President

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 2015

Service area 5,800 square miles;
Miles of line 5,524;
Members 8,672;
Connected meters 14,343;
Meters per-mile-of-line 2.6;
MWHs sold 797,764

BOARD OF DIRECTORS



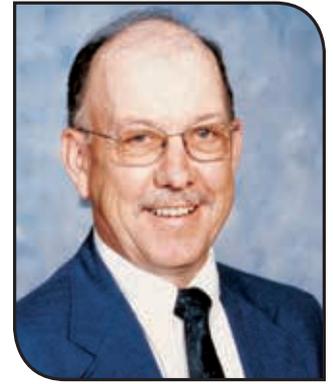
Roger Kudrna
President
Western District



Darell Herman
Vice President
Eastern District



Troy Sailer
Secretary
Middle District



Bruce Darcy
Treasurer
Middle District



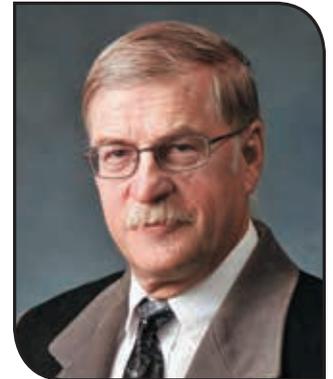
Greg Steckler
Middle District



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 Dickinson office of Roughrider Electric Cooperative on Jan. 28, 2016, and in the Hazen office on March 25. Those committee members were: Ivo Schoch, Gordon Ficek, Alan Kadrmas, John Smith, Bruce Voegelé, Robert Fitterer, Wayne Windhorst, David V Sadowsky and Clay Price.

There being one vacancy in each district, the committee submitted the following candidates.

WEST DISTRICT:

Callen Schoch, 11791 52nd St. S.W., New England, ND 58647-9513

CENTRAL DISTRICT:

Bruce Darcy, 7201 BIA Route 22, Golden Valley, ND 58541-9655

EAST DISTRICT:

Bill Retterath, 1291 33rd Ave. S.W., Center, ND 58530-9412

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. ■

VOTING INSTRUCTIONS FOR THE 2016 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.

2016 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 _____



FREE SHUTTLE BUS RIDE

Roughrider Electric Cooperative will be offering a free shuttle-bus service to the meeting leaving from the Dickinson office. If you are interested in riding the bus to Hazen, please contact Debbie Lorz at 1-800-748-5533 or dlorz@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

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



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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