



# **Annual Meeting**

**Wednesday,**

**June 10, 2009**

**Burke Divide Electric Headquarters**

**Columbus, ND**

Be sure to bring this annual report with you,  
it's your registration for the meeting.

Your Touchstone Energy Cooperative



# 2009 Board of Directors



East District  
David Sigloh, President



West District  
Kent Haugland, VP



East District  
Loren Johnson, Sec./Trea.



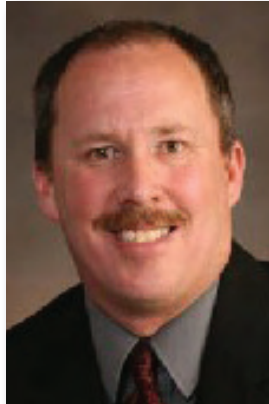
Central District  
Rolland Carlson



Central District  
Perry Rosenquist



Central District  
Steven Overlee, Vice President



West District  
Lynn Jacobson  
State Director

# 2009 Scholarship Winners



## Samantha Parkinson

Samantha Parkinson is the recipient of a \$1,000 scholarship offered by Burke-Divide Electric through a program sponsored by Basin Electric Power Cooperative. The daughter of Kristie and Jade Parkinson, Bowbells, Samantha is a sophomore at North Dakota State University (NDSU) where she is studying architecture.

She is an honor student, is a member of the American Institute of Architect Students and serves as treasurer of the Fargo-Moorhead Farmers Union Collegiate Chapter. She has earned the Philip Sousa Award and the National Choral Award.



## Maria Ely

Maria Ely has been awarded the \$500 Burke-Divide Electric Cooperative Memorial Scholarship. Maria is currently a junior at Minot State University studying for a degree in radiological technology.

Last year, Maria was accepted into the Minot State University Ambassador Program, helping with new student orientation, campus tours and other activities.

She has been named to the dean's list twice. She is the daughter of Michael and Wanda Ely, who farm near Columbus, with her brother, Patrick.



## Lexi Lucy

Lexi Lucy, a junior at Powers Lake High School, is the winner of the cooperative's Youth Tour essay contest and a trip to Washington, D.C. She is the daughter of Joe and Tami Lucy, Powers Lake.

Lexi will represent Burke-Divide Electric Cooperative during the all-expense-paid Youth Tour to Washington, D.C., in June.

## Statement of Operation & Patronage Capital

<b>OPERATING REVENUES</b>	<b>2008</b>	<b>2007</b>
Electric	\$6,053,777	\$4,952,606
Other	11,918	11,468
<b>Total operating revenues</b>	<b>6,065,695</b>	<b>4,964,074</b>
<b>OPERATING EXPENSES</b>		
Cost of power	2,374,073	1,817,410
Transmission		
- operation and maintenance	803	3,421
Distribution - operation	412,344	531,354
Distribution - maintenance	484,885	474,600
Customer accounts	127,726	118,526
Customer service		
and informational	121,812	123,084
Sales expense	9,564	6,496
Administrative and general	690,805	625,805
Depreciation	580,237	547,876
Taxes	125,473	104,462
Interest on long-term debt	459,531	426,837
Other	8,563	-
<b>Total operating expenses</b>	<b>5,395,816</b>	<b>4,779,871</b>
<b>OPERATING MARGINS</b>		
BEFORE CAPITAL CREDITS	669,879	184,203
<b>GENERATION AND TRANSMISSION AND OTHER COOPERATIVE CAPITAL CREDITS</b>	<b>366,103</b>	<b>62,213</b>
<b>NET OPERATING MARGINS</b>	<b>1,035,982</b>	<b>246,416</b>
<b>NONOPERATING MARGINS</b>		
Merchandising, less		
costs and expenses	(40,399)	19,341
Interest income	14,549	10,621
Other income (expense)	1,029	(6,708)
<b>Total nonoperating margin (deficit)</b>	<b>(24,821)</b>	<b>23,254</b>
<b>NET MARGINS</b>	<b>\$1,011,161</b>	<b>\$269,670</b>

# Balance Sheets Dec. 31, 2008 and 2007

## ASSETS

	2008	2007
<b>ELECTRIC PLANT</b>		
In service	\$25,048,098	\$22,766,509
<u>Under construction</u>	<u>827,177</u>	<u>1,222,928</u>
Total electric plant	25,875,275	23,989,437
Less accumulated <u>depreciation</u>	<u>11,647,551</u>	<u>11,199,953</u>
<u>Electric plant - net</u>	<u>14,227,724</u>	<u>12,789,484</u>

## OTHER PROPERTY AND INVESTMENTS

Nonutility property, less accumulated provision for depreciation (2008 - \$20,784; 2007 - \$20,149)	14,444	15,079
Investments in associated companies	1,661,097	1,391,415
Other investments	90,223	91,909
Revolving loan pool	170,641	167,475
<u>Special funds</u>	<u>19,700</u>	<u>5,400</u>
<u>Total other property and investments</u>	<u>1,956,105</u>	<u>1,671,278</u>

## CURRENT ASSETS

Cash and cash equivalents	834,971	441,632
Accounts receivable, less allowance for uncollectible accounts (2008 - \$65,266; 2007 - \$59,293)	842,406	730,940
Materials and supplies	1,016,513	702,046
Prepayments	53,108	51,516
<u>Interest receivable</u>	<u>1,962</u>	<u>2,523</u>
<u>Total current assets</u>	<u>2,748,960</u>	<u>1,928,657</u>

## DEFERRED CHARGES

Heavy equipment clearing	-	58
<u>PCB maintenance costs</u>	<u>-</u>	<u>50,955</u>
<u>Total deferred charges</u>	<u>-</u>	<u>51,013</u>

\$18,932,789 \$16,440,432

## Equities and Liabilities

	2008	2007
<b>EQUITIES</b>		
Patronage capital	\$6,599,780	\$5,618,954
Other equities	355,309	65,523
<u>Total equities</u>	<u>6,955,089</u>	<u>5,684,477</u>
<b>LONG-TERM DEBT, LESS CURRENT MATURITIES</b>	<u>9,225,137</u>	<u>7,731,790</u>
<b>CURRENT LIABILITIES</b>		
Current maturities of long-term debt	375,800	493,000
Note payable	- 1,300,000	
Accounts payable	481,624	364,565
Customer deposits	4,960	4,860
Taxes accrued	261,524	225,210
Accrued compensated absences	145,431	172,766
<u>Total current liabilities</u>	<u>1,269,339</u>	<u>2,560,401</u>
<b>DEFERRED CREDITS</b>		
Customer energy prepayments	41,551	37,881
Uncashed capital credit checks	54,638	197,767
Customer construction prepayments	1,336,610	182,461
Deferred compensation	19,700	5,400
Estimated installation costs - special equipment	30,725	40,255
<u>Total deferred credits</u>	<u>1,483,224</u>	<u>463,764</u>
	<u><b>\$18,932,789</b></u>	<u><b>\$16,440,432</b></u>

### Independent Auditor's Report

We have audited, in accordance with generally accepted auditing standards, the balance sheet of Burke-Divide Electric Cooperative, Inc., as of December 31, 2008 and 2007, and the related statements of operations and patronage capital and cash flows for the years then ended; and in our report dated April 7, 2009 we express an unqualified opinion on those financial statements. Complete financial statements are on file at the cooperative's office.

Eide Bailly LLP  
 Fargo, ND  
 April 7, 2009

## **JUNE 11, 2008**

The 63rd annual meeting of the members of Burke-Divide Electric Cooperative, Inc., was held at the Kenmare High School in Kenmare, North Dakota, on June 11, 2008.

The Kenmare Close Up group served a delicious meal beginning at 5:30 p.m. President David Sigloh called the meeting to order at 7:00 p.m.

**INVOCATION:** Dennis Bratlien, Member Services Manager, led the group in the invocation.

**ANTHEM:** A video presentation of the national anthem was played to the group.

**QUORUM:** Director Robert Stauffer reported that 97 members had registered and a quorum was present.

**NOTICE OF MEETING:** It was moved, seconded, and carried to approve the Notice of Meeting in the form mailed to the members and to dispense with the reading of it.

**GUESTS:** President Sigloh introduced a number of guests at the meeting. Sigloh then introduced past directors and spouses.

**MINUTES:** It was moved, seconded, and carried to dispense with the reading of the minutes of the 2007 annual meeting.

Loren Johnson, Secretary-Treasurer of the cooperative, read the minutes of the special member meeting held on February 29, 2008, in Columbus, North Dakota. The members of the cooperative approved bylaw changes to redistrict director districts and to reduce the size of the Board from nine to seven. It was moved, seconded, and carried to approve the minutes of the February 29 special member meeting as read.

**FINANCIAL REPORT:** Mark Martens of Eide Bailly LLP presented the financial report for the year ended December 31, 2007. He reported that it was a "clean" audit, which means there were no material misstatements and the financial statement fairly stated the financial position of the cooperative and operating results of the year.

Martens discussed details from the financial statements. Total net margins for the year were \$269,670, which were substantially higher than 2006. Patrons' equity stood at \$5,618,954 at the end of the year, which was up over 2006, even after retirement of equities during the year. Total assets rose over \$1 million during 2007.

It was moved, seconded, and carried to approve the financial report.

**DIRECTORS:** President Sigloh introduced the Board of Directors and their spouses. Sigloh also introduced two long-time and valued directors who are retiring this year, as follows:

Robert Stauffer  
Earl Jensen

**PRESIDENT'S REPORT:** President Sigloh presented a report on the accomplishments and transitions during the past year. He thanked the members for their support during the past year and introduced the new General Manager, Jason Brothen, who was hired to fill the position of retiring General Manager Keith Berg. Sigloh noted that Keith Berg has provided excellent management for the cooperative during many challenges and the members and directors are appreciative of his services.

Manager Jason Brothen discussed commercial load growth and the need for system improvements to serve these increased loads.

Brothen concluded by introducing the 18 employees of Burke-Divide Electric

Cooperative and thanking them for their services to the cooperative.

Sigloh called for questions and discussed the Touchstone Energy commercials with a member.

**CLIMATE CHANGE:** Chad Reisenauer, a member relations representative from Basin Electric, gave a slide presentation on proposals for climate change legislation. Basin Electric is advocating a timed, go slow approach to carbon sequestration mandates and solutions.

**SCHOLARSHIP AND YOUTH TOUR:** Lindsay Helseth, last year's Youth Tour winner and the recipient of the Basin Electric/Burke-Divide \$1,000 scholarship, talked to the group and thanked them for the opportunities she has been provided.

**UPPER MISSOURI:** Tom Barnett, Manager of Upper Missouri G & T in Sidney, Montana, explained that Upper Missouri serves transmission needs of members such as Burke-Divide Electric. Barnett discussed the phenomenal load growth in the oil field industry that will more than double the energy needs of Upper Missouri in the next five years.

**ELECTION OF DIRECTORS:** President Sigloh noted that the members were to elect a director for the Central District. Perry Rosenquist had filed a petition for election as the director from the Central District. Sigloh then called for other nominations from the floor for the Central District; there were no further nominations. It was moved, seconded, and carried that nominations cease and that a unanimous ballot be cast for Perry Rosenquist.

**SERVICE AWARDS:** President Sigloh and General Manager Broten presented service awards, as follows:

Directors		Employees	
Steve Overlee	5 years	Brad Kjos	10 years
Kent Haugland	10 years	Tom Rasmussen	15 years
Rolland Carlson	25 years	Alcene Dalebout	18 years
Robert Stauffer	27 years	Roxi Iverson	25 years
Earl Jensen	30 years	Teresa Glaspey	25 years
		Curt Helmers	25 years
		Keith Berg	37 years

**OLD AND NEW BUSINESS:** President Sigloh called on members for new business and old business. There was none.

**QUESTIONS:** President Sigloh called on members for questions. There were none.

**ADJOURNMENT:** There being no further business to conduct, the meeting was adjourned at 8:30 p.m.

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Don Negaard, Recording Secretary

ATTEST:

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David Sigloh, President

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Loren Johnson, Secretary

## Manager's Report

Burke-Divide Electric Cooperative (BDEC) has been through many changes in its 64-year history. The future, as your directors and staff of BDEC see it, will be no different.

Providing reliable and affordable electricity has always been and will continue to be the key objective at the cooperative. Each day, we seek ways to accomplish this goal. As we look forward to the future, a number of issues will create some challenges in achieving this mission.

In just the past year, BDEC's total kilowatt-hour (KWH) sales have increased from 62 million KWH in 2007 to almost 72 million KWH in 2008. BDEC is experiencing steady growth, but this kind of increase can be a concern for future electric generation capacity that will not only be needed by the members of BDEC, but all of the United States. Be assured that your cooperative is very active with Basin Electric Power Cooperative and Upper Missouri G&T Electric Cooperative concerning the future of the cooperative's power supply needs.

One hurdle to achieving a secure power supply is the attack on the cooperative-owned, coal-based generation which is making it difficult and expensive to develop future power plants. More and more people believe the earth is affected by global warming which is caused by the emissions of greenhouse gases.

Technology has only scratched the surface on the removal of carbon dioxide from coal plants. Last year, you will remember the push to contact Con-

gress and give a grass-roots voice on the climate change legislation. Again

this year, we are asking you to help your cooperative fight a measure which would penalize carbon dioxide-emitting generation. This type of legislation would greatly affect each member of BDEC and we need you to voice your opinion and help keep our electricity rates low in a time when we are already facing years of wholesale power rate increases without a carbon tax added to your bills.

Another way your cooperative is using its resources to help achieve our mission is the use of our completed long-range engineering plan. Last year, we reported on the process of this plan and now have it completed. The goal of the board is to use this plan to prepare the cooperative for what needs to be done in a 20-year time frame.

Even though BDEC has a well-maintained system, we estimate that around 80 percent of the system was constructed in the early years of the co-op. We are always looking for ways to extend the life of the existing system as long as we can. We will be using this study to find the weakest areas of the system and coordinate a plan to rejuvenate it. This also allows us to better control our costs by finding the areas that need the most attention first.

Your board of directors and staff of BDEC are constantly striving for ways to improve the service we supply to you at a reliable and affordable rate. There are many tough decisions and issues we need to address in the coming months and years which will affect the structure of your cooperative.



**Jason Brothen**

# **Burke-Divide Electric Cooperative Inc.**

## **Annual Meeting Notice**

YOU ARE NOTIFIED that the board of directors has called an annual meeting of the members of Burke-Divide Electric Cooperative to be held at the Burke-Divide Electric Cooperative headquarters, Columbus N.D., at 7 p.m. June 10.

A meal will be served at the headquarters at Columbus, starting at 5 p.m. The business session will begin at 7 p.m. to take action on the following:

1. To elect a director in the Central District for a three-year term, the East District for a two-year term, and the West District for a three-year term.

Central District – Steve Overlee

East District – Loren Johnson

West District – Lynn Jacobson

Nominations for directors for each district may be made from the floor at the annual meeting. A candidate nominated from the floor of the meeting may be voted for by writing the name of such candidate beneath the name of those candidates who filed a nomination petition listed on the ballot for that directorship. Space has been provided for this purpose. Each member personally present shall have one vote for each directorship being filled.

2. To pass upon reports and business for the preceding year.

3. To transact such other business as may come before this meeting.

Loren Johnson, secretary

Dated: May 2009



# **MEETING AGENDA**

Call to Order

Invocation

National Anthem

Minutes of 2008 Annual Meeting

Treasurer's Report/Eide Bailly

President's Report

2008 National Youth Tour Winner  
Marci Johnson

Manager's Report

Guest Speaker  
Chad Reisenauer, Basin Electric

Election of Directors

Old Business

New Business

Questions & Comments

Adjourn