



# Southeastern Electric Cooperative, Inc.

PO Box 388 • 501 South Broadway Avenue • Marion, SD 57043-0388  
Telephone: 605-648-3619 • Facsimile: 605-648-3778 • E-mail sec@southeasternelectric.com

Alcester Office  
PO Box 105  
605 SD Highway 11  
Alcester, SD 57001-0105  
Telephone: 605-934-1961  
Facsimile: 605-934-1964  
Toll-Free in SD: 1-800-333-2859

January 16, 2006

RECEIVED

JAN 16 2006

Patricia Van Gerpen, Executive Director  
South Dakota Public Utilities Commission  
500 East State Capitol Avenue  
Pierre, SD 57501-5070

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

Dear Ms. Van Gerpen,

Effective January 1, 2006 McCook has merged into Southeastern Electric Cooperative, Inc. Accordingly, and we ask the South Dakota Public Utilities Commission to transfer the existing territorial Agreements of McCook to Southeastern Electric Cooperative, Inc.

This request meets the requirements set forth in SDCL 49-34A-55 :

- elimination or avoidance of unnecessary duplication of facilities,
- providing adequate electric service to all areas and customers affected and,
- the promotion of the efficient and economical use and development of the electric system.

I have enclosed a copy of the Articles of Merger, for your review. I ask that you place this matter on the PUC's agenda for approval at its next meeting. If you require any further information prior to the meeting, please feel free to contact me or Assistant Manager, John McDonald.

Sincerely yours,

Brad Schardin  
General Manager

Enclosures

Cc: Harley Bruns, Southeastern Electric Cooperative, Inc., Board President  
Tim Bjorkman, Bjorkman & Fink, P. C.  
Audrey Ricketts, South Dakota Rural Electric Assoc., General Manager  
Jeffrey L. Nelson, East River Electric Cooperative, Inc., General Manager

# SECRETARY OF STATE

State Capitol, Suite 204  
500 East Capitol Avenue  
Pierre, South Dakota  
57501-5070  
sdsos@state.sd.us  
www.sdsos.gov



**Chris Nelson**  
Secretary of State

Chad Heinrich  
Deputy

**To:** SOUTHEASTERN ELECTRIC COOPERATIVE, INC.  
BRAD SCHARDIN  
PO BOX 388  
MARION SD 57043

**From:** Secretary of State Chris Nelson  
Corporations Division

**Date:** January 9, 2006

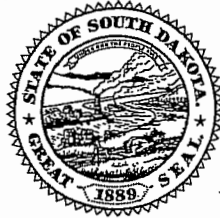
**Re:** MCCOOK ELECTRIC COOPERATIVE, INC., a South Dakota Company merging into  
SOUTHEASTERN ELECTRIC COOPERATIVE, INC., a South Dakota Company  
Document Filings

The documents submitted on behalf of **MCCOOK ELECTRIC COOPERATIVE, INC.**, a South Dakota Company merging into **SOUTHEASTERN ELECTRIC COOPERATIVE, INC.**, a South Dakota Company have been received and filed.

Enclosed is the acknowledgement with a receipt for the fee of \$50.

Thank you.

# State of South Dakota



OFFICE OF THE SECRETARY OF STATE

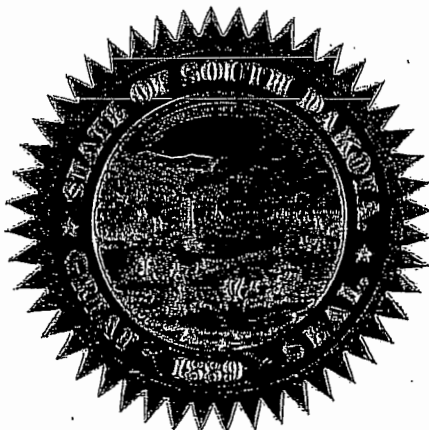
## Certificate of Merger

ORGANIZATIONAL ID #: PU000005

I, **Chris Nelson**, Secretary of State of the State of South Dakota, hereby certify that duplicate of the Articles of Merger **MCCOOK ELECTRIC COOPERATIVE, INC.**, a South Dakota Company merging into **SOUTHEASTERN ELECTRIC COOPERATIVE, INC.**, a South Dakota Company duly signed and verified pursuant to the provisions of the South Dakota Corporation Acts, have been received in this office and are found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I hereby issue this Certificate of Merger and attach hereto a duplicate of the Articles of Merger.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the Great Seal of the State of South Dakota, at Pierre, the Capital, this January 3, 2006.



*Chris Nelson*  
Chris Nelson  
Secretary of State

Filed this 3rd day of Jan, 2006  
Chi Nelson  
SECRETARY OF STATE

ARTICLES OF MERGER  
OF  
MCCOOK ELECTRIC COOPERATIVE, INC.  
WITH  
SOUTHEASTERN ELECTRIC COOPERATIVE, INC.

RECEIVED

SEP 06 '05

S.D. SEC. OF STATE

RECEIVED

SEP 3 '05

S.D. SEC. OF STATE

These Articles of Merger are executed pursuant to the provisions of SDCL Section 47-21-30.

**ARTICLE ONE - MERGING COOPERATIVE**

The name of the merging cooperative and the address of its principal office is as follows:

McCook Electric Cooperative, Inc.  
236 N. Main Street  
PO Box 250  
Salem, South Dakota 57058-0250

**ARTICLE TWO - SURVIVING COOPERATIVE**

The name of the surviving cooperative and the address of its principal office are as follows:

Southeastern Electric Cooperative, Inc.  
501 S. Broadway Avenue  
PO Box 388  
Marion, South Dakota 57043-0388

**ARTICLE THREE - STATEMENT OF AGREEMENT**

The merging and surviving cooperatives hereby agree to the merger.

**ARTICLE FOUR - DIRECTORS**

The names and addresses of the transitional board of directors of the surviving cooperative are as follows:

Harley Bruns	46715 282 <sup>nd</sup> Street	Lennox	SD	57039-5639
Melvin Eilts	43015 250 <sup>th</sup> Street	Spencer	SD	57374-5404
Bill Healy	25473 447 <sup>th</sup> Avenue	Montrose	SD	57048-5613
Michael Healy	45132 262 <sup>nd</sup> Street	Canistota	SD	57012
Don Heeren	27150 459 <sup>th</sup> Avenue	Parker	SD	57053-5306
Chris Hofer	46730 271 <sup>st</sup> Street	Tea	SD	57064-8006
Lynell Hofer	27618 431 <sup>st</sup> Avenue	Freeman	SD	57029-9630
Steve Holmberg	46551 293 <sup>rd</sup> Street	Centerville	SD	57014-6320
Leslie Mehlhaff	28256 418 <sup>th</sup> Avenue	Tripp	SD	57376-9659
James Miles	24735 453 <sup>rd</sup> Avenue	Montrose	SD	57048-5321

Charles Olsen	108 S. Nora Street	Viborg	SD	57070
John Ostraat	27780 482 <sup>nd</sup> Avenue	Canton	SD	57013-5545
Pat Scheier	44359 246 <sup>th</sup> Avenue	Salem	SD	57058-5213
Donald Schwans	PO Box 445	Bridgewater	SD	57319-0445
Daryl Terveen	43270 261 <sup>st</sup> Street	Emery	SD	57332-5801

The above-named persons shall serve as directors until the surviving cooperative's 2006 annual meeting; at which time the board shall be reduced to ten (10) directors based on the director districts established in the revised bylaws.

**ARTICLE FIVE - TERMS AND CONDITIONS**

The terms and conditions of the merger and the mode of carrying the same into effect are as set forth in the Plan for Merger which was duly adopted by the Board of Directors and membership of both cooperatives an executed copy of which is affixed hereto and incorporated herein by reference.

**ARTICLE SIX - MEMBERSHIP**

All members of the two cooperatives shall become members of the surviving cooperative. Other persons may become members of the cooperative as set forth in the surviving cooperative's by-laws. Each member shall be entitled and restricted to only one (1) vote in the affairs of this cooperative.

Dated this 20<sup>th</sup> day of June, 2005.

**MCCOOK ELECTRIC COOPERATIVE, INC.**

By: Michael R Healy  
President

(CORPORATE SEAL)

ATTEST:

By: Bill Healy  
Secretary

**SOUTHEASTERN ELECTRIC COOPERATIVE, INC.**

By: Harley Burns  
President

(CORPORATE SEAL)

ATTEST:

By: Steve Holmberg  
Secretary

**PLAN FOR MERGER  
OF  
MCCOOK ELECTRIC COOPERATIVE, INC.  
WITH  
SOUTHEASTERN ELECTRIC COOPERATIVE, INC.**

This Plan for Merger is approved as of this 21 day of March, 2005, by the Boards of Directors of McCook Electric Cooperative, Inc. [MEC] and Southeastern Electric Cooperative, Inc. [SEC], both of which are South Dakota Rural Electric Cooperatives, organized under SDCL Chapter 47-21.

**WHEREAS**, the merger is deemed to be advantageous for the members of each cooperative in the promotion and encouragement of the fullest possible use of electric energy at the lowest cost consistent with sound economy and prudent management; and

**WHEREAS**, the board of directors of each of the cooperatives, after a review of the merger study, deem it advisable and in the best interests of each cooperative and its respective members that MEC merge with SEC into a single cooperative to be known as Southeastern Electric Cooperative, Inc.;

**NOW, THEREFORE**, it is mutually agreed by and between the cooperatives, acting pursuant to the provisions of SDCL Chapter 47-21, that MEC shall merge into SEC on the following terms and conditions.

**1. MERGER PROCEDURE**

MEC at a special meeting in June, 2005, and SEC at its annual meeting in June, 2005, or such other date as the board of directors of each cooperative shall approve, shall cause to be submitted to their respective memberships, this plan for merger.

**2. EFFECTIVE DATE OF THE MERGER**

Although the members will vote on merger in June, 2005, if approved, the merger will not occur until January 1, 2006, at 12:01 o'clock A.M., or such later date as may be required for compliance with all statutory and legal requirements for merger. During this interim period, each cooperative shall continue to conduct its separate business in the usual and ordinary course of said business. However, neither cooperative will do or perform any extraordinary act without the consent of the other. The cooperatives shall be limited to their respective normal business practice in the declaring of or retiring of dividends or credits in its membership capital accounts.

### 3. NAME AND PRINCIPAL OFFICE

After the merger, the surviving cooperative shall be known as Southeastern Electric Cooperative, Inc. When the merger is effective, the principal office of the cooperative shall be 501 S. Broadway Avenue, Marion, SD. Existing operational facilities at Marion and Salem shall be maintained as well as all other cooperative outposts, subject to the Board of Directors' discretion.

### 4. TERMS OF THE MERGER

A. MEC, the merging cooperative, agrees to transfer and convey, and SEC, the surviving cooperative, agrees to accept, all of the business and property, including but not limited to real estate, personal property, tangible property, intangible property, rights, privileges, franchises, accounts, funds, or equities owned by or in which MEC may have an interest on the effective date of the merger.

B. The transfer of the assets and property described above shall be undertaken pursuant Sections SDCL Chapter 47-21, as amended, and shall be subject to all claims, accounts, debts, liabilities, and obligations accrued by MEC, which SEC assumes and agrees to pay. In this connection, MEC covenants and warrants as follows:

1. That there are no claims, accounts, debts, liabilities or obligations except such as are reflected by its books of account and records that shall be made available for inspection and audit under the terms hereof.
2. That there is no action suit or other legal proceeding pending or, to MEC's knowledge, threatened against or affecting MEC in any Court or before any governmental board or commission which might result in any material adverse change in the business, operations, properties or financial condition of MEC.

C. That, as consideration for the transfer of the assets and business of MEC, SEC agrees:

1. To be responsible for, and pay according to the terms thereof, all the current obligations and liabilities of MEC.
2. To issue membership capital credits to MEC members, which capital credits shall be transferred to SEC at 100% their MEC value.
3. Unallocated capital credits will be transferred from MEC to SEC at their full value.

D. That, as and for additional consideration herein, MEC agrees to transfer and convey

to SEC all the following described property:

1. All credits and equities owed to MEC by any local, regional or national cooperative association, all of which will be assigned par value. Should MEC own any undistributed and unallocated earnings, the same shall be transferred to SEC;
2. All buildings, equipment, fixtures, office furniture, and vehicles MEC presently owns;
3. All accounts receivable owned by MEC, including any such accounts paid to MEC subsequent to the date of this Agreement and prior to the effective date of merger.
4. All leasehold interests presently owned or held by MEC, if any;
5. Any real estate or rights in real estate, subject to any easements of record, restrictions or zoning ordinances relating to the use or occupation of the premises;
6. Any unemployment insurance or other account maintained in MEC's name by any governmental commission or body;
7. Any checking or savings accounts, money market or savings certificates in MEC's name, wherever located.

E. MEC agrees not to engage in any transaction or undertaking, or to incur any liabilities or obligations outside the ordinary course of business, and agrees not to enter into any long-term contracts, subsequent to the date of this Agreement without the prior approval of SEC's Board of Directors.

F. MEC shall transfer all its personal property to SEC, subject to any encumbrances to be assumed as agreed by the parties herein.

G. SEC agrees to accept the assets and property being transferred to it by reason of this merger and agrees to accept the same in its "as is" condition subject to reasonable use, wear, tear, and natural deterioration between now and January 1, 2006.

MEC represents that past and present uses of its existing property, to the best of its knowledge and belief, comply with all federal, state and local environmental laws. MEC represents that it has not received notice from a private party or governmental body of any violation or potential violation of any federal, state or local environmental laws, nor does it have any knowledge of any violation or potential violation of any federal, state or local environmental laws.



SEC that past and present uses of its existing property, to the best of its knowledge and represents belief, comply with all federal, state and local environmental laws. SEC represents that it has not received notice from a private party or governmental body of any violation or potential violation of any federal, state or local environmental laws, nor does it have any knowledge of any violation or potential violation of any federal, state or local environmental laws.

H. Until the effective date of this merger, MEC shall not, without SEC's consent, dispose of or encumber any assets or property being transferred hereunder except in connection with those transactions occurring in the ordinary course of MEC business or with regard to the retirement of stock. MEC shall use its best efforts to preserve its business and good will. MEC will permit SEC, its agents and representatives full access to its property and records prior to the effective date during normal business hours and to supply all information concerning its property and affairs as SEC may reasonably demand. SEC shall extend the same privileges to MEC and its agents and representatives. Further SEC agrees to undertake no action which substantially changes the nature of its operation or which sells or otherwise conveys essentially all its assets to a third party.

I. No regular full-time employees of either cooperative will be terminated as a direct result of the merger. All such employees will be retained by SEC in substantially similar pay grades and overall compensation. **HOWEVER**, SEC, as the employer, retains an at-will employment relationship with all employees of the cooperative. All employees shall be subject to SEC employment policies and procedures. Retirements, voluntary termination, or any other reason not directly resulting from the merger may occasion reductions in force.

J. There will be no rate changes effected as a result of the merger. However, this shall not prevent the Board of Directors of the merged cooperative from establishing different rates from time to time based on appropriate rate making principles. Service rates for members of the merging cooperatives need not be the same. However, it is an objective of the Board of Directors of the merging cooperatives, that common rates will be developed in the future when it becomes possible to do so without the membership of one of the existing cooperatives subsidizing the membership of the other.

K. The assigned service territories of the merging cooperative shall be assigned to and become the assigned service territory of the surviving cooperative.

## 5. BOARD OF DIRECTORS

### A. Board of Directors

1. The transitional Board of Directors shall consist of fifteen (15) directors, which shall be comprised of the existing directors of the two cooperatives

at the time the merger is effective on January 1, 2006.

2. The transitional Board of Directors shall elect the officers of the cooperative at a reorganizational meeting called for that purpose on or before January 1, 2006. The newly elected officers shall assume office on the effective date of the merger and shall hold office as set forth in SEC's bylaws.
3. If any MEC director on the transitional Board of Directors, resigns, retires or becomes ineligible to continue to serve as a director, such position shall not be filled.
4. MEC's current territory will be divided into two member districts as follows:

**District 9** shall consist of Pearl, Sun Prairie, Benton, Salem, Jefferson, Emery, Bridgewater and Union Townships and the city of Spencer, all in McCook County; and Spring Lake, Edgerton, Pleasant and Taylor and the community of Farmer, all in Hanson County and Canova and Vermillion Townships, all in Miner County, all in South Dakota.

**District 10** shall consist of Brookfield, Ramsey, Richland, Montrose, Canistota, Greenland, Grant and Spring Valley Townships and the city of Montrose, all in McCook County; and Clarno and Orland Townships in Lake County; and Buffalo, Clear Lake, Humboldt and Wellington in Minnehaha County, all in South Dakota.

At the 2006 annual meeting of members of the merged cooperative, the membership shall elect a District 9 member to serve a three-year term, and shall elect a District 10 member to serve a two-year term. These two members shall serve on the board with the eight board members from the current SEC districts.

5. While the transitional Board of Directors is serving, all decisions of the board shall be by a "super majority," defined as two-thirds (2/3) or more of the then present and voting board. Two-thirds (2/3) of the transitional board membership shall constitute a quorum.

B. A Manager designated by the Board of Directors will direct the operations of the Cooperative. The Manager shall be responsible for the management and direction of the work force.

**6. APPROVAL BY REGULATING, LENDING AGENCIES AND OTHERS**

Upon approval of the merger by the membership of each cooperative, notice shall be given to the Rural Utilities Services (RUS), the National Rural Utilities Finance Corporation (CFC), the South Dakota Public Utilities Commission (PUC), Co Bank, East River Electric Power Cooperative, Inc., and any other public regulatory bodies having jurisdiction over the merging cooperatives. The merger shall become effective on January 1, 2006 or upon receiving written notice of approval from the above entities, whichever shall occur last.

**7. APPROVAL RECOMMENDATIONS**

This Plan for Merger has been approved and adopted by the Board of Directors of each of the merging cooperatives and shall be submitted to the members of each cooperative at a meeting in the manner provided by law. If approved by a majority of the members voting thereon, this Plan for Merger shall be adopted and shall become effective upon the dates set forth herein. The Boards of Directors of MEC and SEC approve and recommend to their members the adoption of this Plan for Merger.

**IN WITNESS WHEREOF**, the parties may hereunto set their hand and respective seal on this the 21 day of March, 2005.

**MCCOOK ELECTRIC COOPERATIVE, INC.**

By: Michael R Healy  
President

(CORPORATE SEAL)

ATTEST:

By: Bill Healy  
Secretary

**SOUTHEASTERN ELECTRIC COOPERATIVE, INC.**

By: Harley Bruns  
President

(CORPORATE SEAL)

ATTEST:

By: Steve Holmberg  
Secretary