



# VIGILANTE ELECTRIC COOPERATIVE

A Touchstone Energy® Cooperative 

P.O. Box 1049, Dillon, MT 59725-1049  
(406) 683-2327 or (800) 221-8271

Web site: [www.vec.coop](http://www.vec.coop)

E-mail: [contact@vec.coop](mailto:contact@vec.coop)

**OWNED BY THOSE WE SERVE**

*A Joint Message from Your Board President and General Manager*

## 2015 Annual Report to Members

*Excerpts from Annual Meeting Report*

Your board of trustees, management and staff would like to welcome you to the 78th Annual Meeting of the membership of Vigilante Electric Cooperative. We are pleased to present this 2015 Annual Report to you as part of our Annual Meeting this year. Our success of the last 78 years represents a significant achievement in member involvement, successful management and the governance/strategic planning of your board of trustees. We hope you find the information included in this report beneficial as you review your cooperative's operation.

### Financial Strength

We have closed the books on year 2015, and are happy to report that we had a very good year from a financial perspective. We sold more than 161 million kWhs of energy, with total revenue exceeding \$12.49 million. Year-ending margins (the total revenue less expenses) will be allocated back to the membership in the amount of approximately \$1.03 million. We added 194 new services for the year, with a total of 9,953 services in place. At the end of 2015, we had more than \$49 million in total utility plant assets, and had an equity level of approximately 48 percent. We have more than 2,699 miles of powerlines serving the membership. Your cooperative has become financially stronger in 2015, while keeping rates very low. Our financial strength continues to be enhanced by our ownership interest in Montana Energy Alliance, a propane distribution company.

As a not-for-profit entity, we allocate our excess margins back to members in relation to their patronage. We use those excess margins for several years to offset costs, and then return them to the members. This is often referred to as retirement of capital credits. We are happy to report that we retired \$634,173 of capital credits to the membership in 2015, and \$1.22 million has

been retired in the last two years.

### Rates

As mentioned above, we received almost \$12.5 million in total revenue for 2015. Of that amount, 57 percent was received from residential accounts, while 30 percent came from irrigation services. The remaining 13 percent came from commercial and seasonal accounts. We have the lowest rates in the state of Montana for our irrigation and residential rate classes, and some of the lowest in the entire country. We did see an increase in our wholesale rates effective October 1, 2015, from our wholesale power provider, and thus implemented an increase in our retail rates effective January 1, 2016. We have, however, been able to lower our rates from the previous year relative to our neighboring utilities. As indicated above, we are highly reliant on irrigation revenue, and thus annual snowpack and water storage are extremely important factors.

### Power Supply

As you may know, we are served wholesale power over an integrated system by the Bonneville Power Administration (BPA). BPA is an entity of the U.S. Department of Energy and exists in a highly lobbied and regulated environment. The vast majority of the power generated by BPA is in the form of low-cost renewable hydropower. Although it can be cumbersome at times, we are pleased to have the relationship that we do with BPA.

### Concern for Community

One of the seven cooperative core principles that we operate under is Concern for



Rollie Miller  
General Manager



Dean Hanson  
President

## Outage Notification Numbers

M-F 8 a.m. to 5 p.m.  
**683-2327 or  
(800) 221-8271**

### Dillon

After Hours Mon. - Thurs.  
Dan Snellman .....683-6222  
Gary Ferris.....683-6321  
Cody Tarter.....925-3326  
Charles Wharton ..660-1878

### Weekends

**683-2327 or  
(800) 221-8271**

### Whitehall

After Hours and  
Weekends

Marty Simons .....287-3950  
Chuck Romerio.....287-3144  
John Moos .....266-3605

### Townsend

After Hours and  
Weekends

John Moos .....266-3605  
Justin Bair .....266-3351  
Chase White .....459-3892  
Marty Simons .....287-3950

*Continued on page 5*

# Vigilante Electric 2015 Financials

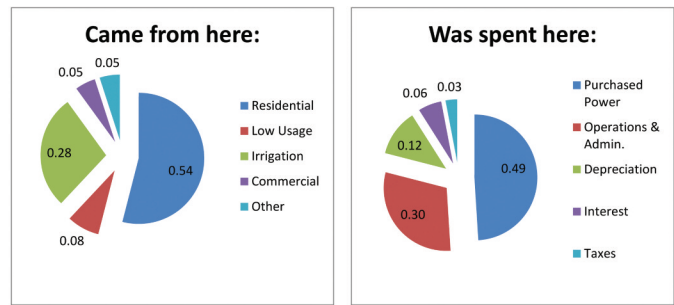
## Balance Sheet

ASSETS	2015	2014
<b>ELECTRIC PLANT:</b>		
In Service - at cost	\$49,079,803	\$47,669,188
Construction Work in Progress	395,420	786,607
	<u>\$49,475,223</u>	<u>\$48,455,795</u>
Accumulated Depreciation	\$23,288,086	\$24,304,576
Net Utility Plant	\$26,187,137	\$24,151,219
<b>INVESTMENTS:</b>	\$2,207,459	\$2,173,517
<b>CURRENT ASSETS:</b>		
Cash - General Funds	\$212,304	\$197,136
Temporary Investments	6,830,335	5,435,566
Accounts Receivable	1,449,725	1,242,746
Materials & Supplies	1,299,068	1,769,464
Other Current & Accrued Assets	293,404	258,532
<b>TOTAL ASSETS:</b>	<u>\$38,479,433</u>	<u>\$35,228,180</u>
<b>LIABILITIES</b>		
<b>MEMBERS EQUITIES:</b>	\$18,377,756	\$17,711,414
<b>LONG TERM DEBT:</b>		
Rural Utilities Service	\$4,434,661	\$4,701,747
Federal Financing Bank	\$9,995,381	\$6,776,326
Other - NRUCFC & CoBank	\$3,068,090	\$3,561,264
	<u>\$17,498,133</u>	<u>\$15,039,337</u>
<b>CURRENT LIABILITIES:</b>		
Accounts Payable	\$756,165	\$653,755
Consumer Deposits	499,215	486,605
Other Current & Accrued Liabilities	1,348,165	1,337,069
<b>TOTAL LIABILITIES:</b>	<u>\$38,479,433</u>	<u>\$35,228,180</u>

## Revenue and Expenses

	2015	2014
<b>TOTAL OPERATING REVENUE</b>	\$12,493,815	\$12,205,319
Nonoperating Revenues	436,528	521,538
<b>OPERATING EXPENSES</b>		
Power Purchased for Consumers	\$5,721,682	\$5,631,882
Operation and Maintenance	1,770,017	1,825,761
Consumer Accounting, Administration and General Operating Expenses	1,729,915	1,769,584
Depreciation of Plant	1,411,598	1,304,815
Interest on Long Term Debt	656,055	630,791
Property Taxes	393,584	389,259
<b>TOTAL COST OF SERVICE</b>	\$11,682,851	\$11,552,092
<b>NET MARGIN</b>	<u>\$1,247,492</u>	<u>\$1,174,765</u>

### Your Co-op's Dollar



### Operating Statistics

	2015	2014
Meters	9,953	9,826
Miles of Line	2,699	2,712
KWh Purchased	175,275,903	170,764,785
KWh Sold	161,311,163	155,850,257
Percent Line Loss	7.9%	8.7%
Members' Equity	\$18,377,756	\$17,711,414
Full-Time Employees	25	25

## Capital Credits

*One of the many benefits of being a co-op member*

There are so many benefits that come with co-op membership, but perhaps one of the best benefits is capital credits.

What are capital credits, you ask? Annually, Vigilante Electric Cooperative calculates net margins, which is the amount by which our revenue exceeded expenses during the year.

We allocate the net margins as "capital credits" to each member based on the amount of electricity they purchased throughout the year. Annually, members are sent a notification of their portion of the allocated margins.

We then use the allocated, but unretired, capital credits to improve and expand our electric system, and meet our other capital needs. This reduces our need to borrow money and helps us provide reliable electric service.

As an electric cooperative, we are here to provide at-cost

electric service. We aren't here to make a profit, and we don't have shareholders. As a member of an electric cooperative, you invest in the efficient operation of your co-op. Plus, capital credit allocations help qualify Vigilante Electric for non-profit cooperative status under federal income tax law.

Every year, Vigilante Electric's Board of Trustees evaluates the cooperative's financial position and capital needs, and determines whether the co-op will retire capital credits. When it is financially feasible and prudent, we retire the capital credits in the form of a check back to the member. In 2015, Vigilante Electric retired \$558,470 in capital credits.

The bottom line, capital credits are just one of the many benefits of being a member of Vigilante Electric Cooperative! To learn more, visit our website at [www.vec.coop](http://www.vec.coop).

# Annual Report

*Continued from page 3*

Community. During the last two years, the cooperative has provided 39 scholarships totaling \$19,500 to member-dependent youth. We have also funded four high school students with week-long trips to Washington, D.C., to learn more about electric cooperatives; donated \$10,000 in support of the local rural school districts in our service territory; and provided over \$16,000 to local foundations such as the University of Montana-Western Foundation, the Broadwater Community Foundation and the Montana 4-H Foundation. All of these donations have come as a result of capital credits that have gone unclaimed for a period of five years. We all live in the communities we serve and strive to support them.

## The Coming Year and Beyond

As indicated above, we experienced a rate increase of approximately 7.5 percent in October 2015. This wholesale rate will remain at that level for two years. However, we have what are called “tiered rates,” and in 2017, we will grow into the next “tier.” This incremental growth will result in a slightly higher cost, which will continue year after year as our load continues to grow. The Tier II rate is more market based and can change with market fluctuations, but indications are that the Tier II rate will remain low for several more years.

It has always been our desire to create rates that are fair and equitable both across and within all rate classes. We have discussed and plan to implement a slightly different

rate structure in the coming months to address the changing environment of energy usage. This will involve adding another component called demand to the rate structure, while reducing the energy charge. The intent is to make the changes revenue neutral for the average account, while removing some of the cross-subsidization on the outlier accounts.

We are also working to enhance our technical capabilities as our membership culture evolves. We will be rolling out a new website, as well as a SmartHub app that allows members to view their account, make payments, track usage, etc., all from their smartphones or tablets. In addition, we will be offering the optional program of rounding your monthly bill up to the next highest dollar amount, called the Vigilante Electric Safety Foundation. The additional funds will be kept in a separate account and used to support entities that promote the safety and security of the communities in our service territory.

We thank you for allowing us to serve you, the members of Vigilante Electric Cooperative, and we hope you engage in the membership functions of the annual meeting, where your board governance function is fully demonstrated. We are very optimistic about the future of Vigilante Electric Cooperative. The management and staff are here for the sole purpose of serving you, the members, with clean, reliable and affordable power, now and into the future.

*Dean Hanson, Board President and  
Rollie Miller, General Manager*

## Paying with your Credit Card? *Vigilante's Secure Payment Options*

Over the past few years we have introduced a variety of ways members can use credit cards to pay their electric bills. Our E-Bill, Pay by Phone and VeriFone systems allow for customer-driven, convenient and, most importantly, secure payments. When we introduced these options, we were concerned about how they would be perceived, because encouraging their usage reduces customer interaction. However, the numbers indicate the usage of these systems is strong — and growing.

E-Bill is our Internet payment option accessed through our website, [www.vec.coop](http://www.vec.coop). Registering and using the service is quick and easy. Once registered, you can review your billing and capital credit information, payment history and past statements. E-Bill allows you access to tremendous amounts of information. To date, E-Bill is our most popular way to pay by credit card, with more than 1,000 registered users.

With our Pay by Phone system, you can pay your residential accounts, check your balances and update your account information over the phone 24 hours a day. To access, you simply dial toll free (855) 385-9904; then, using your account number(s), voice commands will guide you. In January, we had more than 250 members access this system to pay their bill. However, we would like to bring a few things to your attention:

1. If you have a credit card set up for recurring transactions, in order to change your card number the system will

not allow it unless your account has a balance. However, changing the expiration date can be done at any time.

2. If you need to pay multiple accounts, you need to have your account numbers ready and follow the prompts. This system does not spread dollars over multiple accounts, you need to do each account separately.

3. This system also allows you to pay by check. However, to pay by check you need a four-digit pin number that you get by calling our office.

The final way to pay using a credit card is through our VeriFone terminal in our Dillon office. This payment gateway provides a fully secure transaction from card swipe to authorization. Data is encrypted immediately upon swiping your card. Card data is never stored, and all Vigilante Electric receives is notification that the payment has been accepted (or denied), and the last four digits of the card to print on the receipt. In January, this system was used 56 times.

Accepting credit-card payments is a bit of a double-edged sword. It is a popular and convenient way to pay, but a breach of card information can cost an organization millions. This is why the Payment Card Industry (PCI) has strict standards for accepting credit card payments, and why we are using these secure card payment options. If you have questions or issues using any of these payment options, let us know and we would be glad to help.

# Take Control of your Electric Account with SmartHub

Last month General Manager Rollie Miller introduced the upcoming rollout of SmartHub, Vigilante Electric Cooperative's new innovative tool for account management.



So, exactly what can it do for you? SmartHub can help you take control of your electricity and your Vigilante Electric account like never before.

SmartHub has several features that make managing your account as easy as possible. Whether through the Web, or your smartphone or tablet (Android or iOS), you'll be able to pay your bill, view your electricity use, stay in contact with us and much more.

As soon as you log in, you'll be able to view your billing history and make a payment with just a couple of clicks...or taps, if you're using the app! You'll be able to see your current bill, along with bills from the previous months or even the previous summer, if you want to compare costs. Not only will you see your billing history, but you'll be able to view your actual electricity use. You also can see how your usage is trending over time, which will allow you to take steps to reduce your consumption and lower your bill.

Making payments through SmartHub is fast and easy. The first time you make a payment either through the Web or through your mobile device, you'll be able to securely store your payment information for future transactions. The next

time you need to pay your bill, it will only take a couple of clicks.

You'll also be able to manage your account notifications with SmartHub. By logging in to SmartHub on the Web, you'll be able to select how you want to be notified about your bill, including email and text messaging. Want to get the latest news and information from Vigilante Electric? You can stay connected with us through SmartHub. With the SmartHub news feed, you'll get the latest news, updates and more from our organization, all without leaving the app or the webpage. SmartHub will replace our E-Bill feature on our website ([www.vec.coop](http://www.vec.coop)), or you can download the app on your mobile device through the Apple App Store (iPhone or iPad), or Google Play Marketplace (Android phone or tablet).

Currently, we are looking to launch SmartHub at the end of April or the first of May. We will update you next month on SmartHub, or you can look for information on our website.



## DANGER!

### Outlet Overload

Every year, U.S. fire departments respond to an estimated 25,900 home electrical fires. These fires cause an estimated 280 deaths, 1,125 injuries and \$1.1 billion in property loss.

Thirty-nine percent of home electrical fires involve outlets and receptacles, and other electrical wiring.

To ensure safety, you should only use about 80 percent of the available current for each electrical outlet in your home.

Are you overloading outlets? Use this formula to find out:

$$\text{wattage/volts}=\text{amps}$$

#### Example:

Let's say you are using 2,000 watts of power (for one outlet). Divide the watts by the volts in your home (typically 120), and you come up with 16.6 amps of current being used. With a 20-amp electrical outlet, you are using about 80 percent of the available current.

Source: U.S. Fire Administration, Home & Garden

## How to clean refrigerator coils

... and why it matters!

Your refrigerator is one of the largest, most-used appliances in your home. It requires only minimal maintenance — just simple cleaning of the condenser coils, which disperse heat. If the coils are covered with dust, gunk or pet hair, they cannot diffuse the heat properly and will not run efficiently. A bigger problem can result if the compressor burns out from having to run constantly because of the grimy coating. This can be an expensive problem. The bottom line? A minor investment in time once a year can save you cold cash down the line.

1. Locate the refrigerator's coil, a grid-like structure, or fan that will likely have a covering or grate protecting it. The coil is usually concealed behind the front toe-kick panel or in the back. Some newer models have internal coils, so if you don't find them in the front or back, this may be the case with your fridge.

2. If the coil is in the back, slide the refrigerator away from the wall, removing the plug from the electrical outlet when possible. You may also need to disconnect the line to the water dispenser or icemaker to allow enough room to work.

3. Gently vacuum and clean the coil. Using the brush or crevice attachment, carefully vacuum the dust and dirt wherever you see it. If you have pulled the fridge out, vacuum and wipe down the sides and back of the fridge and the floor.

4. Once the floor is dry, plug in the refrigerator and rearrange the power cord and supply lines so they don't get a kink or stuck under the weight of the refrigerator. Slide the refrigerator back into place. Be sure to replace the toe-kick panel if this was removed.