



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
 E-mail: contact@vec.coop

OFFICIAL NOTICE

2019 ANNUAL MEETING OF THE MEMBERS

As a member of Vigilante Electric Cooperative, you are invited to our 81st Annual Meeting of the Members on Friday, March 8, 2019. The meeting will be held at the **Beier Auditorium** on the campus of the University of Montana – Western in Dillon, MT. **Registration begins at 9:30 a.m. in the lobby of the Beier Auditorium, with the annual meeting to begin at 10:30 a.m.** A ticket will be provided to registered members and their guests to be used for lunch, which will be served in the Lewis and Clark Room and campus cafeteria located in Mathews Hall immediately following the annual meeting.

Attending members will hear our leadership discuss cooperative issues, recap events of the previous year, receive information regarding our financial status and participate in trustee elections.

The trustee districts up for election are Dist. #1 Cardwell/Whitehall/Three Forks areas, Dist. #2 Silver Star/Waterloo area, and Dist. #6 Dillon North. During District meetings held in mid-January, Norm Tebay was nominated for District #1, Dean Hanson was nominated for District #2 and Andy Johnson was nominated for District #6. Additional nominations can be made from the floor during the Annual Meeting.

A state and federal legislative update from Gary Wiens, Interim CEO of the Montana Electric Cooperatives' Association, is scheduled. The meeting will conclude with door prizes being drawn, which include 20 \$100 electric service awards.

Please be advised that those representing a membership in the name of a ranch, club or other corporation must have the appropriate authorization from the corporation to vote on the entity's behalf. If there are any questions about who is authorized to vote, please contact us at 683-2327 or (800) 221-8271.

We hope you can attend this important meeting of your electric cooperative.

Respectfully Submitted,

Sharon Lasich, Secretary

Board of Trustees & General Manager
Allen Martinell, President – Dist. #9 Dell/Lima
Tom Helm, Vice President – Dist. #3 Townsend/N. Helena/Lump Gulch
Sharon Lasich, Sec/Treas. – Dist. #4 Twin Bridges
Norm Tebay, Trustee – Dist. #1 Cardwell/Whitehall/Three Forks
Dean Hanson, Trustee – Dist. #2 Silver Star/Waterloo
Cheyenne Garrison, Trustee – Dist. #5 Wise River/Silver Bow/Melrose
Andy Johnson, Trustee – Dist. #6 Dillon North/Glen
Dean Peterson, Trustee – Dist. #7 Jackson/Wisdom
Jim Petersen, Trustee – Dist. #8 Dillon South/Grant
Rollie Miller – General Manager

VIGILANTE ELECTRIC COOPERATIVE, INC.

A Joint Message from Your Board President and General Manager

Vigilante Electric Cooperative Annual Report

Introduction

On behalf of the board of trustees, management and staff of Vigilante Electric Cooperative (VEC), we welcome you to our 81st Annual Meeting. The Annual Meeting is the foundational aspect that allows for the establishment of the members' governance of their electric cooperative. We are pleased to present this annual report to you, the members of VEC, as part of our Annual Meeting again this year. We hope you find the information included in this report beneficial as you review your cooperative's operation. We also would like to specifically thank the University of Montana-Western and its staff for allowing us to have this important meeting in these facilities.

During this year's Annual Meeting, you will hear reports from the officers of the Board of Trustees and management, in addition to hearing a legislative report from Gary Wiens, the interim CEO of the Montana Electric Cooperatives' Association (MECA), our state and federal legislative liaison experts. You will also hear a report from Macie Martinell, the Youth Tour representative from VEC during 2018. At the conclusion of the meeting, we will once again draw fabulous door prizes for those members in attendance. In this particular report, we are going to focus on topics by the numbers.

The People by The Numbers

5,795 - The total number of members served by VEC at the end of 2018. Our fundamental principle is to serve you, the members. As owners of the organization, the members are at the top of VEC's organizational chart. 180 - The total combined years of experience of the nine members of the Board of Trustees. 41 - The years of service of the longest-serving board member, Jim Petersen. 38 - The years of service of the next longest-serving board member, Allen Martinell. 25 - The total number of employees working to serve you, the members, with affordable and reliable power. 31 - The years of service for the current longest-serving employee, Townsend Foreman John Moos. 2 - The number of new employees hired during the year: Apprentice Lineman Andrew English and Staking/Mapping Technician Mick Paffhausen.

The Power by The Numbers

9 - The number of years remaining in our existing power supply contract with the Bonneville Power Administration (BPA). We have a "full-requirements" contract with BPA that will need to be renegotiated in the next few years, and we are actually working on issues related to our future power supply, post 2028, now. 181,233,713 - The number of kilowatt hours of energy purchased from BPA in 2018. Approximately 33 percent or \$2,200,000 - The amount of our total power costs to BPA that go for fish and wildlife mitigation practices due to the impacts of the hydropower dams. Just about 0 - The amount of carbon footprint we have. Virtually all of our power is hydropower, coming primarily from the dams on the Columbia River, and thus

is renewable. 4 percent - The amount of power cost increase we are expecting for October 1st of this year. 2 - The number of years minimum that this rate increase will be in effect. 1 - We have the lowest power supply cost of any utility in the state of Montana.

The Plant by the Numbers

\$54,807,510 - The total value of the plant in service at the end of 2018. 238 - The number of new electric services installed during the year. 10,341 - The total number of electric services in place at the end of 2018. 2,760 - The total miles of power line used to serve the members. \$276,720 - The cost of the new digger truck used primarily in the Dillon area.

The Financials by The Numbers

\$14,570,218 - The total dollars in revenue we received for calendar year 2018. 25 percent - The amount of the total revenue that we received in 2018 for irrigation accounts. \$785,478 - The total amount of capital credits returned to members in 2018. \$622,488 - The total pre-tax revenue we received from our 50 percent interest in the propane distribution company Montana Energy Alliance. \$301,831 - The total amount of payments provided from BPA funds to members for energy efficiency and conservation measures. \$2,069,000 - The amount of capital projects planned to be completed this year.

Our Communities by The Numbers

46 - The number of \$500 scholarships provided in the last three years to member dependent youth for secondary education purposes. \$500 - The amount provided annually to each of the 10 rural school districts in our service territory. 2 - The number of kids of members sent annually for a week-long trip to our nation's capital in Washington, D.C., to learn more about electric cooperatives. \$5,200 - The amount of donations provided to various organizations within our service territory.

In Summary

Thank you for being part of this important function of your electric cooperative. Your cooperative is in a strong financial position, while keeping the rates among the lowest in the country. Most of the plant is in good shape and every year we are funding numerous projects to rebuild the areas needing improvement. We continue to be a leader in the communities we serve, not only in volunteer hours donated, but also in monetary donations to worthwhile causes. We are here to serve you, the owners of the cooperative, with clean, reliable, affordable power, now and into the future.



Rolie Miller
General Manager



Allen Martinell
President

Balance Sheet

ASSETS	2018	2017
ELECTRIC PLANT:		
In Service - at cost	\$54,114,297	\$51,980,231
Construction Work in Progress	693,212	469,188
	\$54,807,510	\$52,449,419
Accumulated Depreciation	\$26,264,991	\$25,217,662
Net Utility Plant	\$28,542,519	\$27,231,757
INVESTMENTS:	\$2,278,316	\$2,255,222
CURRENT ASSETS:		
Cash - General Funds	\$251,829	\$138,572
Temporary Investments	8,310,295	7,831,864
Accounts Receivable	1,387,633	1,515,126
Materials & Supplies	1,254,289	1,250,669
Other Current & Accrued Assets	312,789	315,016
TOTAL ASSETS:	\$42,337,672	\$40,538,226

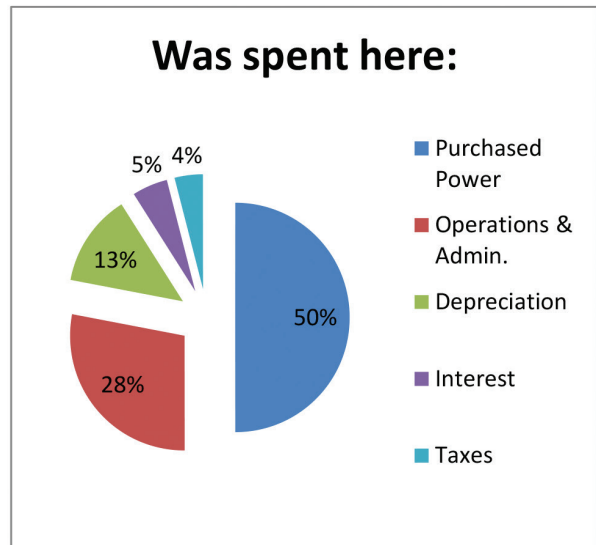
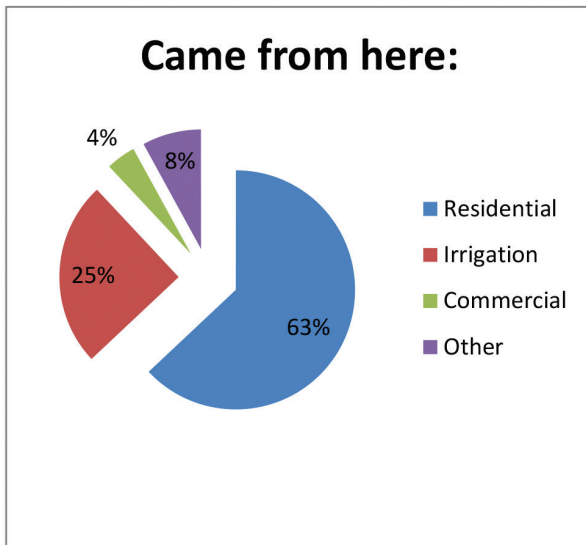
LIABILITIES

MEMBERS EQUITIES:	\$19,816,417	\$19,093,720
LONG TERM DEBT:		
Rural Utilities Service	-\$2,792,032	-\$2,656,691
Federal Financing Bank	\$15,716,354	\$13,624,723
Other - NRUCFC & CoBank	\$7,063,653	\$7,821,972
	\$19,987,975	\$18,790,004
CURRENT LIABILITIES:		
Accounts Payable	\$686,424	\$645,976
Consumer Deposits	550,165	528,840
Other Current & Accrued Liabilities	1,296,691	1,479,686
TOTAL LIABILITIES:	\$42,337,672	\$40,538,226

Revenue and Expenses

	2018	2017
TOTAL OPERATING REVENUE	\$13,613,664	\$13,459,979
Nonoperating Revenues	956,554	671,657
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OPERATING EXPENSES		
Power Purchased for Consumers	\$6,574,773	\$6,513,591
Operation and Maintenance	1,967,087	2,170,598
Consumer Accounting, Administration and General Operating Expenses	1,782,417	1,850,550
Depreciation of Plant	1,649,496	1,582,390
Interest on Long Term Debt	723,486	621,209
Property Taxes	463,129	459,379
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TOTAL COST OF SERVICE	\$13,160,390	\$13,197,717
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NET MARGIN	\$1,409,828	\$933,919

Your Co-op's Dollar



Vigilante Safety Roundup Tracker

Participating members: 201
Total Contributions: \$1,888.98

*To apply contact our office at
(800) 221-8271 or 683-2327*

An online application is available at www.vec.coop.

Reminder!

Vigilante Electric Cooperative is now accepting written proposals for funds for safety-related projects within our services territory. A letter detailing your request must be sent to Vigilante Electric General Manager Rollie Miller. The deadline for grant proposals is March 22.

In the letter we want to know about the organization requesting a grant and their location. We want to know specifics regarding the equipment or project that the funds are being requested for, how it will improve community safety, the timeframe the funds will be used, contact information for the organization and the writer of the request.