



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

OWNED BY THOSE WE SERVE

A Message from Your General Manager

An update on your cooperative



Rolie Miller
General Manager

Automated Metering Infrastructure (AMI)

In August, we completed our AMI multi-million dollar project. Due to obsolete components of the previous "Turtle" system, the change was necessary. Although we were a couple of months behind schedule in the completion due to component material deliveries and wet conditions near our Wisdom substation, we came in significantly under budget. The staff did an outstanding job in getting this major project completed, and I am very proud of them and the ultimate outcome. A special shout out to Andy Allard and Barry Duschanek, retired linemen, who helped replace most of the meters. The equipment is working as planned and significantly increases our efficiency and effectiveness in this important part of your cooperative. This system is using the powerline to transmit data, and thus no radio frequency waves are used.

Sage Grouse

Last month the U.S. Fish and Wildlife Service decided not to list the greater sage grouse as endangered in the Endangered Species Act. Although this is good news, we will still be required to follow additional regulatory plans from the state, Bureau of Land Management and Forest Service to extend powerlines in certain sage grouse habitat areas, and thus incur greater costs. I provided costs and impacts of various components of proposed new regulations at a data-gathering meeting in Dillon, which we felt were heard and considered. There will be more to come on this issue as we evaluate the impacts. The existing lines will not be affected directly, but new lines in certain unique areas will be impacted.

Strategic Planning

Next month, the Board, senior staff and I will meet to discuss and refocus the overall

long- and short-term strategic direction your cooperative should be heading. We will evaluate where we have come since the last session two years ago, and formulate strategies for the upcoming two years and beyond. As stated earlier, one of the biggest issues we completed since the last session was the implementation of our new metering system. Numerous strengths, weaknesses, opportunities and threats to your cooperative will be discussed as we formulate strategies and timelines to address the issues to the best of our abilities and financial resources.

Rates

Recently our wholesale power provider, Bonneville Power Administration (BPA), confirmed and implemented the amount of our wholesale power increase at an average of approximately 7 percent. The good news is, since this is a two-year rate period, the rate will be in effect for two years. We are analyzing the various parts of the increase now, and will subsequently use the data in our cost-of-service study to determine retail rates necessary to keep your cooperative in a strong financial position. In addition, we are preparing our 2016 capital and operating budget to be submitted to the board for consideration. These planning efforts allow us to most effectively predict the power usage and revenue streams for the upcoming calendar year. The bad news is that we will be submitting a retail rate increase to the board as part of this year's budgeting process. This rate increase proposal will most likely have rates increasing in the 3-percent to 4.5-percent range.

Retail Rate Demand Component

As I write this we are evaluating modifying our retail rate structure to implement a demand component. We have the energy line

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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

Tim Myllymaki683-6369

Charles Wharton....660-1878

WEEKENDS

683-2327 or
(800) 221-8271

Whitehall

AFTER HOURS AND

WEEKENDS

Marty Simons.....287-3950

John Moos266-3605

Justin Bair266-3351

Townsend

AFTER HOURS AND

WEEKENDS

John Moos266-3605

Justin Bair266-3351

Marty Simons.....287-3950

Outages

The Temporary (but Frustrating) Loss of Power

If you took some time and looked at the spaces you occupy during the course of a day, you would probably see a lot of things that rely on electricity to function. Electricity is more than a mere commodity; it is a necessary part of our lives — one we too often take for granted until there is an outage.

Because of the complexity of the systems needed to deliver electricity, outages will happen for a variety of reasons, most of which we have absolutely no control over. Your power can be interrupted through acts of nature, human error, equipment failures and animals, to name a few. While we do our best to minimize outages, keeping the power on 100 percent of the time is not possible.

It also takes more than one organization doing its job to get electricity to your door. Vigilante Electric Cooperative does not own any generation assets, and we have very limited transmission facilities. We have to rely on Bonneville Power Administration and NorthWestern Energy for these services. When an outage occurs on their system we have no control over the situation.

We fully realize that outages are inconvenient, but they are a fact of life. There are steps you can take that will greatly minimize the impact:

1. For a person on oxygen, you will have to use your portable system until power is restored. Make sure that you have full spare tanks and that your portable respirator is working properly.
2. Keep flashlights or candles handy.
3. When outages occur in the winter, avoid repeatedly going in and out of the house. While most dwellings retain some heat, you want to avoid introducing fresh cold air into the home when the power goes out.
4. Refrigeration — refrigerators and freezers will keep food safe for hours without electricity. The key is keeping the doors shut.

5. For people that use their computers a lot, and especially those that work out of their home, losing power can be costly if data is lost. Save your work regularly and purchase an uninterruptible power supply (UPS). Essentially, this is a battery backup for your computer. In the event of an outage, this device will supply electricity to the computer and allow you to save your data and turn off your computer properly. The duration that the UPS will operate depends on its size and the load plugged into it.

Outages may be planned. Many times when we are replacing or upgrading facilities, we will shut down the power to create the safest possible work environment for our line crews. These outages occur during the work week, during normal business hours. If you would like to be notified prior to a planned outage, please contact our Dillon office.

Nobody likes when the power goes out, but if we are prepared we can lessen the impact. For us, this means keeping our system in the best operational condition possible. For you, this means being prepared for when the lights do go out. When it does rest assured we will do our very best to get the power back on as quickly as possible.

Attention

In an effort to improve communications for planned outages, we would like current phone numbers and/or emails for our members. You can contact our office with this information, or use the space provided on the remittance portion of your bill.

Return This Portion With Payment

JANE DOE
ADDRESS
CITY, ST ZIP

Account Number: 00000
Due Date: 09/30/2015
Total Due: \$00.00

Amount Paid: _____

PHONE #

Please indicate a phone number change here:

Please indicate email address for outage purposes here:

Vigilante Electric Cooperative
PO Box 1049
Dillon MT 59725-1049



There is a Cooperative Difference

While all electric utilities offer the same product, where it comes from makes a difference.

By Adam Schwartz

In the U.S., the vast majority of people receive their electricity from one of three types of utilities: investor-owned, municipal-owned or through their electric cooperative, which is owned and controlled by the people who use it. Let's take a closer look at these three types of ownership models and see why it matters to you.

In the investor-owned model, the corporation is owned by a great number of stockholders who may or may not be customers of the utility. Investor-owned utilities tend to be very large corporations such as Entergy, Con Edison, Excel or NorthWestern Energy. They serve large cities, suburban areas and some rural areas, too.

In most cases, investor-owned utilities (IOUs) have few employees in the communities where they operate. This, combined with the fact that they have outside investors whose sole motive is to make a profit on their investment, generally tends to lead to less-personalized service. Consumer surveys confirm that IOUs have the lowest customer satisfaction ratings. About 72 percent of the U.S. population is served by IOUs.

Municipal electric systems, as the name implies, are government owned. They can serve large cities, such as Los Angeles, Austin or Orlando, or smaller areas, such as Coon Rapids, Iowa, or Morgantown, N.C. In municipal systems, the city runs the utility with little to no meaningful oversight

from the citizens. About 16 percent of the market is served by municipal utilities.

Rural electric cooperatives serve the smallest number of consumers, about 12 percent of the market, or 42 million people. There are more than 800 other electric co-ops in 47 states, in addition to Vigilante Electric Cooperative. While co-ops serve the fewest number of people, our electric lines cover more than 75 percent of the U.S. landmass. This is because we provide power where others once refused to go because of the low population density. Electric co-ops rank highest in member satisfaction among the three types of utilities. We believe this is because we serve member-owners, not customers.

As the electric utility business continues to evolve, we are committed to being there for you, our member, to provide for your electric energy needs. Unlike large investor-owned utilities, we are rooted right here in southwestern Montana. Over the years, we have answered the call to provide additional benefits and services because it is extremely important to us that our community thrives and prospers.

There is a cooperative difference. You own us, and we are here to serve you!

Adam Schwartz is the founder of The Cooperative Way a consulting firm that helps co-ops succeed. He is an author, speaker and member-owner of CDS Consulting Co-op. You can follow him on Twitter @adamcooperative or email him at aschwartz@thecooperativeway.coop

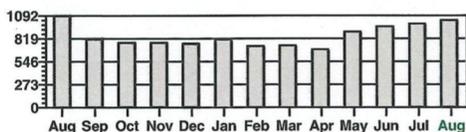
update Continued from page 3

item on the bills now, which is the actual usage for the period and is measured in kilowatt hours (kWh). The demand component is the rate at which the energy is being used and is measured in kilowatts (kW). An analogy for this is the speedometer and odometer on your vehicle. The odometer measures usage and the speedometer measures rate of usage. We need to have our transformers and other equipment in place to handle the rate at which you are using power (speedometer) rather than the actual usage (odometer). You need a much better "vehicle" to go 85 miles per hour consistently than you do to go 45 miles per hour. In the coming months you will see the "demand" component as a line item on your monthly bills (See figure below). We will present various cost scenarios for both demand and energy to

the board for consideration as they review rate structures. The intent is to more accurately and more fairly collect revenue for the electric services provided to the individual members. The bottom line is that one size does not fit all, and these changes are necessary in fairness to all the members.

On this Veteran's Day we want to wish the veterans old and young a very happy, respectful day. My dad landed on Omaha Beach just a few days after D-Day and I know how loyal and patriotic he is to this day. Their sacrifices must be recognized in keeping this country safe. We also want to wish you and your families a Happy Thanksgiving. As always, if you need to contact me for any reason you can reach me on my mobile phone at 925-1085, via email at rolie@vec.coop or at the office 683-2327.

Meter	From	To	Days	Start Read	End Read	Mult	KWH Usage	Demand
22855	Aug 01, 2015	Sep 01, 2015	31	5274	6307	1	1033	6.630



Detail of Charges:

Kwh Charge	1033 KWH @ 0.05700	\$58.88	\$58.88
Demand Chg	6.630 KW @ 0.00000	\$0.00	\$0.00
Base Charge			\$22.00
Current Monthly Charge for this Service			\$80.88

SEE "BILLING SUMMARY" FOR AMOUNT DUE

This Month Last Year	
KWH Usage 1092	Days Served 32

Your Responsibilities as a Member

At Vigilante Electric Cooperative, we take our responsibilities to our membership very seriously. Our mission is to provide safe, reliable power at the lowest possible cost. We provide programs and services that make our communities better. However, you as a member also have obligations to our organization that go beyond just paying your monthly electric bill:

Safe and Adequate Wiring - Member homes, business establishments and related facilities should have safe and adequate wiring. Vigilante Electric's responsibility for the electrical system ends at the meter, beyond the meter is the member's responsibility. Electricity is safe as long as proper care, maintenance and respect are given. Your electrical wiring also must be adequately sized to support the type of loads you place on the system.

Easements - When and where applicable, each member who is a landowner is asked to sign a right-of-way easement giving the cooperative the legal right to cross their property with the necessary facilities to provide service to them, as well as to others. This is the only way that lines can be extended to the remote rural areas served by rural electric systems.

Access - By becoming a member of Vigilante Electric you are granting cooperative personnel access to all electrical facilities that are on your property. All locked gates must have a V.E.C. lock cut-in.

Leaving Premises - If you are leaving your premises for good, or moving to another location, you should notify the cooperative office. Usage and payment of the account remains your responsibility until we are notified.

Member's Responsibility for Cooperative Property - It shall be the responsibility of each member to take all reasonable and proper precautions to prevent damage to cooperative property on their premises. In the event such property is damaged or destroyed because of the member's negligence, the cooperative may collect from the member the cost of repairs or replacement.

Cooperatives are unique because we are in business solely for the benefit of our membership. By everybody doing their part, we all participate in a successful, smooth-running organization.

Affordable. Innovative. Member Focused.

It's hard to predict the future, but one thing seems certain—**new government regulations will increase the cost of electricity.**

We want to work with you to keep your electric bills **AFFORDABLE**. We're controlling costs and no matter what the future holds we'll continue to put you, our members, **FIRST**.



*Vigilante
Electric
Cooperative*

Find out how we're *Looking Out for You* at
www.vec.coop

Looking Out
for You