



Vigilante Electric Cooperative

A Touchstone Energy® Cooperative 

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OWNED BY THOSE WE SERVE

A Message from Your General Manager, Rollie Miller

2020 Annual Report

I am pleased to provide you as members of Vigilante Electric Cooperative (VEC) with my report on the operation of your cooperative for the previous year and a glimpse of what we are anticipating for the years to come. The theme of this year's Annual Meeting is simply "Safety". We hope you find the information included in this entire report beneficial as you review your cooperative's operation.

Safety

This year's theme comes from the major milestones achieved by the staff here at Vigilante Electric Cooperative (VEC). My most paramount priority has always been and continues to be the safety and wellbeing of the employees and the general public as it relates to electricity delivery. It has been three years without an accident involving lost-time here at VEC. The previous three-year no lost-time period was in 1984 — 36 years ago. Powerline work is very dangerous, and is classified as in the top 15 most dangerous jobs by *USA Today*. The Occupational Safety and Health Administration Form 300 is the document that we must submit annually, and nothing makes me happier than signing that document with all zeroes across the bottom signifying zero lost-time accidents, reduced work days and other injuries. This couldn't happen without all of the employees working together to make it happen. We all need to work as a team and keep an eye on each other to achieve these accomplishments.

Our recent great safety record involves numerous efforts such as: 1) Participation in our national associations' Rural Electric Safety Achievement Program, or RESAP. Participation in RESAP involves inspections by outside constituents of our day-to-day operations and facilities. It also involves preparing safety improvement plans annually and as needed to address specific areas that may need priority treatment. 2) We have safety meetings every month and participate in safety "tailboard" discussions prior to each job, big or small. During the "tailboard" everyone has a say in safely completing a job and, at the conclusion, everyone knows what others will be doing and what will be accomplished and when. Any employee has the authority to shut a job down if the need arises due to safety concerns. 3) Providing

high-voltage safety demonstrations to grade-school-aged kids and to the general public in various venues. This last year we completed the construction of our safety demo trailer with the help of the shop class at Beaverhead County High School. We have provided numerous demonstrations to the public in an effort to educate about the dangers of dealing with electricity. This effort, combined with radio advertising, enhances the awareness of being around high-voltage electric lines. We are really coming together as a team in this area and I couldn't be happier about the accomplishments the team has achieved, and look forward to continuing the effort.



Financials

Recently we have closed the books on 2019, and we are happy to report that we had a very good year from a financial perspective. We sold just under 175 million kilowatt hours of energy, with total revenue slightly under \$14.2 million. Year-ending margins, which is the total revenue less expenses, that will be allocated back to the membership is approximately \$834,500. We added 201 new services for the year, and we currently stand at 10,411 total services in place. At the end of 2019 we had more than \$56.3 million in total utility plant on the books, and had an equity level of just more than 47 percent. We have more than 2,772 miles of powerlines serving the membership. After tax earnings from our one-half ownership in the propane distribution company, Montana Energy Alliance, contributed \$688,880. From a "meters served" standpoint, we are the fifth-largest cooperative in the state. Your cooperative is very strong financially, and we plan to keep it that way.

Member Services

VEC has a long commitment to providing educational opportunities to our membership. In 2019 we funded, or helped fund, a broad variety of educational opportunities that included scholarships, educational travel and direct contributions to educational foundations. In total we provided more than \$40,000 in education opportunities last year.

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The funding for this comes from unclaimed capital credits, which if not used in this fashion for educational purposes must be forwarded to the state of Montana.

At the heart of rural communities are volunteer, economic development and charitable organizations. These types of organizations provide valuable services to their communities, but often operate with limited funding. In 2019, VEC donated nearly \$4,000 to a wide variety of organizations. In the past we have donated to museums, county fairs and Energy Share of Montana. Keeping with tradition and increasing the amounts this year, we continued to provide funding for the 15 rural fire departments and 10 rural schools in our service area.

Wholesale Power Supply

Our wholesale power supply contract with the Bonneville Power Administration (BPA) will expire in 2028. We have begun the process of gathering data and information to re-negotiate this agreement, and are fully expecting to have a new contract in place in the next four years. BPA has been a great business partner with Vigilante Electric for decades, providing us with low-cost carbon-free power in a very reliable manner. Although we continue to see special-interest groups trying to push their extreme agendas to increase our costs, we will fight back to protect our interests in whatever form we can. This post-2028 new contract issue is singly the most paramount issue we will be working on in the next few years. Ensuring a low-cost, reliable, power supply for at

least the next three decades is critical, but we are up for the challenge.

Jim Petersen

We want to recognize the efforts of long-time trustee Jim Petersen. He has been a dedicated trustee of not only VEC but also the Montana Energy Alliance, for decades. He also served on the Safety Committee within VEC, and his efforts have contributed to the safety enhancements achieved at the cooperative. Thank you, Jim! Your historical perspectives and dedication to VEC and MEA and their successes will be missed.

You, the members, have a very good group of employees representing your interests. We are here for one purpose... to serve you. Please contact any of us for any concerns you may have.



Rollie Miller and Jim Petersen

President's Letter to the Members

As we at Vigilante Electric Cooperative begin a new decade of service to our members, thoughts of blessings, challenges and change come to mind. Change and challenges are inevitable as we move forward. Sometimes a quick look back can help us gain perspective and understanding about where we've been, and hopefully where we're going.

When I came on the board 18 years ago, apart from low monthly bills and steady reliable power, I had little idea of how well Vigilante was run or that we had the next to the lowest rates in the state. I was elected to fill the seat of Bill Berberet, a trustee of 50 years. Since then we've seen Jack Lasich, Jay Nelson, Gene Hanson, Don Jones and soon Jim Petersen pass the trustee torch to the next generation. With a combined service of about 180 years, these men did a stellar job of guiding the co-op.

Your current board works hard for Vigilante because we, like you, are the co-op. When your power is out, our power



Tom Helms

is out. Your rates are our rates. Your success is our success. Today, Vigilante Electric members enjoy the best rates in the state and, with few exceptions, in the nation. As a board, we are proud of that fact and recognize we are but a small part of Vigilante's success.

We are blessed to have a stable, reliable supply of renewable power from the Bonneville Power Administration. We are blessed to have dedicated management and staff who handle day-to-day operations here in Dillon. We are blessed with hard-working, competent linemen who keep the poles and wires up, and the power flowing to our members, many times in the worst of conditions.

Finally, our members are a blessing and important to our success. Your involvement through questions, comments, and new ideas help guide our direction in the future. From all of us on the board: Thank you. We take our job very seriously and appreciate the chance to serve.

Balance Sheet

ASSETS	2019	2018
ELECTRIC PLANT:		
In Service - at cost	\$55,610,117	\$54,114,297
Construction Work in Progress	647,899	693,212
	\$56,258,016	\$54,807,510
Accumulated Depreciation	\$27,179,689	\$26,264,991
Net Utility Plant	\$29,078,327	\$28,542,519
INVESTMENTS:	\$2,302,779	\$2,278,316
CURRENT ASSETS:		
Cash - General Funds	\$108,893	\$251,829
Temporary Investments	8,446,820	8,310,295
Accounts Receivable	1,604,737	1,387,633
Materials & Supplies	1,381,446	1,254,289
Other Current & Accrued Assets	268,056	312,789
TOTAL ASSETS:	\$43,191,059	\$42,337,672

LIABILITIES

MEMBERS EQUITIES:	\$20,543,714	\$19,816,417
LONG TERM DEBT:		
Rural Utilities Service	-\$2,934,273	-\$2,792,032
Federal Financing Bank	\$16,452,546	\$15,716,354
Other - NRUCFC & CoBank	\$6,527,806	\$7,063,653
	\$20,046,079	\$19,987,975
CURRENT LIABILITIES:		
Accounts Payable	\$726,200	\$686,424
Consumer Deposits	565,020	550,165
Other Current & Accrued Liabilities	1,310,046	1,296,691
TOTAL LIABILITIES:	\$43,191,059	\$42,337,672

Revenue and Expenses

	2019	2018
TOTAL OPERATING REVENUE	\$14,188,881	\$13,613,664
Nonoperating Revenues	1,218,935	956,554
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OPERATING EXPENSES		
Power Purchased for Consumers	\$6,860,247	\$6,574,773
Operation and Maintenance	2,249,859	1,967,087
Consumer Accounting, Administration and General Operating Expenses	1,881,112	1,782,417
Depreciation of Plant	1,672,747	1,649,496
Interest on Long Term Debt	747,543	723,486
Property Taxes	462,919	463,129
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TOTAL COST OF SERVICE	\$13,874,427	\$13,160,390
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NET MARGIN	\$1,533,389	\$1,409,828

Your Co-op's Dollar

