



Vigilante Electric Cooperative

A Touchstone Energy® Cooperative 

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2022 ANNUAL REPORT

Message from your co-op's President and Manager

YOUR board of trustees, management and staff would like to welcome you to the 84th Annual Meeting of the membership of Vigilante Electric Cooperative. We are pleased to present this 2022 Annual Report to you as part of our annual meeting this year. We hope you find the information included in this report beneficial as you review your cooperative's operation. To say the last two years have been full of challenges would be an understatement. The rate of change and the number of challenges associated with that change have been dramatic. Having stated the above, we had another very good year. The achievements and dedication of the board and the entire employee group was paramount to the success throughout the year.

FINANCIAL STRENGTH

We have closed the books on year 2021 and are happy to report we had a very successful year from a financial perspective. We sold more than 193 million Kilowatt-hours of energy, with total revenue exceeding \$14.85 million. Year ending margins (the total revenue less expenses) to be allocated back to the membership amounted to approximately \$1.08 million. This was after an \$800,000 rebate processed at the end of the year. We added 374 new services in 2021, which was a record year, and we now have a total of 10,847 services in place. At the end of 2021, we had more than \$60 million in total utility plant assets, and had an equity level of approximately 43 percent. We have more than 2,787 miles of powerlines serving the membership. Your cooperative has become financially stronger in 2021, while keeping rates very low. Our financial strength continues to be enhanced by our ownership interest in Montana Energy Alliance, a propane distribution company.

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CHEYENNE GARRISON
BOARD PRESIDENT



ROLLIE MILLER
GENERAL MANAGER

VIGILANTE ELECTRIC
COOPERATIVE

BOARD OF TRUSTEES AND GENERAL MANAGER

Cheyenne Garrison,
President

Dist. #5
Wise River/Silver Bow/Melrose

Andy Johnson,
Vice President

Dist. #6
Dillon North/Glen

Tom Mitchell,
Sec./Treas.

Dist. #8
Dillon South/Grant

Norm Tebay, Trustee
Dist. #1

Cardwell/Whitehall/Three Forks

Dean Hanson, Trustee
Dist. #2

Silver Star/Waterloo

Tom Helm, Trustee
Dist. #3

Townsend/N. Helena/
Lump Gulch

Colt High, Trustee
Dist. #4

Twin Bridges/Point of Rocks

Dean Peterson, Trustee
Dist. #7

Jackson/Wisdom

Allen Martinell, Trustee
Dist. #9

Dell/Lima

Rollie Miller,
General Manager

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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 \$890,952 of capital credits to the membership in 2021, and \$4.35 million has been retired in the last five years.

RATES

As mentioned above, we received almost \$14.85 million in total revenue for 2021. Of that amount, 67 percent was received from residential accounts, while 29 percent came from irrigation services. The remaining 4 percent came from commercial accounts and other small miscellaneous revenues. We have the lowest energy 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, 2021, from our wholesale power provider. The increase was small, however, and we were able to absorb that minimal increase without raising rates to the members. We are expecting our retail rates to stay where they are until at least 2024.

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 hydro-power. Although it can be cumbersome at times, we are pleased to have the many-decades long relationship we do with BPA. Our current contract

is an all-requirements contract that expires in 2028, and we have started the process of renewing it. By 2025, it is our desire to have the next contract in place. Although the contract may be slightly different, we have every indication at this point that we will most likely renew our contract with BPA. There is much more work to be done on our new wholesale power contract for beyond 2028.

SUPPLY CHALLENGES

Some of the challenges we saw in the previous year, and continue to see today, are problems with receiving necessary, cost-effective materials in a timely manner. For instance, pad-mounted transformers two years ago had a lead-time for arrival of about 10-12 weeks after order. Today, we are seeing more than two years of lead-time. We were forced to order transformers for the 2023 season last December. The cost has gone up considerably, as well. We are seeing 50-60 percent increases for those transformers.

Additionally, the cost for pickups, digger/derricks and bucket trucks has skyrocketed as well. For example, we ordered a bucket truck for delivery last November. It still hasn't arrived, and finding parts to make repairs to our existing equipment has been challenging. We had one bucket truck have to sit for more than two months because repair parts were unavailable. It has taken an all-hands effort to get material and equipment ordered and here in a timely manner, in addition to installing a record number of new services while maintaining the system amongst record energy sales. The employees have done an outstanding job of keeping up with all of the challenges throughout the year.

CONCERN FOR COMMUNITY

One of the seven cooperative core principles we operate under is Concern for Community. During the

last five years, the cooperative has provided 78 scholarships, totaling \$41,500, to member-dependent youth. We have also in the last five years: funded seven high school students with week-long trips to Washington, D.C., to learn more about electric cooperatives; donated \$30,000 in support of the local rural school districts in our service territory; and provided more than \$34,000 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 service, and we strive to support them.

NEXT YEAR AND BEYOND

We are expecting sales to remain steady or increase slightly for the coming year. We are also expecting the number of new services for the year to remain elevated. Obviously, we are heavily dependent on water availability for a good irrigation season. In the current drought conditions, irrigation water availability may be compromised. We are watching this closely, as a strong irrigation season is paramount to our success as an organization.

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 board, 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.

*Cheyenne Garrison, Board President
and Rollie Miller, General Manager*

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Balance Sheet

ASSETS	2021	2020
ELECTRIC PLANT:		
In Service - at cost	\$60,053,040	\$57,883,571
Construction Work in Progress	0	-182,860
	<u>\$60,053,040</u>	<u>\$57,700,711</u>
Accumulated Depreciation	\$28,805,394	\$28,107,374
Net Utility Plant	<u>\$31,247,646</u>	<u>\$29,593,337</u>
INVESTMENTS:	\$2,347,885	\$2,323,750
CURRENT ASSETS:		
Cash - General Funds	\$218,939	\$199,123
Temporary Investments	14,793,907	10,392,536
Accounts Receivable	977,162	1,507,332
Materials & Supplies	2,083,663	1,409,380
Other Current & Accrued Assets	<u>94,072</u>	<u>224,980</u>
TOTAL ASSETS:	<u><u>\$51,763,274</u></u>	<u><u>\$45,650,438</u></u>

LIABILITIES

MEMBERS EQUITIES:	\$22,369,851	\$21,507,726
LONG TERM DEBT:		
Rural Utilities Service	\$0	\$0
Federal Financing Bank	\$20,089,769	\$14,769,265
Other - NRUCFC & CoBank	\$5,490,728	\$5,968,828
	<u>\$25,580,496</u>	<u>\$20,738,093</u>
CURRENT LIABILITIES:		
Accounts Payable	\$1,127,425	\$1,310,184
Consumer Deposits	661,795	588,425
Other Current & Accrued Liabilities	<u>2,023,707</u>	<u>1,506,010</u>
TOTAL LIABILITIES:	<u><u>\$51,763,274</u></u>	<u><u>\$45,650,438</u></u>

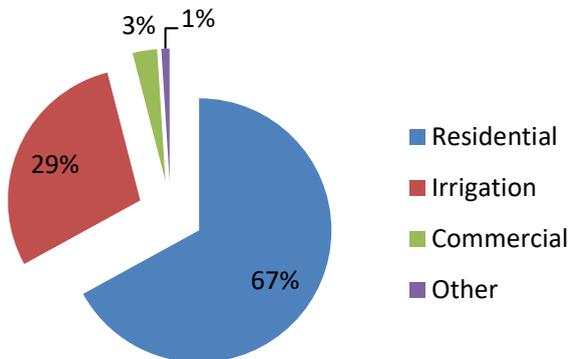
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Revenue and Expenses

	2021	2020
TOTAL OPERATING REVENUE	\$14,854,083	\$14,799,622
Nonoperating Revenues	881,873	1,329,259
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OPERATING EXPENSES		
Power Purchased for Consumers	\$7,035,028	\$7,151,906
Operation and Maintenance	2,335,435	2,265,019
Consumer Accounting, Administration and General Operating Expenses	1,903,351	1,970,240
Depreciation of Plant	1,644,271	1,693,299
Interest on Long Term Debt	663,247	717,481
Property Taxes	505,122	511,823
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TOTAL COST OF SERVICE	\$14,086,454	\$14,309,769
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NET MARGIN	\$1,649,501	\$1,819,112

Your Co-op's Dollar

Came from here:



Was spent here:

