



Vigilante Electric Cooperative

A Touchstone Energy® Cooperative 

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2023 ANNUAL REPORT

PRESIDENT'S AND MANAGER'S MESSAGE

Your board of trustees, management, and staff would like to invite you to the 85th Annual Meeting of the membership of Vigilante Electric Cooperative. We are pleased to present this 2023 Annual Report to you as part of our annual meeting this year. A cooperative annual meeting is the epitome of member participation and the governance of your electric cooperative. The cooperative model of business involves member participation, with members selecting the governing board from the entire membership, ensuring that those who are responsible for the organization are actual patronage-providing members themselves. We hope you find the information included in this annual report beneficial as you review your cooperative's operation.

Solid Financial Strength

We had another successful year from a financial standpoint, despite some unprecedented challenges in material and equipment costs. We ended the year with sales of just under 200 million KWHs (kilowatt hours) of energy, with operating revenue exceeding \$15.87 million. Year-ending margins (the total revenue less expenses) to be allocated back to the membership amounted to approximately \$769,000. This was after a \$300,000 excess revenue rebate was processed at the end of the year. We added 291 new services in 2022, which although it was not a record, was higher than normal by about 40 percent, and we now have a total of 11,089 services in place. At the end of 2022, we had more than \$62.5 million in total utility plant assets and had a debt-to-equity level of approximately 46 percent. We have more than 2,811 miles of powerlines serving the membership. Our 50 percent ownership in Montana Energy Alliance, a propane sales and distribution company, contributed \$925,758 to our financials.

As a not-for-profit entity, we allocate our excess margins

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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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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 in what is often referred to as a retirement of capital credits. We are happy to report that we retired \$858,427 of capital credits to the membership in 2022, and \$5.2 million has been retired in the last six years.

Power Supply

As you may know, we are served wholesale power over an integrated system by the Bonneville Power Administration (BPA). Although wind, solar and nuclear power are included, almost all the power generated by BPA is in the form of low-cost renewable hydro-power. We have an all-requirements contract with BPA through 2028. We are currently working on the next contract with our advocacy groups and BPA now. We are expecting to execute the next contract sometime in 2025. At this point, it appears that our next contract will be somewhat like the existing contract with tiered rates, with emphasis on energy efficiency and conservation, and continued expenditures for fish and other environmental mitigation concerning the rivers and hydro-electric dams. We have had a several-decades long partnership relationship with BPA, and we need to do what we can to make sure that continues. Our wholesale rates are some of the lowest in the country, and we work very hard in conjunction with BPA to keep it that way.

Retail Rates

Of the \$15.87 million in operating revenue, 69 percent was received from residential accounts, 26 percent came from irrigation services, and the remaining 5 percent came from commercial accounts and other small miscellaneous revenues. Slightly more than 50 percent of our total revenue is used for the wholesale cost of power. We are expecting a significant increase

in our market-based, Tier 2 wholesale power effective October 1st of this year. It is early, but indications are that we will need to raise retail rates effective January 1, 2024, to make up for this additional cost. Even after this proposed rate increase, we are still expecting to have the lowest rates in the state.

Supply Challenges

Inflation and actual delayed deliveries of material and equipment continue to have a major impact on our operations. For instance, the cost of three-phase pad-mounted transformers has quadrupled in the last two years, with lead time for delivery currently estimated at more than three years. While other utilities have had to place moratoriums on powerline extensions to new services, we have been able to keep up, albeit just barely, with transformers.

Bucket trucks, digger trucks and pickups have seen a dramatic increase in price, and delivery is up to years of lead time in some cases. We have been forced to keep and maintain older trucks, which in some cases creates inefficiencies in our powerline construction and maintenance program.

It has taken an all-hands effort to get material and equipment ordered and here in a timely manner, in addition to installing a high number of new services, while maintaining the system during record energy sales.

Governance

Recently, the Board of Trustees and senior management staff participated in a two-day strategic planning session facilitated by representatives of CoBank. The session focused on a SWOT analysis (Strengths, Weaknesses, Opportunities and Threats). The Vision and Mission Statements were also discussed, looking forward short term (2 years) and long term (10-20 years). It was a productive session, with the fire danger inherent with powerlines in forested areas being perceived as the largest threat.

One of the seven core cooperative principles we operate under is Concern for Community. During the last five years, the cooperative has provided 78 scholarships, totaling \$43,000, to member-dependent youth. We have also in the last five years: funded six high school students with week-long trips to Washington, D.C., to learn more about electric cooperatives; donated \$35,000 in support of the local rural school districts in our service territory; and provided more than \$24,000 to local foundations such as the Broadwater Community Foundation and the Montana 4-H Foundation. All these donations have come because 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.

Focus Forward

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 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 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

Balance Sheet

ASSETS	2022	2021
ELECTRIC PLANT:		
In Service - at cost	\$62,206,036	\$60,053,040
Construction Work in Progress	295,639	0
	\$62,501,675	\$60,053,040
Accumulated Depreciation	\$29,742,598	\$28,805,394
Net Utility Plant	\$32,759,078	\$31,247,646
INVESTMENTS:	\$2,611,439	\$2,347,885
CURRENT ASSETS:		
Cash - General Funds	\$297,612	\$218,939
Temporary Investments	10,800,110	14,793,907
Accounts Receivable	1,454,366	977,162
Materials & Supplies	2,660,710	2,083,663
Other Current & Accrued Assets	191,995	94,072
TOTAL ASSETS:	\$50,775,311	\$51,763,274

LIABILITIES

MEMBERS EQUITIES:	\$23,303,014	\$22,369,851
LONG TERM DEBT:		
Rural Utilities Service	\$0	\$0
Federal Financing Bank	\$19,537,715	\$20,089,769
Other - NRUCFC & CoBank	\$5,007,123	\$5,490,728
	\$24,544,838	\$25,580,496
CURRENT LIABILITIES:		
Accounts Payable	\$792,249	\$1,127,425
Consumer Deposits	298,850	661,795
Other Current & Accrued Liabilities	1,836,359	2,023,707
TOTAL LIABILITIES:	\$50,775,311	\$51,763,274

Revenue and Expenses

	2022	2021
TOTAL OPERATING REVENUE	\$15,875,742	\$14,854,083
Nonoperating Revenues	1,197,164	881,873
OPERATING EXPENSES		
Power Purchased for Consumers	\$7,911,643	\$7,035,028
Operation and Maintenance	2,614,745	2,335,435
Consumer Accounting, Administration and General Operating Expenses	1,907,622	1,903,350
Depreciation of Plant	1,681,701	1,644,271
Interest on Long Term Debt	686,526	663,247
Property Taxes	575,966	505,122
TOTAL COST OF SERVICE	\$15,378,203	\$14,086,454
NET MARGIN	\$1,694,703	\$1,649,501

Your Co-op's Dollar

