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Vigilante Electric Cooperative

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A Touchstone Energy® Cooperative 

2024 ANNUAL REPORT

PRESIDENT'S AND MANAGER'S MESSAGE

YOUR board of trustees, management and staff would like to welcome you to the 86th annual meeting of the membership of Vigilante Electric Cooperative. We are pleased to present this 2024 annual report to you as part of our annual meeting this year. A cooperative annual meeting is the epitome of member participation and governance of your electric cooperative. The cooperative business model involves member participation, with members selecting the governing board from the entire membership ensuring those responsible for the organization are 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. Challenges continue with lead times and pricing for the material and equipment we use to construct and maintain the electric plant serving the membership. We ended the year with sales of just over 186 million kilowatt-hours of energy, with total revenue exceeding \$15.054 million. Year-ending margins (the total revenue less expenses) to be allocated back to the membership amounted to approximately \$1.07 million. This was after a \$500,000 rebate was processed in September. We added 238 new services in 2023, which was higher than normal by about 15 percent, and we now have a total of 11,288 services in place. At the end of 2023, we had more than \$64.802 million in total utility plant assets, and had a debt-to-equity level of approximately 49 percent. We have more than 2,824 miles of powerlines serving the membership. Our 50% ownership in Montana Energy Alliance, a propane sales and distribution company, contributed \$1.752 million to our bottom-line financials.

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

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ANDY JOHNSON
BOARD PRESIDENT



ROLLIE MILLER
GENERAL MANAGER

VIGILANTE ELECTRIC COOPERATIVE

BOARD OF TRUSTEES AND GENERAL MANAGER

Andy Johnson,
President
Dist. #6
Dillon North/Glen

Tom Mitchell,
Vice President
Dist. #8
Dillon South/Grant

Norm Tebay,
Sec/Treas.
Dist. #1
Cardwell/Whitehall/Three Forks

Dean Hanson, Trustee
Dist. #2
Silver Star/Waterloo

John Moos, Trustee
Dist. #3
Townsend/N. Helena/Lump
Gulch

Colt High, Trustee
Dist. #4
Twin Bridges/Point of Rocks

Cheyenne Garrison, Trustee
Dist. #5
Wise River/Silver Bow/Melrose

Dean Peterson, Trustee
Dist. #7
Jackson/Wisdom

Allen Martinell, Trustee
Dist. #9
Dell/Lima

Rollie Miller
General Manager

ANNUAL MEETING

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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 retirement of capital credits. We are happy to report that we retired \$837,072 of capital credits to the membership in 2023, and \$8.11 million has been retired in the last 10 years.

BPA 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. 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, 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 with BPA, and we need to do what we can to make sure that continues. The biggest threat to our power supply through BPA is the current administration's efforts to facilitate breaching of the four lower Snake River dams. That action, if allowed to be implemented, would be devastating to our cooperative. We work very hard in conjunction with BPA to keep our rates low, and the power supply affordable and reliable, and will continue that going forward.

Retail Rates

Of the \$15.05 million we received in revenue, 72 percent was received

from residential accounts, 23 percent came from irrigation services, and the remaining 5 percent came from commercial accounts and other small miscellaneous revenues. Slightly more than 46 percent of our total revenue is used for the wholesale cost of power.

We saw a significant increase in our market-based Tier 2 wholesale power cost effective October 1 of last year. We hired CH Guernsey, an electric cooperative rate expert, to analyze our existing rates and recommend any needed changes to recover the necessary revenue to cover the increase in our wholesale rates. After those studies were completed, we implemented an increase in our retail energy rates and initiated a demand-billing component in those rates. We are simply recovering the increase in our wholesale power costs, nothing more.

We have seen enough growth in memberships to offset the additional costs we are experiencing due to inflation. The level of demand has been included in your monthly power bills for several years. We started billing the demand component at \$1/kilowatt effective January 1 of this year. We still have some of the lowest, if not the lowest, electric rates in the state of Montana for our irrigation and residential rate classes, and some of the lowest rates in the entire country.

Governance

One of the seven cooperative core principles we operate under is concern for community. During the last six years, the cooperative has provided 88 scholarships, totaling \$44,500, to member-dependent youth. We have also in the last six years: funded eight high school students with week-long trips to Washington, D.C., to learn more about electric cooperatives; donated \$40,000 in support of the local rural school districts in our service territory; provided more than \$39,000 to local foundations such as the Broadwater Community Foundation, and the Montana 4-H Foundation; and donated \$25,000 to the local rural fire depart-

ments in our service territory. All these donations have come because of capital credits that have gone unclaimed for five years. We also held member appreciation days at each of our office locations in Dillon, Whitehall and Townsend. These were a huge success, and we plan to continue offering them each year during the summer months. We all live in the communities we serve, and we strive to support them.

We as an organization would like to thank Manger Rollie Miller for his leadership during the last 11+ years. Safety is our number one foundational value. His leadership related to the safety and well-being of the employees, members and general public is clearly demonstrated. He is retiring later this spring, and by the time you read this, we will have selected his replacement as general manager.

What's Coming?

We are expecting sales to 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. 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.

Andy Johnson,
BOARD PRESIDENT
and **Rollie Miller,**
GENERAL MANAGER

Balance Sheet

ASSETS	2023	2022
ELECTRIC PLANT:		
In Service - at cost	\$64,801,949	\$62,206,036
Construction Work in Progress	7,559	295,639
	<u>\$64,809,508</u>	<u>\$62,501,675</u>
Accumulated Depreciation	\$30,869,852	\$29,742,598
Net Utility Plant	<u>\$33,939,656</u>	<u>\$32,759,077</u>
INVESTMENTS:	\$2,932,283	\$2,611,439
CURRENT ASSETS:		
Cash - General Funds	\$732,761	\$297,612
Temporary Investments	8,602,025	10,800,110
Accounts Receivable	1,844,659	1,454,367
Materials & Supplies	3,713,806	2,660,710
Other Current & Accrued Assets	353,547	191,995
TOTAL ASSETS:	<u><u>\$52,118,737</u></u>	<u><u>\$50,775,310</u></u>

LIABILITIES

MEMBERS EQUITIES:	\$25,400,194	\$23,303,014
LONG TERM DEBT:		
Rural Utilities Service	\$0	\$0
Federal Financing Bank	\$18,953,512	\$19,537,715
Other - NRUCFC & CoBank	\$4,502,831	\$5,007,123
	<u>\$23,456,343</u>	<u>\$24,544,838</u>
CURRENT LIABILITIES:		
Accounts Payable	\$828,881	\$792,249
Consumer Deposits	259,330	298,850
Other Current & Accrued Liabilities	2,173,988	1,836,359
TOTAL LIABILITIES:	<u><u>\$52,118,737</u></u>	<u><u>\$50,775,310</u></u>

Revenue and Expenses

	2023	2022
TOTAL OPERATING REVENUE	\$15,054,452	\$15,875,742
Nonoperating Revenues	2,351,600	1,197,164
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OPERATING EXPENSES		
Power Purchased for Consumers	\$6,802,009	\$7,911,643
Operation and Maintenance	2,756,379	2,614,745
Consumer Accounting, Administration and General Operating Expenses	2,085,547	1,907,622
Depreciation of Plant	1,762,576	1,681,701
Interest on Long Term Debt	655,995	686,526
Property Taxes	517,018	575,966
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TOTAL COST OF SERVICE	\$14,579,524	\$15,378,203
NET MARGIN	\$2,826,529	\$1,694,703
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Your Co-op's Dollar

Came from here:

Residential	0.72
Irrigation	0.23
Commercial	0.04
Other	0.01
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	1.00

Was spent here:

Purchased Power	0.47
Operations & Admin.	0.33
Depreciation	0.12
Interest	0.04
Taxes	0.04
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	1.00