




VIGILANTE ELECTRIC COOPERATIVE

A Touchstone Energy® Cooperative 

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VIGILANTE ELECTRIC COOPERATIVE, INC.

A Message from Your General Manager

Update on rates, meters and financials



Rollie Miller
General Manager

Bonneville Power Administration (BPA) Wholesale Power Rates

For the last several months we have been discussing with BPA our wholesale power rates for the next rate period, which begins on October 1 of 2015. They have informed us that we will be seeing an increase in rates, and the average rate increase is anticipated to be near 10 percent. This is a significant increase again for this rate period (2016-2017), after increases for the last two rate periods. We are working with BPA personally and through our hired experts at the Public Power Council and Northwest Requirements Utilities to mitigate the effects of the increase, and to ensure the rate increases are economically justified. We are told by BPA the major drivers of this wholesale power increase are capital improvements necessary to maintain the hydroelectric dams and associated equipment. Although the higher rates are burdensome, the loss of any of the hydroelectric generating stations would be much worse.

Metering equipment replacement

As I write this article, we are receiving miscellaneous equipment for the upgrade to our automated meter reading equipment. Due to our existing metering equipment, which was installed in the early 2000s, becoming obsolete, we have made the decision to totally replace it with a new model. The same metering principle will take place with these new meters but the equipment and software will be new and upgraded. Every meter within the system will need to be replaced with the new digital meters. We are contracting with a couple of ex-employees to facilitate these

meter changes, which will greatly save implementation costs. Our plan is to start in our Jones substation area, which is located south of Butte on Interstate 15. Nothing will change on the billing side of the business, and you will still continue to receive your monthly bills as you have in the past. The project will take about a year and a half to complete. We will keep you informed as we make progress throughout the period.

Mid-Year Financial Report

The best way for me to describe this year from a revenue and overall financial standpoint is to refer to it as a "budgeted" type year. The lower than normal water in Lima and Clark Canyon, combined with a cool spring and somewhat wetter than normal June, has lowered our revenue to simply what we have budgeted as a conservative case. We would prefer to exceed budget but that is not the case, at least up to this point. As we all know, that can change dramatically in a short period of time. Our April peak demand for power was the lowest recorded monthly amount we have experienced in well over five years. We are still in a solid position without any worries of reaching our lenders' financial minimums, but at the same time we are not setting sales records either. Our summer irrigation load certainly dictates how the financials will appear.

We hope you are having a great summer, and if you need to contact me for any reason feel free to do so here in the office, on my mobile phone at (406) 925-1085, or via email at rollie@vec.coop.

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Vice President
Dean Hanson

Secretary/Treasurer
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Tom Helm
 Andy Johnson
 Don Jones
 Allen Martinell
 Jim Petersen
 Norm Tebay

General Manager
Rollie Miller

Outage Notification Numbers

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 683-2327 or (800) 221-8271

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After Hours Mon. - Thurs.
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 Gary Ferris683-6321
 Cody Tarter925-3326
 Charles Wharton660-1878

Weekends

683-2327 or (800) 221-8271

Whitehall

After Hours and Weekends
 Marty Simons287-3950
 Chuck Romerio287-3144
 Dake Green871-4184
 John Moos266-3605

Townsend

After Hours and Weekends
 John Moos266-3605
 Justin Bair266-3351
 Chase White459-3892
 Marty Simons287-3950

Distributive Generation and Net Metering

By Rod Siring

Some things to consider

One of the goals for using these pages is to convey timely information to help you make more informed decisions. Sometimes what we write is out of a response to an event that could affect the cooperative, other times safety reminders, and sometimes the motivation comes from questions asked by our members. Over the past year we have had inquiries on a topic that we have not addressed in a while — distributive generation and net metering.

Distributed generation (DG) refers to power generation at the point of consumption rather than centrally located. It is a fuel displacer. Vigilante Electric Cooperative has small wind and photovoltaic systems connected to our distribution lines. These units are installed on the member's side of the meter, and reduce their need for electricity from our utility.

Vigilante Electric Cooperative established interconnection and net metering guidelines and associated agreements in 2002. These agreements are for residential application of distributive generation units up to 10 KW. The interconnection agreement establishes the rights and responsibilities for the member and the cooperative when connecting a DG to the distribution system. The net metering agreement is the explanation and acknowledgement for the billing side.

Vigilante Electric Cooperative does not purchase power from distributive generation sources. Once the interconnection requirements are met, the member can offset his or her energy use from Vigilante. With net metering there is also the issue of true up — which for Vigilante Electric is monthly. When a member puts more energy on to the distribution system than he or she takes off, the excess cannot be banked to use in another month.

To look at the economics of this type of installation, let's illustrate this with the following example. Remember Vigilante Electric Cooperative has the lowest energy rates in the state, and the electricity we buy from Bonneville Power Administration has zero carbon footprint.

If you were to install a one kilowatt (KW) photovoltaic system, the average

installed cost would be approximately \$5,000. According to the National Renewable Energy Lab. that one KW system would generate approximately 1,357 kilowatt hours per year in our service territory. This equates to \$77.35 of electricity, based on our rate of \$.057/kWh. The simple payback for this one KW system would be about 65 years.

There are also many variables that can impact the economics of this type of installation, including available tax credits. At the time of this article, the state of Montana offers a tax credit of up to \$500 for installing non-fossil forms of generation. There is also a Federal Residential Renewable Energy Tax Credit of 30 percent of the installed cost for solar. When this is factored into our example, the simple payback goes to 39 years.

Another consideration before making a purchase of this type is the energy efficiency of your home. Our goal should be to reduce energy consumption regardless of the source. Investments in energy-efficient appliances, lighting and ensuring adequate insulation levels will save you energy, improve comfort and probably have a quicker payback. Energy efficiency



improvements also can be eligible for utility rebates and tax credits.

When members call regarding this topic, I preface myself by stating how things look today, much like what I have tried to do in this article. However, time is bound to change many of the elements that are used here. With the passage of time our rates will likely increase, and because of technological advancements and economies of scale, the costs of distributive generation will continue to drop.

This scenario is something that is currently being reviewed by our Board of Trustees and general manager. Specifically, how does distributive generation and net metering figure into our current rate structure, and how do we deal with it in the future. This will be the topic of an article that will appear in the next edition of this publication.

— Wanted —

Vigilante Electric Cooperative would like to ask you a question: would you be interested in knowing more about how your rural electric cooperative operates? If so, you could participate in this year's Today's Members Program.

Each year, interested members from cooperatives across the state come together to participate in this educational event. Held in conjunction with the Montana Electric Cooperatives' Association (MECA) Annual Meeting, the Today's Members Program educates participants in a broad variety of topics that are geared to provide a better understanding and appreciation for electric cooperatives and what they

represent.

Over the years, this has been a very successful program. Many of the past participants have gone on to become a director (or trustee) of the cooperative serving their electrical needs. While we tout the educational part of this program, there is a rich social environment as well.

This year's Today's Members program will be held September 30th and October 1st in Great Falls. Lodging and travel expenses will be paid by Vigilante Electric for the individuals selected to attend. If you are interested, contact Rod Siring at our Dillon office for more details and to submit your name for consideration.

Vigilante Electric going from Turtles to TWACS

In the April edition of this publication there was a story that covered what happened at our Annual Meeting in March. During the manager's report Rollie Miller discussed some major projects Vigilante Electric will be undertaking in the coming year. One of the projects involved updating our current metering system.

In 1998, Vigilante Electric Cooperative deployed our first automated meter reading system (AMR), called the Turtle. This device, which is installed in the meter, records usage data and transmits it over our distribution lines to receivers in substations. From the substation, the data uploads to one of our servers in our office through a phone line or cellular connection. Over the years, the Turtle system has proved to be reliable and accurate.

However, as pointed out in the previ-

ous article, the manufacturer of the Turtle system will no longer support our version of the technology. Vigilante Electric staff has spent more than a year researching our options, including upgrading to the latest version of the Turtle. Based on staff recommendation, the Board of Trustees approved going with a product from Alcara Technologies.

Alcara Technologies' Two-Way Automatic Communications System (TWACS) is the industry leader in the cooperative market, with more than 15 million AMR/AMI deployed. TWACS is proven technology. It also uses the power line to transmit data, it provides two-way communications, and information can be collected on a set schedule or on request. This system is reliable and fast.

The TWACS system also has many

enhanced features that will allow us to better serve our members. It will improve our response time to outages by notifying us when outages occur, and then help us pinpoint the location. It also will help with many operational functions. In short, the TWACS system is the right one for us.

Deployment of the TWACS system will begin in August in the Buxton area. A couple of former Vigilante linemen will be contracted to do the installation of the single-phase meters. Changing of the three-phase meters will be done by our linemen, and will commence this fall after the irrigation season has concluded. The goal is to have all meters changed by the end of 2015.

Again, we will use these pages to update you on the progress of this project and to highlight some of the features that this system will allow us to provide.

Capital Credit Refunds

Vigilante Electric Cooperative is currently trying to locate the following individuals for payment of Capital Credits. If you have any information regarding names on this list please contact us.

Vigilante Electric Coop., Inc. · PO Box 1049 · Dillon MT 59725 · MT Toll Free 800-221-8271 or 683-2327

AMISH, DAVID J/AMELIA ENNIS, MT	BETTERS, BARRIE/PATTI SALEM, OR	BROWN, DANIEL/ BLOSE, DEBORAH MADISON, WI	CHARLTON, BRETT % JULIE SHOEN BILLINGS, MT
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in the Sept. issue of Rural MT*