



VIGILANTE ELECTRIC COOPERATIVE

A Touchstone Energy® Cooperative 

P.O. Box 1049, Dillon, MT 59725-1049
(406) 683-2327 or (800) 221-8271

Web site: www.vec.coop
E-mail: contact@vec.coop

A Message from Your Manager

Strategic Planning and 2014 Budget Update



Rollie Miller
General
Manager

Strategic Planning

A few weeks ago, the Board, senior staff and I participated in a long-term strategic planning session to discuss and refocus the long-term strategic direction of your Cooperative. This was especially informational for me and the staff, allowing for a better and thorough discussion of the parameters affecting the Cooperative. We discussed such things as enhanced member/owner communications, the capital expenditures related to upgrading our Automated Meter Reading (AMR) system, the rate implications for our long-term power supply, the rate impact of onerous and overreaching federal regulations, which seem to be enhanced recently, and, just as importantly, things that we are doing well as an organization. We are in the process of establishing short-and long-term goals for the Cooperative as a result of those discussions.

2014 Capital and Operating Budget

By the time you read this, the Board will have approved our 2014 calendar year budget. We have some very significant projects planned for the coming year. Our main focus continues to be on enhanced reliability to the electric distribution system, including pole integrity testing and replacement as necessary, and needed power line upgrade projects to efficiently serve you. The very low interest rate environment from the Rural Utilities Service (RUS) allows us to more efficiently finance these capital

projects and get them completed with lower costs. From our wholesale power cost side, you will see in other parts of this newsletter, as well, that we were unable to absorb the 8.6 percent average increase in the cost of our wholesale power and needed to raise our retail rates by an average of 3.9 percent. The staff and I are doing everything we can to control our costs and provide electric power to you in an efficient manner.

Upcoming Annual Meeting

Please mark your calendars for the annual meeting to be held again in the University of Montana-Western's Lewis and Clark Room on March 7th. As with every year, we will provide updated reports on the condition of your Cooperative and have three director positions up for election. District meetings, for the directors up for election and as required in our by-laws will be held for the Dillon South, Lima and Dell areas, and our Townsend area later this month. The three board members representing those districts are Jim Petersen, Allen Martinell and Tom Helm. Please see the mailing we will provide to the members in those districts in the next week.

We hope you have a Happy New Year for 2014, and if you need to contact me for any reason feel free to do so on my mobile at (406) 925-1085, or you can reach me in the office or via email at rollie@vec.coop.

Trustees

President

Dean Peterson

Vice President

Dean Hanson

Secretary/Treasurer

Sharon Lasich

Tom Helm

Andy Johnson

Don Jones

Allen Martinell

Jim Petersen

Norm Tebay

General Manager

Rollie Miller

Outage Notification Numbers

M-F 8 a.m. to 5 p.m.

**683-2327 or
(800) 221-8271**

Dillon

After Hours Mon. - Thurs.

Dan Snellman683-6222

Tim Myllymaki683-6369

Charles Wharton660-1878

Weekends

**683-2327 or
(800) 221-8271**

Whitehall

After Hours and Weekends

Marty Simons287-3950

John Moos266-3605

Justin Bair266-3351

Townsend

After Hours and Weekends

John Moos266-3605

Justin Bair266-3351

Marty Simons287-3950

NEW RATE SCHEDULES

By now every member should have received a letter from General Manager Rollie Miller regarding the rate increase that will take effect on January 1, 2014. The January bill will be calculated using the new rate structure, and mailed around the 10th of February. Here we provide a full description of our rates as of January 1, 2014. Keep in mind, whether you have one account or multiple accounts, each account is identified by rate class on your bill. This will allow you to correlate your account(s) with one of the following rates.

RATE CLASS "A"

Availability - Single-phase service for all uses, subject to rules and regulations established by the cooperative. This schedule is for all types of single-phase service (except irrigation), where the patronage from the service is more than \$700 per year. A service that is currently on Rate Schedule "A" will stay on this schedule unless the patronage for the service drops to less than \$400 for the calendar year.

Rate per Month

Base Charge: \$22 per month, plus

Energy Charge: All KWH used per month at 5.7 cents per KWH, plus:

KVA Charge: A monthly charge of 50 cents per billing KVA (KVA draw) for all billing KVA over 15 KVA.

Minimum Charge: \$22 per month, or as determined by the cooperative's line extension policy.

RATE CLASS "B"

Availability - Single-phase service for all uses, subject to rules and regulations established by the cooperative. This schedule is for all types of single-phase service (except irrigation), where the patronage from the service is less than \$400 per year. A service that is currently on Rate Schedule "B" will stay on this schedule unless the patronage for that service exceeds \$700 for the calendar year just ended.

Rate per Month

Base Rate: \$29.50 per month, plus

Energy Charge: All KWH used per month at 7.5 cents per KWH, plus:

KVA Charge: A monthly charge of 50 cents per billing KVA (KVA draw) for all billing KVA over 15 KVA.

Minimum Charge: \$29.50 per month, or as determined by the cooperative's line extension policy.

RATE CLASS "IRR" - IRRIGATION

Availability - Applicable only to a consumer for service to irrigation pumps, subject to the established rules of the cooperative.

Rate per Month

Energy Charge: All KWH used per month at 4.6 cents per KWH, plus:

Demand Charge: \$2/KW/month, or for pumps without demand readings \$1.50/HP/Month, but not less than \$20/Month. (No demand charge for October through April)

Annual Charge: \$12/HP, but not less than \$240 per year.

This charge will be billed during the February billing, or during the month when a new pump is connected.

Minimum Annual Charge During Contract Term: Three months horsepower or KW charge per year, but not less than \$240 per year. When contract term expires, Policy 405 will apply.

Off-Season Rate: For irrigation accounts, the off-season period is from the meter reading at the end of October through the meter reading at the end of March. Usage during the off-season period will be billed during the March billing, with a one-time base charge and an energy charge as established in Vigilante Electric Cooperative's RATE SCHEDULE B.

Determination of Billing Demand: The billing demand shall be the maximum kilowatt demand established by the consumer for any period of 30 consecutive minutes during the month for which the bill is rendered, as indicated or recorded by a demand meter and adjusted for power factor. Where motor loads are served, the cooperative may, at its option, determine billing demand by test basis or by using the nameplate horsepower of motors served, multiplied by a conversion factor of 0.75.

RATE CLASS "GS" - COMMERCIAL

Availability - Three-phase service for all uses, subject to rules and regulations established by the cooperative.

Rate per Month

Energy Charge: All KWH used per month at 4.8 cents per KWH, plus the higher of:

Demand Charge: All KW of billing demand per month at \$3 per KW.

Or

KVA Charge: A charge of \$1 per KVA of transformer capacity, but not less than \$25 per month or greater than \$100 per month.

Minimum Charge per Month: The KVA charge will be assessed.

Determination of Billing Demand: The billing demand shall be the maximum kilowatt demand established by the consumer for any period of 30 consecutive minutes during the month for which the bill is rendered, as indicated or recorded by a demand meter and adjusted for power factor. Where motor loads are served, the cooperative may, at its option, determine billing demand by test basis or by using the nameplate horsepower of motors served, multiplied by a conversion factor of 0.75.

RATE CLASS "YL"

Yard Light and Street Light

Availability - All members of the cooperative, or to towns.

Rate per Month

175W 120V Mercury Vapor: \$7.50 per month each.

400W 120V Mercury Vapor: \$11.50 per month each.

100W 120V High Pressure Sodium: \$6.50 per month each.

200W 120V High Pressure Sodium: \$8 per month each.

400W 120V High Pressure Sodium: \$11.50 per month each.

The decision to raise rates is not an easy one. The Board of Trustees deliberated on this issue extensively over the past few months, and it is our feeling that it is necessary. Even with the increase, our rates for residential and irrigation will still be one of the lowest in the state — and the country. Vigilante Electric is, and always will be, committed to our mission of providing the best possible service at the lowest possible cost. If you have any questions regarding this issue, please feel free to contact us.

Rate Increase Impact

Residential “A” Rate

By Rod Siring, Member Services

Rate increases are complex. There are many variables that determine rate structure. However, from the member’s standpoint, you just want some idea of how much more it will cost. The table below is a model that compares the residential “A” rate established in January 1, 2012, with the rate effective January 1, 2014. This shows the monthly costs over a range of kilowatt hours (kWh) used, and the difference.

| Residential “A” Rate | | | |
|----------------------|-----------|-----------|------------|
| kWh | 2012 | 2014 | Difference |
| 300 | \$ 37.50 | \$ 39.10 | \$ 1.60 |
| 400 | \$ 43.00 | \$ 44.80 | \$ 1.80 |
| 500 | \$ 48.50 | \$ 50.50 | \$ 2.00 |
| 600 | \$ 54.00 | \$ 56.20 | \$ 2.20 |
| 700 | \$ 59.50 | \$ 61.90 | \$ 2.40 |
| 800 | \$ 65.00 | \$ 67.60 | \$ 2.60 |
| 900 | \$ 70.50 | \$ 73.30 | \$ 2.80 |
| 1000 | \$ 76.00 | \$ 79.00 | \$ 3.00 |
| 1100 | \$ 81.30 | \$ 84.70 | \$ 3.40 |
| 1200 | \$ 86.60 | \$ 90.40 | \$ 3.80 |
| 1300 | \$ 91.90 | \$ 96.10 | \$ 4.20 |
| 1400 | \$ 97.20 | \$ 101.80 | \$ 4.60 |
| 1500 | \$ 102.50 | \$ 107.50 | \$ 5.00 |
| 1600 | \$ 107.80 | \$ 113.20 | \$ 5.40 |
| 1700 | \$ 113.10 | \$ 118.90 | \$ 5.80 |
| 1800 | \$ 118.40 | \$ 124.60 | \$ 6.20 |
| 1900 | \$ 123.70 | \$ 130.30 | \$ 6.60 |
| 2000 | \$ 129.00 | \$ 136.00 | \$ 7.00 |

The monthly base charge increases by \$1 per month, and all kilowatt hours are billed at 5.7 cents. Remember this is just a model and it does not take into account the additional charge for transformers of more than 15 kVa. However, you should be able to use the kilowatt hour information from past statements to get an approximation of your costs with the new rate. As with any rate increase, questions will arise. Please feel free to contact us at (800) 221-8271 or 683-2327.

SCHOLARSHIP OPPORTUNITIES

By Rod Siring, Member Services

For years Vigilante Electric Cooperative acknowledged our commitment to education by offering scholarships for post-secondary education. This school year, we are offering opportunities for deserving young people to further their education who may not need, or want, to attend a traditional four-year school.

Many vocations are in great demand, and for this reason we are offering the Vigilante Electric Cooperative Leadership Award. This is awarded to students who not only excel in the classroom, but in their communities. This year we will award scholarships to individuals planning to attend a vocational or trade school.

The second opportunity is our Electric Line Workers Scholarship. Studies indicate that there could be a serious shortage of qualified workers in

this field. This is why we are offering scholarships to individuals who are interested in attending one of the regional line schools. This trade offers excellent pay, great benefits and opportunities worldwide.

To qualify for either scholarship, the applicant must be a member or a dependent of a member of Vigilante Electric Cooperative, complete an application and provide recent school transcripts. For the Leadership Award, there is also a brief narrative required on the career path you would like to take. For the line worker’s scholarship, you must provide enrollment information for the school that you will be attending. Applications are due to our office by Feb 21. Information on these scholarships will be available at area high schools, on our website at www.vec.coop, or by contacting Rod Siring at our Dillon office at (800) 221-8271 or 683-2327.

District Meeting

By Rod Siring, Member Services

At Vigilante Electric Cooperative the start of a new year brings many things, including the start of our preparations for the annual meeting. This year’s meeting will be held on March 7, 2014, on the campus of the University of Montana – Western. Prior to the annual meeting, Vigilante Electric will host a series of district meetings. District meetings serve two important functions: it is where nominations are made for district trustee, and it provides a forum for open discussion about the affairs of the cooperative.

Vigilante Electric’s service territory is divided into nine districts. Each district has an elected representative on the board of trustees who serves a three-year term. Terms are staggered to maintain six experienced trustees at all times. District meetings provide members interested in running for the board, or supporting a candidate, the opportunity of securing a nomination. The actual election is held in conjunction with the annual meeting.

The district meetings also provide those who are not able to attend the annual meeting an opportunity to hear about the state of the cooperative from General Manager Rollie Miller. Because the district meetings are less formal than the annual meeting, they provide the member with an excellent opportunity to interact with the manager and staff members who may be in attendance.

In 2014, the districts that have trustee positions up for nomination are District #3, serving the Townsend-Toston area; District #8, serving Dillon south and District #9, serving Dell-Lima. At the time of this article, the dates, times and locations for this year’s meetings have not been finalized.

Members residing within these districts are notified by mail regarding the meeting for their district. If you would like further information regarding the district meetings or running for district trustee, please call us at (800) 221-8271 or 683-2327.

Congratulations!

Long Overdue

Vigilante Electric Cooperative would like to congratulate the Beaverhead County High School football team for not only their success this season, but their continued success. This year the Beavers won another State "A" championship, their sixth since 2000.

We also would like to take this opportunity recognize and congratulate one of the assistant football coaches, Gary Ferris. Many of you may know Gary as Vigilante Electric's Engineering Manager. What you may not know is that Gary has lent his time and talent as an assistant coach with the high school since 1994.

Again, congratulations to both the Beavers and Coach Ferris for making us proud.



Above: Gary Ferris working with players during a recent game.



Left: Beaverhead County High School receiving their championship trophy after defeating Billings Central.

Co-op Connections

Helping You Save Money Every Day

Since introducing the Co-op Connections program, I have made a point of using these pages to inform you about the money-saving opportunities available. You may, or may not have noticed, that last month

there was no Co-op Connections article. This is because the program that I was writing about no longer exists.

If you frequent the Co-op Connections website, one of the programs was My VIP Saving. This has been replaced with a program called Cash Back Mall. Since I haven't had an opportunity to really dig into this program, I will defer writing about it until next month. In this month's edition, I will review one of these programs that I have used, coupons.

Co-op Connections has teamed with Coupon.com to bring you valuable coupons every day. There are hundreds of printable grocery coupons good at more than 160 supermarket chains and more than 30,000 stores nationwide. These coupons provide discounts on top brands such as Johnson & Johnson, General Mills, Kimberly-Clark, Kraft Foods and Clorox. There also are promotional codes available for online shopping at stores such as Macy's, Home Depot, Best Buy and more.

Once you sign up for this program, you can either shop directly off the Co-op Connections website or directly from your email box. You will get frequent emails on special offers. When

you review the offering for coupons, you simply click on the ones you want, and then you can print them to use at the grocery store. When you try to print a coupon the first time, you will be prompted to download a special application.

For the store promo codes, the email messages that you receive signify what stores are offering discounts and the online code to get them. Or, if you are on the Co-op Connections website, go to categories and select coupon code. Here you will see a list of participating online retailers and current hot deals. When you find a deal you like, click on "Get Code." Your primary window will go to the store's online website. Plus a secondary window will open revealing the code to use at the time of your checkout.

The only downside to this part of the Co-op Connections program is that you do have to have a computer and access to the Internet to participate. However, if you like online shopping and using coupons to save money at the grocery store, this site is for you. The Co-op Connections program is designed with one purpose in mind: to help the members of participating cooperatives save money on everyday expenses. Next month we will review Co-op Connections Cash Back Mall.

Prescription Discount Tracker

| | |
|-------------------------------|------------|
| Total Paid Claims YTD | 156 |
| Total Savings YTD..... | \$4,403.83 |
| Total Savings Percentage..... | 37.27% |
| Nov.. 2013 paid claims | 16 |
| Nov. Savings | \$632.17 |
| Nov. Savings Percentage | 53.02% |

