



VIGILANTE ELECTRIC COOPERATIVE

A Touchstone Energy® Cooperative 

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A Joint Message from Your Board President and General Manager

2014 Vigilante Electric Annual Report

This year, participants of our annual meeting will be provided our annual report. It outlines the key fundamental issues relevant to the operation of the Cooperative. This month, we also are using these pages to convey much of the information. We hope you find this information beneficial.

Financials

From a financial standpoint, your Cooperative had a very good year in 2013. Electric sales revenues totaled \$11,868,613, which was just slightly higher than the previous year, but 2012 was an exceptional irrigation season year. The total cost of electric service for the year was \$11,450,158, leaving a sub-total electric margin of \$418,455. Adding in interest and the additional revenue, which came from our one-half ownership of the propane business, Montana Energy Alliance, our total net margins for the year ended at \$987,022. At the end of the year, your Cooperative had \$46,961,635 in total utility plant. Total kilowatt-hour sales for the year amounted to 159,527,757, which is about equal to 2012, but significantly higher than the prior five years. The end result is that your Cooperative is in a very strong financial position.

Plant Additions

During the calendar year we installed 621 new poles. A portion of these were the result of approximately 2,730 poles that were tested during the year, of which approximately 10 percent were rejected and staked for replacement. We plan to continue to test poles each year so that the entire system is tested once every 15 years. Some of the major projects completed during the year included a rebuild of approximately two miles of overhead three-phase line along Carrigan Lane just south of Dillon, a reconductor project near Grant, total replacement of the underground single-phase power line in the town of Bannack, and approximately two miles of three-phase line replacement west of

Melrose. In the Whitehall service territory, we completed a one-mile Jefferson Acres underground project; and in the Townsend area we completed a two-mile overhead to underground project in the Lump Gulch area, and a two-mile overhead three-phase line replacement project along Flynn Lane. The linemen have stayed very busy taking on these major capital projects, in addition to continuing to take care of the normal routine maintenance projects.

Member Services

Being involved with and giving back to our membership is a very important part of who we are as a cooperative. Every year we do what we can by donating time and money to help our members, and to make our communities better.

2013 was a very good year for our energy-efficiency programs. Working with Bonneville Power Administration, we used our time and resources to help our members save an estimated 1,162,813 kilowatt hours. At six cents per kilowatt hour, that is \$69,768. We also paid \$124,326 in rebates to our members for energy-efficiency projects.

VEC has a long commitment to providing educational opportunities to our membership. In 2013 we funded, or helped fund, a broad variety of educational opportunities that included scholarships, educational travel and direct contributions to education foundations. In total, we provided more than \$40,000 in education opportunities last year. The funding for this comes from unclaimed capital credits, which if not used in this fashion for educational purposes must be forwarded to the State of Montana.

At the heart of rural communities are volunteer, economic development and charitable organizations. These types of organizations provide valuable services to their communities, but often operate with limited funding. In 2013, VEC donated nearly \$4,000 to a wide variety of organizations. In the past we have donated to museums, county fairs and



Rollee Miller
General Manager



Dean Peterson
Board President

Energy Share of Montana. One of our longtime commitments has been to the 15 rural volunteer fire departments in our service territory.

The Future

The next couple of years will be very busy for the staff here at VEC. As indicated above, we have a plan in place for testing approximately 2,700 poles during the coming year. These will be tested in the Townsend and Whitehall service areas. Rejected poles will be scheduled for replacement. We also plan to complete the total rebuild of the power lines in the town of Lima, rebuild approximately two miles of overhead three-phase line north of Bannack, and convert approximately three miles of single-phase line to three-phase line southeast of Glen. The largest and most expensive project we are taking on is the replacement of our existing meter-reading equipment. The project will take the next two years to complete, and will greatly improve our efficiency both in the billing process and in troubleshooting of outages, among other benefits.

As part of our power supply with the Bonneville Power Administration (BPA), we continue to see efforts by special interest groups to impact the low cost of our current energy. More specifically, fish mitigation dam removal altogether and the Columbia River Treaty issues. We must continue to work through our associations to minimize or eliminate those adverse efforts.

You, the members, have a very good group of employees representing your interests. We are here for one purpose — to serve you. Please contact any of us for any concerns you may have.

*You are cordially invited to attend the Annual Meeting
of the Members of Vigilante Electric Cooperative, Inc.
on Friday, March 7, 2014*

MEETING NOTICE

TIME AND PLACE

This year's meeting will once again be held on the campus of University of Montana - Western, in the Lewis and Clark Room, located in Mathews Hall, Dillon.

Friday, March 7, 2014

Registration begins at 11:45 a.m.

Lunch by reservation only will begin at 12:15 p.m.

76th Annual Meeting of the members of Vigilante Electric Cooperative will begin at 1:15 p.m.

MEETING AGENDA

- Meeting called to order - Dean Peterson, President
- Invocation
- Pledge of Allegiance
- Official Notice of Meeting and Determination of a Quorum
- Approval of 2013 Annual Meeting Minutes
- Manager's Report - Rollie Miller
- Officers' Reports
- Financial Report
- Trustee Elections, Nominations from the floor
Election of three trustees to a three year term, one from each of the following districts:
Dist. #3 Townsend/N. Helena
Dist. #8 Dillon South/ Grant
Dist. #9 Dell/Lima
- Guest Speaker - Scott Corwin, Executive Director, Public Power Council
- Other Business
- Awarding of Door Prizes
- Adjournment of Meeting

BOARD OF TRUSTEES

Dist.#1	Norm Tebay	Cardwell/Whitehall
Dist.#2	Dean Hanson	Silver Star/Waterloo
Dist.#3	Tom Helm	Townsend/N. Helena
Dist.#4	Sharon Lasich	Twin Bridges
Dist.#5	Don Jones	Melrose/Wise River
Dist.#6	Andy Johnson	Dillon North
Dist.#7	Dean Peterson	Wisdom/Jackson
Dist.#8	Jim Petersen	Dillon South/Grant
Dist.#9	Allen Martinell	Dell/Lima
	Rollie Miller	General Manager

Grand Door Prizes:

Six gift certificates, two worth \$500 and four worth \$250, for energy service from Vigilante Electric Cooperative.
Must be present to win.

ATTENTION

Voting is a privilege of membership. Only those with signed membership applications will be allowed to vote. Individuals representing a membership listed as a ranch, club or business can only vote if their name appears on the membership or can provide proof they are authorized to act on the entity's behalf.

Dated at Dillon, Montana
January 22, 2014

By order of the Board of Trustees
Vigilante Electric Cooperative, Inc.
Sharon Lasich, Secretary

Vigilante Electric Cooperative

Financial Report

At our Annual Meeting there is a wealth of information provided to those that attended. Participants hear reports from the officers and management of Vigilante Electric Cooperative. We also bring in Guest Speakers, who in recent years have focused on the political environment in the energy industry. However, the most important information at the annual meeting is the financial report. The details of the financial report are provided for your review.

Revenue and Expenses

	2013	2012
TOTAL OPERATING REVENUE	\$11,868,613	\$11,823,923
Nonoperating Revenues	568,567	401,415
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OPERATING EXPENSES		
Power Purchased for Consumers	\$5,361,805	\$5,108,384
Operation and Maintenance	2,040,186	1,805,145
Consumer Accounting, Administration and General Operating Expenses	1,848,660	1,788,434
Depreciation of Plant	1,263,843	1,235,103
Interest on Long Term Debt	547,999	540,042
Property Taxes	387,665	383,064
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TOTAL COST OF SERVICE	\$11,450,158	\$10,860,171
NET MARGIN	\$987,022	\$1,365,167

Your Co-op's Dollar

Came from here:

Residential	0.54
Low Usage	0.09
Irrigation	0.27
Commercial	0.04
Other	0.06
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	1.00

Was spent here:

Purchased Power	0.47
Operations & Admin.	0.34
Depreciation	0.11
Interest	0.05
Taxes	0.03
	<hr/>
	1.00

Balance Sheet

ASSETS	2013	2012
ELECTRIC PLANT:		
In Service - at cost	\$46,902,729	\$45,899,359
Construction Work in Progress	58,906	426,212
	\$46,961,635	\$46,325,571
Accumulated Depreciation	\$23,741,580	\$23,373,162
Net Utililty Plant	\$23,220,055	\$22,952,409
INVESTMENTS:	\$2,150,193	\$2,129,736
CURRENT ASSETS:		
Cash - General Funds	\$150,234	\$158,824
Temporary Investments	4,615,557	3,062,845
Accounts Receivable	1,434,422	1,307,848
Materials & Supplies	1,247,037	1,351,327
Other Current & Accrued Assets	274,963	132,245
	\$33,092,461	\$31,095,234
TOTAL ASSETS:	\$33,092,461	\$31,095,234
LIABILITIES		
MEMBERS EQUITIES:	\$17,113,375	\$16,664,003
LONG TERM DEBT:		
Rural Utilities Service	\$5,398,176	\$5,807,335
Federal Financing Bank	\$4,312,853	\$2,000,000
Other - NRUCFC & CoBank	\$4,033,073	\$4,481,855
	\$13,744,102	\$12,289,190
CURRENT LIABILITIES:		
Accounts Payable	\$592,822	\$471,862
Consumer Deposits	477,435	468,715
Other Current & Accrued Liabilities	1,164,727	1,201,464
	\$33,092,461	\$31,095,234
TOTAL LIABILITIES:	\$33,092,461	\$31,095,234

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