



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

VIGILANTE ELECTRIC COOPERATIVE, INC.

VEC Leadership Award and MECA Memorial Scholarship A Nice Pairing

At Vigilante Electric Cooperative, we appreciate the value and cost of a higher education. That is why we are committed to providing educational opportunities to deserving students. This year we are doing things a little different by offering qualified students the opportunity to win two scholarships by filling out one application.

This year we are pairing our Leadership Award with the Montana Electric Cooperatives' Association Memorial Scholarship. This opportunity is available to students who are the dependents of members of Vigilante Electric Cooperative. Applications are available online at www.vec.coop or through area high school guidance counselor offices. The application deadline is January 16, 2015.

All educational opportunities through Vigilante Electric are funded by unclaimed capital credits, which we are required to retain for five years. At the

end of this period we can either use the funds for educational purposes or turn them over to the state of Montana.

The balance of this fund fluctuates year to year, and is one of the determining factors in the number of scholarships we offer and the dollar value of each scholarship. At this time we do not know how many scholarships will be offered, or how much each will be. However, for the last academic year our board approved 12 scholarships worth \$1,500 each.

All scholarships received will be judged based on the criteria set forth in the application. The top applications will receive the Leadership Award, and the best application will then be forwarded on to the Montana Electric Cooperatives' Association to compete for an additional \$500 scholarship.

Again the deadline for applications is January 16, 2015. If you have any questions, contact our Dillon office at 683-2327 or (800) 221-8271.

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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
 - 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

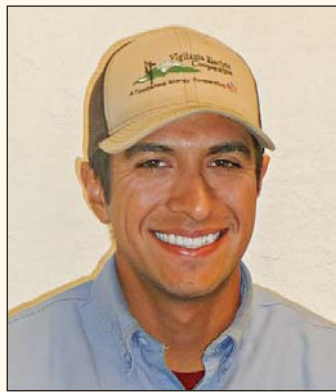
ON THE JOB

Vance Forsman

Vigilante Electric Cooperative would like to take this opportunity to introduce our newest employee, Vance Forsman.

Vance is a journeyman lineman working out of our Dillon shop. He is a native of Montana, raised in White Sulphur Springs. Vance did his apprenticeship through the Mountain States Apprenticeship Program and worked for Outback Power prior to coming to Vigilante Electric.

We would like to welcome Vance to Vigilante Electric, and we look forward to a long association.

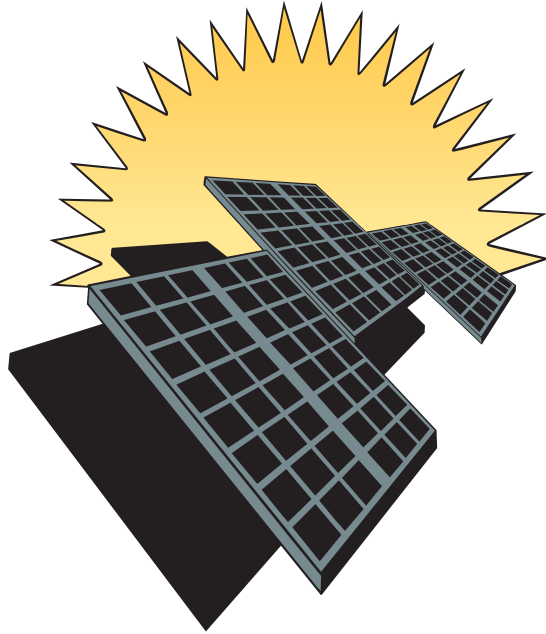


Alternative Renewable Energy

(Revisited)

By Rod Siring

Annually we run an article summarizing the programs and services (see page 5) available to members. Many of them are basic and self-explanatory. However, on review, there is one that does require a little more information and is well overdue for a progress report – Alternative Renewable Energy (ARE).



If you follow the information provided in these pages, you know that Vigilante Electric Cooperative has the lowest electric rate in the state of Montana — and one of the lowest in the country. This is due to the renewable and clean hydroelectric generation we purchase from Bonneville Power Administration.

Vigilante Electric also understands and supports the expansion of new renewable resources. This is why in 2003 we started purchasing a product from BPA that was designed for small utilities — Alternative Renewable Energy (ARE). From the start of this program, ARE has been the most cost-effective product available, and it provides an instrument by which our members can purchase part or all of their electrical usage from new renewable sources.

One way members can participate is by purchas-

ing blocks of ARE. Each block equals 100 kilowatt hours, costing an additional \$1.10 per block. For example, a member on our residential “A” rate using 1,300 kilowatt hours of electricity per month would normally get a bill for \$96.10. However, if the member purchases one block of ARE, the additional charge of \$1.10 will bring the total bill to \$97.20.

For members who wish to base their ARE purchases on all of their usage, the additional charge would be calculated by taking the usage for the billing cycle multiplied by 1.1 cents per kilowatt hour. Based on 1,300 kilowatt hours per month, the additional charge would be \$14.30, which equates to a total bill of \$110.40.

One important thing to understand is that this is not direct delivery of this product to the meter. The electric grid is an interconnected supply network with many sources of generation attached to it. The sources for this alternative renewables program are part of this network. We strongly encourage those interested in finding out more details or participating in this program to contact Rod Siring at 683-2327 or 800-221-8271.

Distributive Generation and Net Metering

Part 3

By Rod Siring

In the September edition of this publication, we had a second installment regarding distributive generation (DG) and net metering. Specifically, how we currently address them in our rate structure and the importance of recovering fixed costs. While the concept of fixed costs is pretty basic and familiar to some, it is worth more explanation.

Each year Vigilante Electric does a cost of service study that reviews expenditures and revenues for the year. The study is used to ensure our rate structure adequately allows us to cover all obligations, and that all rate classes are paying their fair share of the system.

Allocating expenditures is based on how the electric system is used by each rate class. Fixed and variable costs are assigned to each rate class and then

those numbers are compared to revenues generated from each.

Fixed costs are those incurred whether or not electricity is used by a service. In 2013, the fixed cost of having a residential electrical service in place was \$46.18 per month per service. These are the costs associated with having the people, equipment and materials necessary to have the electric available when you need it. These costs are independent of the amount of electricity sold. The costs associated with our electrical purchases are the variable costs.

So how do we recover fixed costs? At Vigilante Electric we assign a portion of our fixed costs to the base charge, and the balance is incorporated in the kilowatt-hour charge. For those in the residential “A” rate class this means only \$22 of the \$46.18 is recovered in the

base charge.

Again, here lies our future issue when it comes to DG and net metering. With economies of scale and technological advancements — coupled with improvements in home efficiency — it is realistic to assume net-metered facilities will offset a majority, if not zero out, the kilowatt hour usage on their bill. Currently, neither of our residential rates fully captures our fixed costs in the base charge.

As noted last month, our board and management team are discussing this at length and as progress is made we will use these pages to keep you informed. If you have questions or you would like to discuss this matter, please feel free to contact Rod Siring at 683-2327 or 800-221-8271.

Programs and Services

Cooperatives are different than most organizations. We are not motivated by profit, nor do we operate to benefit shareholders. We are in business solely for the benefit of our members. Because of this customer service takes on a different meaning. While maintaining the lowest possible electrical rates, Vigilante Electric has programs available to educate, help you reduce energy consumption and keep you safe. Below is a summary of our programs:

AGRICULTURAL/COMMERCIAL/RESIDENTIAL REBATES — Vigilante Electric has a variety of opportunities available for members to receive rebates on energy efficient upgrades.

ALTERNATIVE RENEWABLE ENERGY — We understand the importance of renewable generation and have worked with Bonneville Power Administration to expand its usage. Members can help by participating in our Alternative Renewable Energy (ARE) program.

HOME ENERGY AUDITS AND ENERGY ADVICE — As a special service to our members, we offer free home energy audits. Upon request, a trained employee will audit your home and offer advice on ways to improve the efficiency of your energy usage.

LOW INCOME ENERGY ASSISTANCE — In the fall, Vigilante Electric offers assistance to households meeting low-income guidelines. This program is designed to help qualified individuals with their electric needs. Applications are usually available between October 1 and November 1 each year.

RADIO HELP — Radio Help is a community service program designed to increase public awareness that radio — equipped vehicles can provide an instant link between emergency assistance and the scene of an accident, fire or life-threatening situation.

SAFETY PROGRAMS FOR SCHOOLS AND CIVIC ORGANIZATIONS — We will provide electrical safety demonstrations for schools, civic organizations and emergency services personnel upon request.

TREE TRIMMING — If you have a tree(s) growing near or into our power lines, we will work with you to mitigate the problem.

UNDERGROUND LINE LOCATIONS — Vigilante Electric belongs to the Utilities Underground Location Center, UULC. Before starting any project that requires digging, call (800) 424-5555. This is a free service; however, you need to make your request two full business days before you plan to dig. Please note that Vigilante Electric only locates the wire between our distribution facilities and the service meter. Locating wire between the service meter and the member's service panel is the responsibility of the owner and will require an electrician.

YOUTH TRAVEL AND SCHOLARSHIP

OPPORTUNITIES — Each year Vigilante Electric selects a student(s) who is in their sophomore or junior year in high school to represent us on the Youth Tour to Washington, D.C. During this week-long event, participants tour the city and many of its historical treasures, visit with their state's congressional delegation, and participate in youth rallies and socials.

We also recognize the value of a good education and the need for financial assistance. Each year Vigilante Electric offers a variety of scholarship opportunities to help qualified students with post-secondary expenses.

As you can see, we provide much more to our members and our communities than just electricity. If you have a question regarding any of these programs, contact our Dillon office at 683-2327 or (800) 221-8271.

Win a trip to
Washington



Pay by Phone *Growing Participation*

For the past few months we have been touting our new Pay by Phone system. This system provides members with an easy, convenient and secure means of paying their electric bills using a credit card, debit card or electronic check. At first there were concerns about how receptive members would be to this payment option, but the adoption rate is good and growing.

One of the major benefits from our side is that we can easily access data. For example, in the month of September there were 152 accounts that were paid using this system. 115

of these accounts were paid by credit or debit card, 37 by electronic check.

If a member has a problem while using the system or wants to know if they complete a transaction properly, we can help. For every transaction a log is created with every command and an indication of every button push. We can easily access this log and identify the issue and advise you on how to complete the process.

To access our Pay by Phone system, dial 1-855-385-9904. You will need your account number or a phone number on file to access your account. Voice commands will lead you through

the process. As a reminder, you can only pay residential accounts with credit or debit cards, and to pay by check you will need to establish a pin number by contacting our office.

We are excited to be able to offer this additional service to our members. We feel it is a great compliment to our other convenient payment options, such as electronic fund transfer (EFT) and E-BILL, which can be accessed through our website. If you have any questions or need help, please feel free to call our office at (800) 221-8271 or 683-2327.

Learning the Cooperative Principles

There are seven cooperative principles that give all co-ops guidance

By Adam Schwartz

One of my favorite bumper stickers is, “If you can read this, thank a teacher.” The importance of education was drilled into me by my parents and grandmother from my earliest memories, around the age of 4. It is no accident that we educate children from a very early age while our young minds are still dry sponges willing to absorb so much.

The original seven co-op principles set forth in 1844 contained the simple phrase, “Promotion of Education.” Today Principle Five states that all co-ops should promote “Education, Training and Information.” This is intended for employees, members and the community at large.

It is based on the simple premise that if people know more about the cooperative business model, they will be in a much better position to understand the benefits and promote better use of the co-op and its resources.

While there are almost 1 million people in the U.S. who work for cooperatives of all types (agriculture, housing, credit unions and many others in addi-

tion to electric co-ops) very few of us learn about cooperatives in school. That creates a real challenge when trying to explain the cooperative difference. People understand an investor-owned business is designed to make a profit or that a non-profit, like the Red Cross, is designed to serve the community. Co-ops have both an economic and social purpose. We operate on a not-for-profit basis so that we can pass along the best price for our goods or services to you, the member-owner.

Due to the fact that the co-op business model is normally not taught by teachers, it is up to us at Vigilante Electric Cooperative, through publications like this one, to ensure that you know about the differences and benefits of being a co-op member. Consumer surveys by Touchstone Energy and others consistently affirm that people prefer to do business with a cooperative if given a choice.

So why don't they teach about co-ops in school? There are several theories about this, including that there is not enough academic research about co-ops, which is often the source for curriculums. Another reason offered is that

the co-op community is so diverse that teaching about it only creates more confusion. The first issue about research is being addressed by the Cooperative Business Research Institute at Indiana University. The second can be addressed by answering the old question: How do you eat an elephant? One bite at a time. Simply by taking an interest in learning about Vigilante Electric Cooperative through our website, annual meeting, stopping by the office or talking to your fellow co-op members are all good ways to better understand the cooperative model you're a part of.

By knowing more about how cooperatives operate, you are in a better position to participate as member-owners. We always welcome your questions and comments to help us promote the Cooperative Way of doing business.

Adam Schwartz is the founder of The Cooperative Way, a consulting firm that helps co-ops succeed. He is an author, speaker and a member-owner of the CDS Consulting Co-op. You can follow him on Twitter @adamcooperative or email him at aschwartz@the.cooperativeway.coop.

Affordable. Innovative. Member Focused.

It's hard to predict the future, but one thing seems certain—**new government regulations will increase the cost of electricity.**

We want to work with you to keep your electric bills **AFFORDABLE**. We're controlling costs and no matter what the future holds we'll continue to put you, our members, **FIRST**.



**Vigilante Electric
Cooperative**

Find out how we're *Looking Out for You* at
www.vec.coop

Looking Out
for You