




VIGILANTE ELECTRIC COOPERATIVE

A Touchstone Energy® Cooperative 

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76th Annual Meeting of Members

By Rod Siring, Member Services

Cooperatives are unique because they exist solely for the benefit of the people they serve. One of the best ways to understand why cooperatives are different is to attend an Annual Meeting. On March 7, members from across our service territory gathered on the campus of the University of Montana – Western for what turned out to be one great meeting.

While my intent of this article was to keep it purely informational, I can't help but write a little about my favorite part of the meeting. It is tradition for Trustee Norm Tebay to give the invocation. Norm took a moment to recognize those in attendance who served in the military — which there were several. Then he led the participants in singing *America the Beautiful*. This coupled with the fact that we still recite the Pledge of Allegiance set the tone for the whole meeting.

The meeting was started by Vigilante Electric General Manager Rollie Miller. Rollie feels that if you go beyond the financials there are two elements that are good indicators of an electric utilities success. One is system line loss — this is the difference between the

amount of power we buy at the wholesale level and the kilowatt hours we sell to our members. The lower this percentage the better, current line losses are at 8.8 percent which Rollie has challenged our operations staff to improve on.

The other indicator is outages. Vigilante Electric's outage rate is one of, if not the, lowest in the state. The electricity is on to our members 99.98 percent of the time. Rollie thanked our line crews for their work on keeping the power on.

He continued with the recent rate increase taken by our organization. In October, our rates from Bonneville Power Administration increased 8.6 percent. When these costs are figured into our cost-of-service study, the 3.9 percent increase effective January 1 was prudent. Even with the increase, Vigilante Electric Cooperative still has the lowest rates in the state, and one of the lowest rates in the country.

Next, Rollie discussed some of the major work projects that are either in progress or on the horizon. Most notable of these are the rebuild of the distribution system serving the town of Lima, and the replacement of our current metering system. Our current meter-

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Rollie Miller
General Manager



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

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 Green387-5495

John Moos266-3605

Townsend

After Hours and Weekends

John Moos266-3605

Justin Bair266-3351

Chase White459-3892

Marty Simons287-3950

Annual Meeting

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ing system is obsolete and will no longer be supported by the manufacturer. The conversion to the new system will take two years and \$3.5 million to complete. The system we are installing has many enhanced capabilities and will make us more efficient in responding to outages.

A new feature of our Annual Meeting is the Officer's Report, which was given by Dean Peterson, Board of Trustee president. When Dean was first elected he campaigned on the need to ensure we provide clean, reliable, cost-effective power to our members. The board and management of Vigilante work diligently to ensure that this goal is met.

Dean briefly commented on our financial status, noting 2013 margins and how above-average margins from irrigation have bolstered these numbers. Of special interest, Dean mentioned how many of the Board members have adopted the use of iPads as a means of improving communications and reducing paper use.

Next were trustee elections. The board of trustees have nine members representing specific geographical areas of our service territory. Each trustee serves a three-year term, with terms staggered to ensure at least six experienced trustees at all times. Nominations are made at district meetings, with the election occurring at the Annual Meeting. This year, all three incumbent trustees ran unopposed, and with unanimous ballots being cast. The trustees were Tom Helm, Jim Petersen and Allen Martinell.

Office Manager Ralph Dreyer presented the financial report. In an effort to keep his comments brief, Ralph focused on two points. Operating revenue for 2013 was about the same as in 2012, but our cost of service was more than \$580,000 higher than the previous year. Of this, over \$250,000 reflects the rate increase from BPA that took effect October 1, 2013.

Second, if there is one indicator of a utility's financial health, it would be member equity. In 2013, member equity was \$17,113,375. This by itself does not mean a lot until you divide this number by total liabilities. Lenders like to see this percentage at 40 percent or higher.

In 2013 Vigilante Electric's member equity was 51.7 percent.

The next person to take the podium was Gary Wiens, assistant general manager, Montana Electric Cooperatives' Association (MECA). Gary started his comments with the political adage, "if you are not at the table you are probably on the menu." His point being cooperatives need to be aggressive and diligent when dealing with issues that could impact rates. This activism needs to go beyond our associations and boardrooms, and must include a strong grassroots effort.



Dean Peterson
Board President



Gary Wiens,
MECA Assistant
General Manager

Gary referred to the issue of sage grouse management efforts in Montana. The U.S. Fish and Wildlife Service has been considering placing the sage grouse on the endangered list, and initial plans to aid their recovery would create some serious challenges for our cooperative.

Because of the efforts of MECA, the management and board of Vigilante Electric and members who have volunteered to help by sending comments to their legislators — a revised bill was drafted and now awaits the governor's signature. It is a bill that is workable for all parties.

The meeting continued with Scott Corwin, executive director of the Public Power Council (PPC). The PPC represents the common interests of consumer-owned electric utilities with respect to the Federal Columbia River Power System, and issues around BPA power and transmission. Scott's comments echoed Gary Wiens' in regards to participation and diligence on issues that affect public power. To paraphrase Scott, bad ideas are like bad smells, they tend to come back.

Scott noted that salmon recovery is still a battle being waged. Special interest groups are still pushing to remove the dams on the Snake River, which equates to enough clean generation to power the city of Seattle. They also want more water spilled over the dams instead of through the turbines, which current studies indicate would do more harm than good.

Salmon runs through the spillways are strong and getting stronger, but it comes at a very high cost. BPA ratepayers spend more than \$700 million annually on salmon. Scott stated that one-third of what Vigilante Electric pays to BPA goes toward these efforts. Later,

Dean Peterson commented that this equates to more than \$1.7 million in 2013.

Scott continued with discussing a treaty signed 50 years ago with Canada that dealt with managing the water flows of the Columbia River. The benefits from the treaty included flood control, shared benefits from the existing hydroelectric systems and the creation of four dams, three in British Columbia and one in Montana.

When this treaty was signed, it was thought that the benefits to the Pacific Northwest and British Columbia would be equal. However, as economics have changed, the terms of the treaty have greatly favored Canada, to the point where we are currently subsidizing the British Columbian government. Again, because of the terms of the treaty, we are just now able to address these issues with our neighbors to the north.

There was a lot more to this meeting, and trust me, I could have filled the four pages we are allocated in this publication and still not adequately addressed the quality of this meeting. Vigilante Electric would like to thank the University of Montana – Western's event staff and dining services for a wonderful venue and meal. We also would like to thank our guests for the insight they provided, and most importantly we want to thank the members who took time out of their schedule to attend. Hope to see you all next year.

Prescription Discount Tracker

Total Paid Claims YTD	219
Total Savings YTD	\$6,384.71
Total Savings Percentage ..	36.85%
Feb. paid claims	14
Feb. Savings	\$431.37
Feb. Savings Percentage ..	39.79%



Youth Tour to Washington, D.C. 2014

One event that we support every year is the Youth Tour to Washington, D.C. This year, three students from our service territory will represent our state and our cooperative on this trip. The participants were selected through an essay contest, with the top essays being forwarded to our statewide association to be part of a statewide contest.

As reported in the March edition of this publication, Kjersten Sandru from Twin Bridges High School was selected as the statewide winner of the Youth Tour to Washington, D.C., essay contest. Kjersten's trip will be sponsored by the Montana Electric Cooperatives' Association, and her essay and picture were featured on page two last month.

The other two representatives whose trips will be sponsored by Vigilante Electric are Dusty Keim, who also attends Twin Bridges High School, and Bailee Field who attends Broadwater County High. Their essays are featured below.

Following is the essay topic:

"Describe how electric cooperatives operate based on the seven cooperative principles. Tell which of the seven cooperatives you think is the most important and why."

by Dusty Keim, Dillon

Flipping on the light switch and turning on the lights is something I take mostly for granted. Having my phone, computer, desk lamp, and CD player all plugged into a power outlet and turned on at one time is something I take mostly for granted. Running the washing machine, dryer, refrigerator and dishwasher, all at the same time, is something I take mostly for granted. I can take for granted these things because of the Montana electric cooperatives.

One of the first Montana electric cooperatives was the Missoula Electric Cooperative, formed in 1935. Missoula Electric was created under the State Electric Authority Act, which acted as a middle-man in procuring the loans needed between the co-op itself and the Rural Electrification Administration (a branch of the federal government created as part of Roosevelt's New Deal plans, which would later become the Rural Utilities Service). The board members spent the first year and a half of Missoula Electric's existence in meetings with other Montana cooperative board members, and in meetings garnering loans for the construction of power lines. It wasn't until early 1938 when the first 125 members of Missoula Electric Cooperative were able to walk into their homes and flip on a light switch.

The Montana Electric Cooperatives' Association (MECA) was formed by various individual cooperatives in 1940, five years after Missoula Electric was founded. MECA provides legislative representation for the individual co-ops at both the state and federal levels, safety training for the individual co-ops,



Dusty Keim

education programs, and the Youth Tour to Washington, D.C., among other things.

MECA also makes sure that the individual cooperatives uphold the Seven Cooperative Principles.

Officially adopted in 1995 by all cooperatives

around the world, the seven cooperative principles are as follows:

- 1.) Voluntary and open membership
- 2.) Democratic member control
- 3.) Member economic participation
- 4.) Autonomy and independence
- 5.) Education, training, and information
- 6.) Cooperation among cooperatives
- 7.) Concern for community

The seven cooperative principles are the principles and values that the Montana electric cooperatives were founded upon; however, in the beginning, they didn't have a specific, bulletted list. These principles are so vitally important to the function of any cooperative because cooperatives are run by and funded by their members. Each of the principles allows for member control, participation, education and independence. Since electric cooperatives are privately run and funded, they are void of the greed and corruption of corporate power companies.

That being said, the most important cooperative principle is, in my opinion, principle number two: democratic member control. This principle states that cooperatives are democratic organizations controlled by their members, which allows members the right to actively participate and be involved in the decision-making process of their respective cooperative. Without member control, cooperatives would be no better than corporate power companies

with powerful executives in control; however, since co-ops are member-owned-and-operated, the decisions made by the people are for the people.

Much like the Constitution of the United States allows for control by the people, the seven cooperative principles that the Montana electric cooperatives abide by also allow for the power of the people. The co-ops have come a long way since their founding, as has MECA; but they still hold true to their original principles and values, due mostly in part to the participation of their members. Montana Electric Cooperatives — making it simple, affordable and moral to turn your lights on and off.

by Bailee Field, Townsend

After studying the definition of a cooperative and reading through the principles on which cooperatives operate, I was struck by the similarities between the cooperative principles and our U.S. Constitution. While the cooperative principles are much shorter and less detailed than our Constitution, each is based upon democratic ideals, such as freedom, equality, independence, diversity, education and common goals for the good of the many; just to name a few.



Bailee Field

The cooperative principle that I found most important is "concern for the community" because this one really shows "where the rubber hits the road", so to speak. This is the most basic level of operation because it is the strongest

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Youth Tour

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personal connection between the cooperative and the members served. It is the level at which the employees of the cooperative do their important day-to-day work to take care of the cooperative members' individual and every-day needs.

I know from my family's experience how important meeting this need is. I've grown up on a cow-calf operation, and we grow irrigated hay and grain. I have seen first-hand how important a dependable and affordable power supply is to my Dad's operation. Our economic well-being depends on it. It was astonishing to me, when I really thought about it, to realize how many of our ranch operations depend on electricity.

The need for a steady and dependable source of electricity can't be overstated. We use electricity to power our irrigation pumps so we can grow our alfalfa, grain and grass. We use electricity to operate our stock water tanks so we can raise healthy animals. We use electricity in our barns when doing night checks during calving. We use electricity to power our electric fences to keep our animals where they belong. We use electricity to power our gas and diesel pumps so we can fuel our farming and haying equipment. We use electricity to power our well for our home in order to enjoy a comfortable and healthy lifestyle. We use electricity to power our yard and garden irrigation lines so we can grow our vegetables and fruits.

Now, what happens when the electricity disappears? This is when we depend on our local Vigilante Cooperative employees the most. No

matter what time, what the weather, what day — holiday or otherwise — we have to know that when our electricity supply is disrupted, help will soon be on the way. And, thanks to the cooperative model, that we DO have that assurance. One phone call and we know that help is on the way and that just as soon as possible, our electricity will be restored. Our local guys are great — they never complain about having to leave their families, events or warm beds. We know they are ready to do their job wherever and whenever because they understand why it is so important to the well-being of so many.

I also appreciate that the cooperative employees who are always there to help us are also our friends and neighbors. I go to school with their kids, our families participate in the same clubs, sports and school activities. We are truly part of the same community.

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