

VIGILANTE ELECTRIC COOPERATIVE

A Touchstone Energy® Cooperative 



OWNED BY THOSE WE SERVE

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 General Manager

2016 Planned Projects

We are off and running with our 2016 budget, and have several projects planned throughout the service territory to maintain and enhance the facilities used to serve you. The first project is located east of Glen, and is called the Garrison Rebuild. We are converting several miles of single-phase line to three-phase to enhance voltage support and replace aged poles. Concurrently, north of Three Forks we have a similar single-phase to three-phase conversion project called the Price Road Conversion, which is approximately three miles in length. North of Whitehall, we are increasing the size of wire conductor to allow for enhanced voltage support. We also plan to test approximately 2,500 poles in the Whitehall and Townsend service areas, and begin replacement of bad poles.

These projects will be completed by our linemen rather than contracted out. Needless to say, our guys will be busy working on these projects while also responding to outages and extending new services to members as needed.

Finally, we plan to replace a couple of service trucks and one digger truck. The new digger truck is expected to cost approximately \$300,000.

Other Plans

In addition to the projects planned for the outside plant, we have several enhancements we are implementing for our members. The first is the rollout of the SmartHub App. Starting the second quarter of this year, this service will allow you to view your monthly usage, pay your bill, etc., from your smartphone or tablet. This should make viewing and paying your monthly bills easier.

In addition, we will be implementing the Vigilante Safety RoundUp Foundation in the coming months. This program will allow you to voluntarily round your monthly bill from Vigilante Electric up to the nearest dollar. The funds will be used to support local not-for-profit entities.

Other planned improvements include a more user friendly website and initiation of social media communications, all designed to meet the needs of our ever-changing membership.

Annual Meeting

We hope you will be able to find time to attend our Annual Meeting scheduled for March 4th beginning at noon with a great meal at the University of Montana-Western. You will be receiving the Annual Meeting notice in the mail in the next few days. By the time you read this, we will have had the district meetings where nominations for board candidates are made. However, there is also the option in our by-laws to nominate board candidates from the floor.

Another item that will be discussed and voted on at the Annual Meeting is a by-law amendment that changes the date used for allocation of capital credits. Capital credits are annual margins we receive over our costs. Each year, those dollar amounts are allocated back to the member's and recorded in the member's name. Currently, our by-laws state that capital credits will be allocated based on the fiscal year, which ends September 30th. We are proposing to change that date of allocation based on a calendar year, or December 31st. This allows for an easier, more efficient and cleaner allocation process. The proposed amendment will be included with the Annual Meeting notice and voted on at the meeting. We hope you will participate in this important function of your electric cooperative.

I hope your winter is going as planned, and for those of you calving I hope that is going well for you. Just remember spring is around the corner. If you need to contact me for any reason, feel free to call me in the office at (406) 683-2327, or on my wireless at (406) 925-1085. You can also reach me via email at rollie@vec.coop.



Rollie Miller
General Manager

Outage Notification Numbers

M-F 8 a.m. to 5 p.m.
**683-2327 or
(800) 221-8271**

Dillon

After Hours Mon. - Thurs.
Dan Snellman.....683-6222
Gary Ferris683-6321
Cody Tarter925-3326
Charles Wharton 660-1878

Weekends

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

Whitehall

After Hours and
Weekends

Marty Simons287-3950
Chuck Romerio....287-3144
John Moos266-3605

Townsend

After Hours and
Weekends

John Moos266-3605
Justin Bair266-3351
Chase White459-3892
Marty Simons287-3950

VIGILANTE ELECTRIC COOPERATIVE, INC.

Co-op Connections Partner Deals

For nearly three years Vigilante Electric Cooperative has participated in Touchstone Energy's Co-op Connections program. This program is constantly evolving in an effort to find you new and innovative ways to save money. Recently, the connections site (www.connections.coop) was reorganized and a new collaboration was added. If you haven't been to their website recently, you should check out their Partner Deals.

The latest addition to partner deals is an affiliation with Simply Rewards. Simply Rewards works with industry leaders to bring you the best prices on hotels, cruises and rental cars, and includes a Best Price Guarantee! You'll also find big savings from companies such as Kenneth Cole, Under Armour, Sony, Nike and more.

Cash Back Mall, as the name implies, can earn you cash back on purchases from more than 3,000 leading online merchants, many of which you may already shop. To start, download and use the free "Shopping Assistant" for your browser or get the free mobile app. Then access exclusive

discounts every day and get paid to shop on your favorite websites!

Coupons.com brings you valuable coupons every day. There are hundreds of printable grocery coupons good at supermarket chains nationwide. These coupons provide discounts on top brands such as Johnson & Johnson, General Mills, Kimberly-Clark, Kraft Foods and Clorox. There are also promotional codes available for online shopping at stores such as Macy's, Target, Amazon and more.

Eco Rebates provides an award-winning online and mobile platform that makes finding rebates and incentive information on energy-efficient appliances easy. You can filter by appliance type, brand, or search for specific models.

There is a vast number of ways to save money with Co-op Connections. The savings are real and it is worth the time to explore the Connections site and keep abreast of the changes. If you have any questions regarding this program, feel free to contact Rod Siring at our Dillon office.

Rates and Reclassification — The Cost of Service Process

Over the past few months, we have used these pages to provide information regarding the rate increase that took effect January 1st. The decision to raise rates is not an easy one; the analysis is complex and data intensive. For this reason, Vigilante Electric Cooperative does an annual cost-of-service study.

Our goal with rates is simple: to meet our financial obligations and to ensure that every rate class is paying its share of building and maintaining our distribution system. In the cost of service study, we allocate actual cost data by rate class and compare costs to revenue, or patronage, by rate class to see if current rate structures are adequate.

We also use this information for reclassifying services within the residential rate class. Based on our latest cost-of-service study, the fixed costs for a residential service are \$44.40 per month, or \$532.80 per year. Those accounts where patronage is more than \$532.80 per year are not only paying for their share of the system, but are contributing to

margins. To be equitable, we maintain two rate schedules within the residential rate class.

If we were to maintain only one rate schedule for residential, accounts where patronage is less than \$532.80 would essentially have their costs subsidized by the higher usage accounts. This would erode the margins that we are required to figure into our rate structure, lower capital credits and have to be compensated for by an increase in rates to all residential accounts.

Most residential services start in the "A" rate, but if the annual patronage falls below \$400 it will be switched to the "B" rate, which has a higher base charge and a higher kilowatt-hour charge. Conversely, to be put back into the "A" rate an account will have to exceed \$700 annual patronage.

For some of you, this reclassification will occur with the billing for January's usage, which coincides with the first billing under our new rate schedule. These bills will be mailed out around February 10th.

The importance of member engagement

In 2012, the National Rural Electric Cooperative Association (NRECA), the premier trade association representing approximately 900 electric cooperatives in 47 states, released a report entitled, "The Electric Cooperative Purpose - A Compass for the 21st Century." The findings of the blue-ribbon task force comprised of a dozen co-op leaders from across the country were that an electric cooperative's purpose is to, "power communities and empower members to improve the quality of their lives."

Vigilante Electric Cooperative is a member of NRECA and firmly believes that you, our members, need to be at the heart of everything we do. We are proud of the fact that we are different from investor-owned utilities where the primary purpose is to generate profit for their stockholders. Many of those stockholders don't live in the communities served by the utility. While Vigilante Electric must, of course, generate enough revenue to cover our costs, profit is not our primary

motive. Serving you and your neighbors is our number-one priority.

As the Electric Cooperative Purpose report noted, "Our story is about ordinary people that banded together to improve the quality of life by providing electricity to our community when no one else would do it." But that was 80 years ago. As we look to the future, we once again need your active participation in determining the future of our co-op.

Cooperatives enjoy the support of people from all walks of life. We operate in every type of business, from agriculture, housing, finance, health care, technology, small business, food and many more. Co-ops can be found in the most rural to the most urban areas.

Vigilante Electric welcomes your input on what we can do to ensure we are meeting your needs, and strongly encourages our members to attend this year's Annual Meeting. It is your best opportunity to help chart our organization's course.

Portable Space Heaters — Some Things to Consider

As winter closes in and temperatures fall, you are bound to see advertisements for portable space heaters. Space heaters are small, versatile and generally good at warming a room. Unfortunately, there are those who would make you believe that there are serious energy savings to be had by using their product.

Space heaters are designed to be used as supplemental heat, and are only capable of warming small spaces. Most space heaters use between 600 and 1,500 watts of electricity. If a homeowner uses a 1,000-watt space heater for eight hours a day for a month, the heater would consume an additional 240 kilowatt hours, costing \$18.24.

According to research, to save money, you would have to turn the thermostat of your central heating system down considerably (as low as 50 in some cases), place the space heater in the room that you occupy, and then close that room off from the rest of the house. This type of “zone heating” could save some energy.

Even if you could pull this off, there are other things to consider. If you currently heat electrically, remember, a kilowatt hour is a kilowatt hour. There is no savings from going from one electric source to another. If you have a gas forced-air system, it depends on the cost of the fuel, the efficiency of the furnace and the effectiveness of the delivery system.

While it may be technically possible to cut your energy bill using a space heater, it is impractical for most people. We recommend a holistic or whole-house approach to saving energy in your home, and would be glad to help you explore

better options.

Another issue to consider when using a space heater to add warmth to a room is safety. According to the National Fire Prevention Association (NFPA), portable space heaters are the leading cause of home fires during the months of December, January and February, and account for an estimated 21,650 home fires and 1,512 fire-related injuries and deaths each year. If you intend to supplement your heat this winter with a portable space heater, please consider the following:

- When buying, look for a safety-certification label from an independent testing organization, such as the UL mark from Underwriters Laboratories, the ETL label from Intertek, or certification from CSA International.
- Check the power cord for cracks, fraying, loose connections and broken plugs; repair or replace the heater if you find any damage.
- Most manufacturers recommend against using extension cords with space heaters.
- Keep children, pets and flammable items at least three feet from the heater.
- Don't use heaters on uneven surfaces, near foot traffic or in children's rooms.
- Never leave a heater on unattended or while you're sleeping.

Portable space heaters have their place, and if used and maintained properly, they can be a great source of supplemental heat.

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