



VIGILANTE ELECTRIC COOPERATIVE

A Touchstone Energy® Cooperative 

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VIGILANTE ELECTRIC COOPERATIVE, INC.

78th Annual Meeting of Members

On March 4th, members from across Vigilante Electric Cooperative's (VEC) service territory gathered in Dillon to not only hear about important information regarding their cooperative, but also to participate in cooperative business as they gathered in fellowship — this is the cooperative difference.

Personally, there is nothing that exemplifies the spirit of our cooperative more than this year's invocation. Led by Trustee Norm Tebay, nearly 300 people, mostly strangers to one another, sang loud and proud — "It Is No Secret What God Can Do" and "God Bless America."

After completion of the procedural aspect of the meeting, the informational side of the meeting was led by Board of Trustees President Dean Hanson. Dean touched on several topics, noting the time our board has spent studying rates and distributed generation. He also commented on Vigilante Electric's Safety Roundup, a voluntary program where members have their bill rounded up to the nearest dollar to help community safety and security programs.

Dean concluded by providing some examples of our commitment and support to education and our communities. He noted our organization's scholarship efforts, which provide about 20 scholarships annually, our successes with the Youth Tour to Washington D.C., and financial support we give to a variety of community organizations.

Next to speak was Assistant General Manager Gary Wiens of MECA. He provided an update on the Environmental Protection Agency's Clean Power Plan, which would severely restrict carbon dioxide emissions from power plants. Currently, the Supreme Court has placed a stay of action on the EPA's plan, and a final ruling may not come until 2018.

MECA is also monitoring a new federal rule on easements. The new rule would assess stiff penalties for digging into underground pipelines, but could potentially target digging into underground power lines as well. The rule is intended to stop contractors who abuse the present laws; however, those providing easements could also conceivably be held liable for damages.

Another active front MECA is working on is net metering. Montana electric cooperatives are not currently under mandates regarding net metering; we are, however, working to stave off efforts to place us under the existing mandates that investor owned-utilities must follow. The issue is controlling the potential cost shift of net metering so that it does not adversely affect non-net metering members.

Gary closed with remarks about an Avian Protection Plan that was recently submitted to the Department of Fish, Wildlife & Parks (FWP). Montana is the first state in the nation to have multiple utilities work together.

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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 Ferris.....683-6321
Cody Tarter.....925-3326
Charles Wharton ..660-1878

Weekends

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

Whitehall

After Hours and
Weekends

Marty Simons287-3950
Chuck Romerio287-3144
John Moos266-3605

Townsend

After Hours and
Weekends

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

Planning and Patience Pays Off for the City of Dillon

Vigilante Electric has long been committed to energy efficiency. Most of the projects that we have been involved with have pertained to agricultural facilities, residential buildings and small commercial lighting. Individually, the projects are typically modest in savings and incentives. This all changed when we were approached by the city of Dillon in early 2013.

The city of Dillon was faced with having to invest in major improvements to its wastewater treatment plant (WWTP) in order to meet new state requirements. The upgrade would convert the WWTP from a lagoon system to a mechanical plant. Because of this, the city was interested in seeing if there would be energy savings and incentives available from this conversion.

Not having the expertise to analyze a project of this nature, we teamed with Bonneville Power Administration (BPA), engineers from Energy Smart Industry (ESI) and Manion Engineering. The analysis involved the usage history of the WWTP prior to the conversion starting, a review of the design recommendations, modeling the energy consumption, and measurement and verification post completion.

The analysis of the project was handled by Layne McWilliams of ESI. The focus was on the largest user of energy at the WWTP — the aeration blower system. The old system used coarse bubble diffusers for aeration. Baseline energy consumption for the existing aeration blower system was taken directly from the billing history using 2011 usage of 496,460 kilowatt hours (kWh).

Next, a model was created based on the proposed equipment and system parameters provided by the design firm,

Contractor Work

In order for Vigilante Electric to provide reliable electrical service, we invest heavily in our facilities. This ongoing investment can involve maintaining, replacing and improving the electric facilities in our service territory. When things get too busy for our line crews, we hire contractors to do special projects.

Currently, the only contractor project scheduled will be in the Three Forks area. Starting the end of April, Western Line Builders will be working in the Price Road area. The job is a major upgrade of approximately three miles of line. Work should be completed by July 1st. We do not anticipate many major outages but there will be a few minor outages associated with this work. We ask for your patience and understanding in these efforts.

In the past, we have also used contractors for pole testing. Early this year, Vigilante purchased pole testing equipment as a way to save money long-term. Our plan is to have our own people do the testing unless we become so busy that outside help is needed.

Because of the dynamic nature of this business our need for contractor assistance may change over the summer. We will continue to use this publication for periodic updates but for current information you can check the News/Events section on our website — www.vec.coop.

Manion Engineering. The new system uses fine bubble diffusers and dissolved oxygen control to minimize energy use associated with aeration. A smaller volume aeration basin was also installed, further reducing the aeration demand. Based on the new system's airflow requirements, the energy consumption was modeled at 250,668 kWh per year. That is an estimated savings of 245,792 kWh per year.

In order to verify the savings, the new system was operational for six months so that real data could be analyzed. The usage history showed that the savings were even better than the model. The measured savings were 250,661 kWh per year. At 5¢/kWh, that is a savings on the city's power bill of approximately \$12,533 per year.

It took three years to finalize the project, but the city's planning and patience definitely paid off. On January 6, 2016, BPA approved the findings from the verification process, and on March 16th we awarded the city of Dillon a rebate check for \$68,340.

Become a Co-op Voter

When was the last time you voted?

As member-owned electric cooperatives, voting is already in our DNA. It's how we maintain an electric utility that is responsive to the consumers it serves. But voting also plays a crucial part in our representative democracy. Federal, state and local elections offer an opportunity to exercise a civic responsibility — to select the best leaders for our communities.

Yet in places all over America, even those served by electric cooperatives, citizens aren't exercising that right. In the 2012 national elections, voter turnout dropped overall, but the decline in rural counties was 18 percent — twice that of the nation as a whole. And when voters miss the chance to vote, they also lose the opportunity to communicate their concern to our leaders about the issues that matter to us, where we work, live and raise families.

Reliable electricity, access to rural broadband and the quality of our healthcare system are just a few issues we all care about. Still, they only become priorities if enough people show elected officials that they are paying attention. Registering to vote and voting are the most effective ways to send this message.

When we go to the polls with the cooperative principle of "Concern for Community" in mind, we instantly improve our political system. It's a system designed to produce a government "of the people, by the people and for the people." People like you and me.

We would like you to join us in a new initiative to get every eligible person registered to vote — you, me, our family and friends — and take the pledge to BECOME A CO-OP VOTER.

Vigilante Electric Cooperative has joined America's electric cooperatives in launching a campaign to help get out the vote and insert issues important to co-ops into the

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78th Annual Meeting

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er to submit a joint plan. FWP indicates that the plan will be approved.

Next, Office Manager Raquel Reno-Morast presented the financial report. VEC continues to be in a strong financial position. She stated that there was a 2.4 percent increase in total operating revenue and a 6 percent increase in net margins. Utility plant increased by \$1.4 million last year and \$13 million over the last 10 years, and member equity at the conclusion of 2015 was 48 percent.

Then General Manager Rollie Miller took the podium and started by taking a moment to recognize and thank some individuals, including Kathy Simkins and the staff of the University of Montana-Western for their effort in helping put on the annual meeting. He introduced his wife, Gina, and our two newest employees, Emily May and Morgan Noel and thanked all of the VEC employees for all of their hard work.

Next, he announced that Line Superintendent Dan Snellman will be retiring after 38 years and thanked him for his service. He recognized former lineman Leonard Waldemar, who recently passed away. Leonard also worked for us for 38 years. In his honor, VEC has made a \$500 scholarship donation to the MECA Memorial Scholarship program.

Rollie also commented on rates. Our recent rate increase was driven by an increase in wholesale power costs from Bonneville Power Administration. The rate cycle is two years, so we should not see another increase from them until October of 2017. However, VEC's contract with BPA is tiered and we are nearing the maximum annual amount that we can purchase under tier 1. This means we will eventually have to supplement our electric purchases with contracts that are more market based.

Rollie also touched on the Clean Power Plan and one utility's intent to support the plan's mission. A utility in the Northwest, which owns half of Colstrip I and II, wants to purchase the other half of these plants for the

sole purpose of shutting them down so it can say that it does not have any coal-fired generation.

VEC also has several system improvement projects planned for the coming year. These include the Garrison Project near Glen, the Price Road Project north of Three Forks, and the Whitehall Substation line going north. VEC also has purchased its own pole-testing equipment as a means to save money over the long term.

Rollie concluded by highlighting the success of our energy-efficiency program. VEC has paid more than \$300,000 in energy-efficiency incentives to members over the last two years. We also will be awarding the city of Dillon a \$68,000 rebate for energy-efficient measures incorporated at its wastewater treatment facility.

The business portion of our meeting concluded with trustee elections. Norm Tebay, Dean Hanson, and Andy Johnson were nominated through their district meetings and all three were re-elected to new terms.

Finally, our special guest was Anita Decker. Ms. Decker is the Executive Director for Northwest Public Power Association, Inc. (NWPPA). NWPPA is in its 76th year and serves 150 power utilities across the western United States. It provides training for administrative services, linemen, general managers and trustees, sponsoring more than 300 training events each year.

NWPPA also provides advocacy and a collective voice for co-ops. It submitted comments on behalf of the co-ops regarding the EPA's Clean Power Plan, and is currently working for co-op interests concerning the Endangered Species Act, vegetation management, and utility infrastructure damage caused by forest fires.

While the meeting may have concluded, the messages and information provided will resonate for some time. We often write about what makes cooperatives different, and nothing highlights this better than our annual meeting. We again want to thank the staff of the University of Montana – Western for their efforts, and the members that took time out of their day to attend.



Rollie Miller, Manager



Dean Hanson, President



Gary Wiens, Assistant General Manager, Montana Electric Cooperatives' Association



As Simple As Dialing 811

Call before you dig. You have seen this on TV, in newspapers and on billboards. The Call before You Dig campaign has been around for years. Why go to all these efforts to have people call in to request utility locates before they dig? Well, because digging into underground utilities is extremely dangerous, there are serious financial repercussions and it is the law.

Coming in contact with underground power lines is every bit as dangerous as contacting overhead lines. They can carry the same voltage as overhead lines and are much harder to identify. Don't take a chance; one wrong decision could be your last.

Digging up an underground power line also has financial consequences. The costs associated with repairing an underground power line become the obligation of the person responsible for the damage. Depending on the situation, digging into a power line can get very expensive, very fast.

If you need further persuasion, the following are excerpts of Montana law regarding this issue:

Montana Law, Annotated Code 2015, 69-4-502 states: "an excavator may not make or begin an excavation without first obtaining information concerning the possible location of an underground facility from each public utility, municipal corporation, underground facility owner, or other person having the right to bury underground facilities that is a member of a one-call notification center"

Montana Law, Annotated Code 2015, 69-4-503 states: "Before beginning an excavation, the excavator shall notify, through a one-call notification center, all owners of underground facilities in the area of the proposed excavation."

Montana Law, Annotated Code 2015, 49-4-505 states: "If any underground facility is damaged by an excavator who has failed to obtain information as to its location... then the excavator is liable to the owner of the underground facility for the entire cost of the repair of the facility."

This applies to everybody:

Montana Law, Annotated Code 2011, 69-4-501 states: "‘**Excavator**’ means a person conducting the excavation activities. ‘**Excavation**’ means an operation in which earth, rock or other material in the ground is moved, removed, or otherwise displaced by means or use of any tools, equipment or explosives. The term includes but is not limited to grading, trenching, digging, ditching, drilling, augering, tunneling, scraping, and cable or pipe plowing and driving.

The easiest way to stay safe and avoid unnecessary problems is to call the Utilities Underground Locate Center (UULC) at (800) 424-5555, or you can simply dial 811. You need to make your request two full business days before you plan to dig. When you call, you will be asked a series of questions about your worksite. Being prepared greatly speeds up the process! Have the following information at the ready:

- **Your name, phone number, company name (if applicable), and mailing address;**
- **What type of work is being done;**
- **Who the work is being done for;**
- **The county and city where the work is taking place in;**

- **The address or the street where the work is taking place; and**
- **Marking instructions;** *(These are specific instructions as to where the work is taking place. Please use white or pink paint, or white or pink flags to outline the area you are digging in.)*

Once UULC has all the information, it will notify the relevant utilities in your area. Once the utilities are notified, they will dispatch a person to locate their underground utilities. By making a simple call, you could save time, money and maybe even your life.

Please note that Vigilante Electric Cooperative will only locate wire between the transformer and the meter. We will not locate wire between the meter and the load. This is the responsibility of the member and will require an electrician.

Become a Co-op Voter

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public discussion. Called "Co-ops Vote," this effort will help boost voter turnout in areas served by cooperatives across the country to ensure that our voices are heard loud and clear every day, and especially on Election Day.

Here's what you can do to help: Visit the Co-ops Vote website, WWW.VOTE.COOP, and take the pledge to BECOME A CO-OP VOTER to support your community and electric cooperative when casting your vote in 2016. The website will give you information on your elected officials and candidates, the voter registration process, election dates and locations, and background about eight key co-op issues we want our elected leaders to understand: rural broadband access, hiring and honoring veterans, low-income energy assistance, cybersecurity, water regulation, rural healthcare access, affordable and reliable energy, and renewable energy.

Co-ops Vote is a non-partisan program developed by the National Rural Electric Cooperative Association

(NRECA), the national service organization that represents the nation's more than 900 private, not-for-profit, consumer-owned electric cooperatives. With 42 million members across the nation, electric co-ops are a powerful voice on national issues that have a local impact.

If you have any questions, please visit WWW.VOTE.COOP or contact us directly. I hope to see you at the polls!

