



2009

ANNUAL

Report

**VVEC**  
VERDIGRIS VALLEY ELECTRIC COOPERATIVE, INC.  
**PowerCircuit**



## Corporate PROFILE

Headquartered in Collinsville, Oklahoma, VVEC is a distribution electric cooperative. It was incorporated October 24, 1938. VVEC now provides electric service to residential, commercial and industrial consumers through 34,391 meters and more than 4,649 miles of electric line in portions of Nowata, Osage, Rogers, Tulsa and Washington counties in northeastern Oklahoma.

Among the 26 electric cooperatives operating in Oklahoma, Verdigris Valley Electric Cooperative is the third largest based on the number of meters served by the co-op. Ninety employees cover the Cooperative's more than 3,200-square mile service territory daily maintaining the electric system and providing consumer-oriented service. In addition to the headquarters facility, VVEC has warehouse and maintenance facilities located in Nowata and Bartlesville, Oklahoma.

VVEC is a non-profit corporation wholly-owned by the members it serves. It is governed by a nine-member board of trustees who are elected at district meetings by the members residing in those districts. Terms of office are for three years, with three trustee positions being elected each year.

In addition, VVEC promotes the safe and economical use of electricity among the membership and participates in community and other activities that are in the interest of the membership and general public.

The October 23, 2010 Annual Meeting marks the 72nd time members of VVEC will gather to hear the accomplishments, activities and financial reports of the Cooperative's previous year.

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Power Circuit is published monthly by Verdigris Valley Electric Cooperative, Collinsville, Oklahoma for its members in Tulsa, Rogers, Washington, Nowata and Osage counties. Periodical postage paid at Tulsa, Oklahoma and other additional mailing offices. Subscription price is \$0.21 per month.

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## Manager's Message

### Your Cooperative Today

I wonder what members attending our first annual meeting would think of their cooperative today?

Did they imagine their young enterprise would grow to serve more than 34,000 meters dotting the landscape across five counties? Would they be in awe to learn the cooperative's membership has swelled to almost 26,000 members, and that there are 4,649 miles of Verdigris Valley Electric Cooperative power lines traversing the land? Would they be surprised to find the cooperative is the life-blood of urban areas as well as rural areas?

I think they would be pleased with the co-op and proud of what it has become. I hope you are too, and are proud to be a member of such a solid, stable organization.

Today, VVEC is Oklahoma's third largest electric cooperative. We provide electric service to residential and commercial accounts that include everything from small homes at the end of quiet, dirt roads, to multi-million dollar businesses springing up along the 169 corridor, which is one of the fastest developing areas in Oklahoma.

Today, VVEC's total plant is valued at over \$114 million. Energy sales in 2009 exceeded 606,400,000 kWh; total revenues were over \$56 million, and your cooperative paid over \$1 million in taxes.

As impressive as this picture is, the most important detail is that the cooperative's focus has never wavered from the membership.

Our first priority remains improving your quality of life through reliable, affordable electric service. We continue to be governed by trustees who are members just like you, elected to the board by you, assuring your

concerns are factored into every decision.

We are constantly searching for ways to improve all services we offer. We stay abreast of right-of-way maintenance, utility pole and equipment inspection, and are knowledgeable about what latest technology will be a true asset to delivering electricity.

We continue to offer services and programs that add to your convenience and enhance your lifestyle. Now you have a variety of ways to pay your bill from the traditional methods of paying in person or through the mail, to being able to pay online. You can visit our Web site to stay up to date on co-op activities, along with finding answers to important program and services questions.

The new iMap program helps keep you safe from Oklahoma's volatile weather.

The program we feel provides you the most savings is the Co-op Connections Card® which offers you discounts and special deals both locally and nationally simply because you are a member of an electric cooperative.

Our commitment to enhancing your life while keeping your electric service dependable and affordable will continue. The spirit of those early-day co-op members joins us in the board room each month, and is with each employee as we manage your account, answer the phones, drive the service territory, and build electric line every day. We are ever mindful that we are here to serve you.



**Alice Houston**  
VVEC General Manager

## Carl Long

A long and distinguished career in rural electrification came to a close September 5, 2009 with the death of VVEC Trustee Carl Long. He was 81.

A retired county extension agent, Carl represented VVEC members in district 1 since being elected to the board in 1994. He was elected by his fellow trustees to serve as president, vice-president, and secretary-treasurer during that time. Members in district 1 retained Carl as trustee for another three-year term in 2008.

Carl also served as VVEC's delegate to the board of trustees of KAMO Power, VVEC's power supplier. He was elected president in May 2008, after having previously served as vice-president and secretary.

In 1998, he received certification from the National Rural Electric Cooperative Association as a cooperative director, and received his Board Leadership certification in 2003.

Carl graduated from Jay High School in 1945 and enlisted in the Army and Army Air Corp that fall. He was stationed in Denver, CO for 18 months, then returned to Oklahoma and attended Cameron

University. After receiving his Associate degree, he earned a Bachelor degree in Agricultural Education from Oklahoma A&M.

Immediately following graduation, he taught U.S. veterans in Grove, and then became the 4-H agent and assistant county extension agent in Vinita for 11 years. In 1967, he became the county extension agent in Nowata County, and remained there until he retired in 1984.

He and Midge, his wife of more than 50 years, enjoyed raising cattle on their ranch in rural Nowata County.

VVEC General Manager Alice Houston says "Carl's practical, common-sense perspective, coupled with his easy-going manner, inspired confidence among his fellow trustees. His first priority was always the membership."

In addition to his service to the electric cooperatives, Carl was a former director of the Regent Bank in Nowata, and served as president of Rural Water District #2 for 40 years.

In addition to Midge, Carl is survived by two daughters, four grandsons, and one brother.



## 2009 Employee of the YEAR

### Chub Brewer

VVEC employees selected Member Services Representative Chub Brewer as the 2009 Employee of the Year. The annual award is presented during the employee Christmas party.

Chub started on a brush crew in VVEC's operations department in September 1989. Since then he has been a construction lineman, maintenance lineman, assistant foreman on a construction crew, and chief mechanic.

In 2006 Chub moved into the member services department where he works with members by conducting energy audits, responds to member questions about electric usage, works with the appliance and equipment rebate program, assists with Youth Tour and Energy Camp programs, community programs and member meetings, and serves on the board of directors for the Oologah Chamber of Commerce.

"Chub has a tremendous work ethic," says Paula Lanni, member services representative. "He is respectful and genuine when dealing with both the members and his fellow employees."

"Chub could probably be in the running for Employee of the Year every year," says Mike Hall, VVEC's director of operations services, engineering and purchasing.

"Chub is always on call for anyone who needs help, with no questions asked. That's why he was so modest when he and his son responded to the request for help when the little girl was lost near Oologah last summer. That family was fortunate Chub and

Chaz responded, and ultimately found the little girl."

Randy Riddle, VVEC manager of operations and technical services, says "Chub has always been a very willing employee. During his days in the line department, no job was left undone if Chub was asked to do it. He is always willing to help. Even after he

left the line department, he kept up his climbing credentials so he could help during outages or special jobs that required a lot of pole climbing."

Chub enjoys spending his free time ranching, fishing and hunting. But his favorite activities are the ones he shares with his wife Christi, daughter Kalyn, son Chaz, and his two grandchildren.



# Statement of NON-DISCRIMINATION

Verdigris Valley Electric Cooperative, Incorporated is the recipient of Federal financial assistance from the Rural Development Utilities Programs, an agency of the United States Department of Agriculture, and is subject to the provision of Title VI of the Civil Rights Act of 1964, as amended, Section 504 of the Rehabilitation Act of 1973, as amended, the Age Discrimination Act of 1975, as amended, the Americans with Disabilities Act, and the rules and regulations of the United States Department of Agriculture, which provide that no person in the United States on the basis of race, color, national origin, age, disability or handicap shall be excluded from participation in, admission to, access to, denied the benefits of, or otherwise be subjected to discrimination under any of this organization's programs or activities.

The person responsible for coordinating this organization's non-discrimination compliance efforts is Clyde Willard, director of finance. Any individual, or specific class of individuals, who feels this organization has subjected them to discrimination may obtain further information about the statutes and regulations listed above from and/or file a written complaint with this organization; or the Secretary, United States Department of Agriculture, Washington, D.C. 20250; or the Administrator, Rural Development Utilities Programs, Washington, D.C. 20250. Complaints must be filed within 180 days after the alleged discrimination. Confidentiality will be maintained to the extent possible.

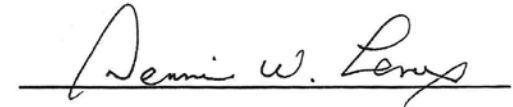
## Official Notice

### 2010 Annual Meeting of Members Verdigris Valley Electric Cooperative, Inc.

The Annual Meeting of Members of Verdigris Valley Electric Cooperative, Incorporated will be held Saturday, October 23, 2010 at the Bartlesville Community Center, Bartlesville, Oklahoma. If a quorum is present, action will be taken on the following matters:

1. Reading of Minutes
2. Reports of Officers, Trustees and Committees
3. All other business which may properly come before the meeting or any adjournment thereof.

Dated this 9th day of September 2010.



Dennis Lenox  
Secretary, VVEC Board of Trustees

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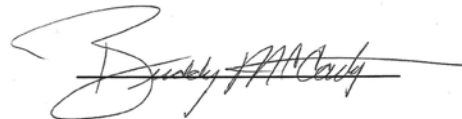
## Minutes

### VVEC 2009 Annual Meeting of Members Saturday, October 24, 2009

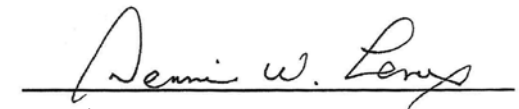
The 71st Annual Meeting of Members of Verdigris Valley Electric Cooperative, Incorporated was held at the at the Claremore Community Center, Claremore, Oklahoma, on the 24th day of October 2009, at 11:00 a.m. after due and proper notice to the members as required by the bylaws of the Cooperative.

Ms. Alice Houston, General Manager, announced there was not a quorum of members registered for the meeting and no official business could be conducted. The number of members required for a quorum was 1,282. There were 508 members present.

Approved:

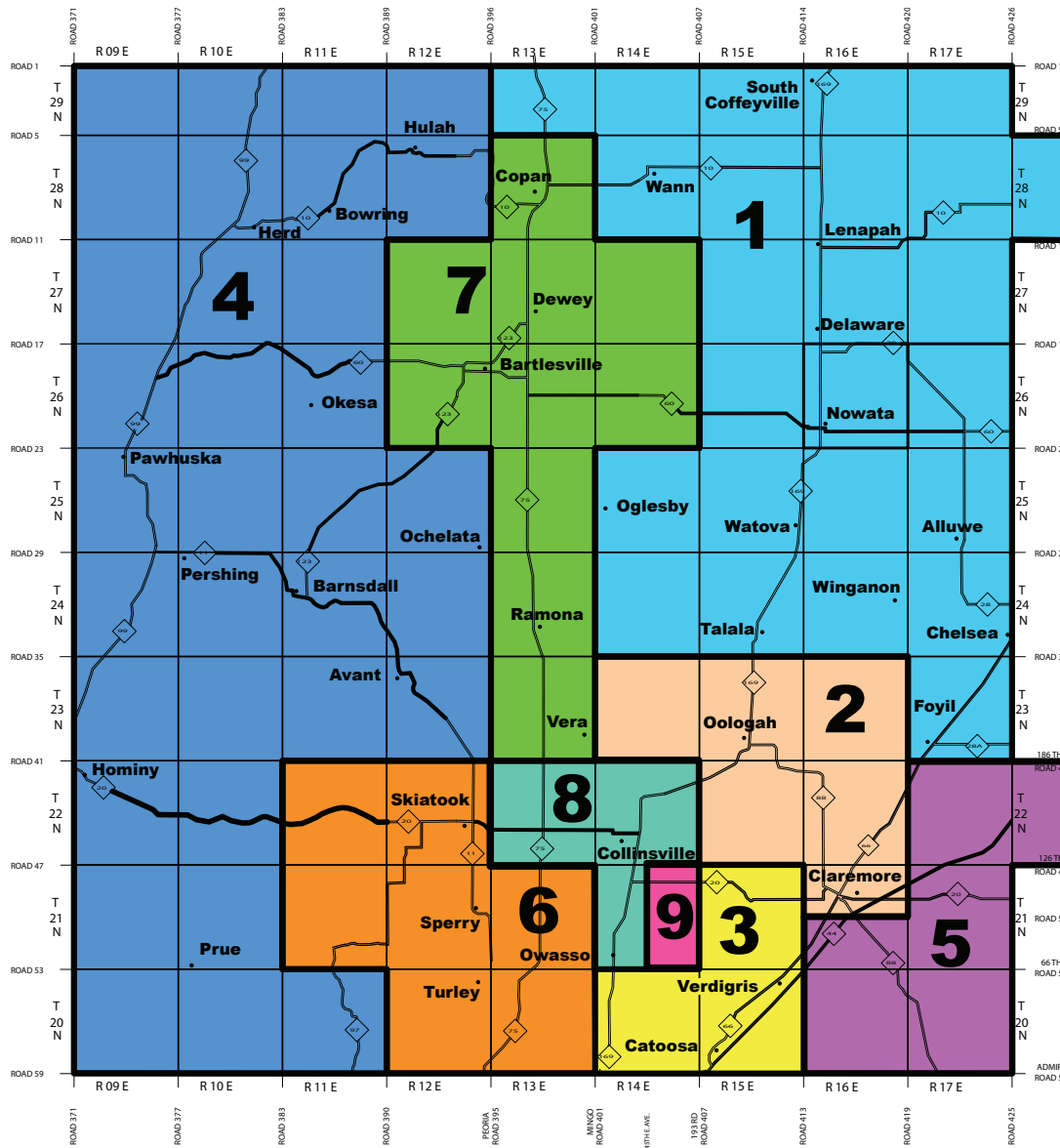


Buddy McCarty  
President, VVEC Board of Trustees



Dennis Lenox  
Secretary, VVEC Board of Trustees

# VVEC Service Area & Board Districts



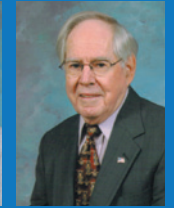
# Board of Trustees



**District 1**  
Jim Brackett  
720-4531



**District 2**  
Jack Bogart  
371-9587



**District 3**  
Vernon Lewis  
341-5225



**District 4**  
John Hibdon  
847-2320



**District 5**  
Jimmy Lambert  
342-4662



**District 6**  
Dennis Lenox  
396-1574



**District 7**  
Chuck Huerter  
333-3107



**District 8**  
Ken Howard  
371-4833



**District 9**  
Buddy McCarty  
272-5134  
or 272-5364



Alice Houston  
General  
Manager



Stephen Riley  
Corporate  
Counsel

VVEC bylaws provide for trustee elections following the annual meeting in a period no sooner than 14 days after the meeting and no later than 30 days. District meetings will be held in November for districts 7, 8 and 9, as indicated on the above map. Any member residing in these districts and meeting qualifications stipulated in the bylaws is eligible to seek election to the board.



# Consolidated BALANCE Sheet

## WHAT WE OWN

### Assets

Electric Plant	\$119,128,510	
Less Depreciation	33,894,868	\$85,233,642
Cash & Cash Equivalents		785,807
Investments		17,259,606
Accounts Receivable		8,541,507
Materials & Supplies		797,562
Prepayment, Other Accrued Assets & Deferred Debits		1,570,039

**TOTAL \$114,188,163**

## WHAT WE OWE

### Liabilities

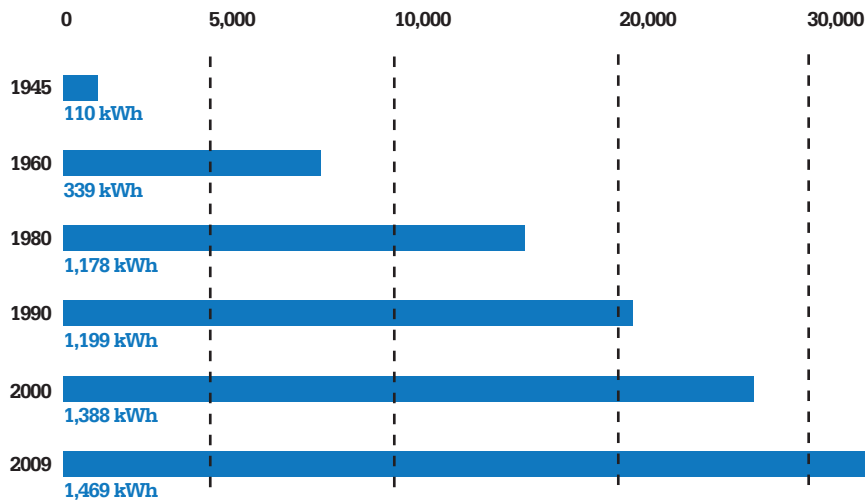
Line of Credit		3,700,000
Long Term Debt		\$60,699,585
Consumer Deposits		2,610,264
Accounts Payable		4,809,277
Deferred Credits		- 0 -
Other Liabilities		1,770,591

## EQUITIES

Membership Fees		797,755
Patronage Capital, Other Equities		39,800,691

**TOTAL \$114,188,163**

## Historical Accounting of Meters



Average kWh consumed per account

**2009 Averaged 1469 KWH for 34,391 meters**

Distribution Expense 13%

Taxes 2%

Service 4%

Administrative Costs 4%

Interest 6%

Depreciation 6%

Purchased Power 65%

## Use of Power

# Comparative STATISTICS of Operation

## WHAT WE RECEIVED

	2009	2008
Operating Revenue and Patronage Capital	\$56,698,375	\$50,491,844

### Expenses

Cost of Purchased Power	36,186,693	31,923,469
Distribution Expense - Operations	1,778,023	1,527,382
Maintenance Expense	5,462,625	4,625,339
Consumer Accounts Expense	2,054,106	1,932,401
Customer Service & Information Expenses	305,718	210,280
Administration & General Expenses	2,251,305	2,020,870
Depreciation & Amortization	3,528,533	3,387,493
Taxes	1,093,304	963,375
Interest Expenses - Long Term Debt	3,187,416	3,011,163
Other Interest & Deductions	133,416	551,800

## HOW IT WAS SPENT

<b>Total Cost of Electric Service</b>	<b>\$55,981,139</b>	<b>\$50,153,572</b>
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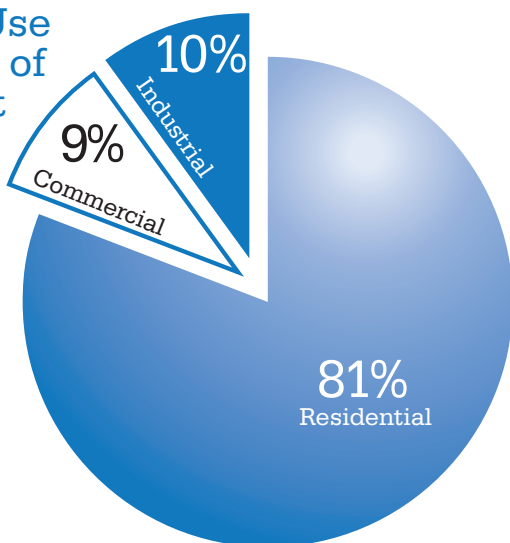
### Our Margins

Operating Margins & Patronage Capital	717,236	\$338,272
Non-Operating Margins	483,436	502,066
Other Capital Credits & Patronage Dividends	3,477,461	1,415,832
Extraordinary Item	- 0 -	- 0 -

## WHAT WE HAVE LEFT

<b>Total Operating &amp; Non-Operating Margins</b>	<b>\$4,678,133</b>	<b>\$2,256,170</b>
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## Power Use by Type of Account



## Consolidated Cooperative Summary of 2009

	2009	2008
Number of Meters	34,391	33,846
Peak Demand (kW)	171,813	177,395
Date and Time of Peak	07/12/2009 @ 6 pm	08/03/2008 @ 6 pm
Total Energy Sales (kWh)	606,422,388	619,960,372
Total Plant Value	114,188,163	116,587,485
New Plant	6,744,234	6,413,558
Total Revenues	56,698,375	50,491,844
Operating Margins	717,236	338,272
Total Taxes Paid	1,093,304	963,375
Long-Term Debt as Percent of Plant	49.10%	52.88%
Times Interest Earned Ratio (TIER)	2.47	1.75

The books and financial statements of Verdigris Valley Electric Cooperative, Inc. are audited each year as of December 31. An audit for the year ended December 31, 2009 has been completed by the firm of Briscoe, Burke, & Grigsby, LLP, Certified Public Accountants, Tulsa, Oklahoma.

Dennis Lenox,  
Secretary-  
Treasurer  
VVEC Board of  
Trustees

# Organizations Must Present OFFICIAL REGISTRATION FORM

In order to be included in the Annual Meeting quorum count and to be eligible to vote, all commercial accounts, schools, churches, public buildings, and towns holding a membership with Verdigris Valley Electric Cooperative, must present an ORGANIZATION CERTIFICATE. Such organizations are encouraged to use the accompanying registration form.

This form indicates the bearer to be the official voting representative of the organization. The form must be completed in full and presented by the bearer at the time of registration at Annual Meeting.

## Organization Certificate

BE IT RESOLVED THAT (Person's name typed or written in ink) who is a member or officer of said organization, is hereby designated the official representative by

(Name of organization) to vote at the Annual Meeting of Members of Verdigris Valley Electric Cooperative, Inc., to be held October 23, 2010 and any adjournments thereof held within thirty (30) days of said date, on all matters which at said meeting of members may properly come before them; to action of said representative and all that he or she may do in this behalf is hereby ratified and confirmed as the act of

\_\_\_\_\_  
(Name of organization)

\_\_\_\_\_  
(President)

(Corporate Seal)

\_\_\_\_\_  
(Secretary)

## Annual Meeting Schedule of Events

**Saturday, October 23**

**Bartlesville Community Center, 300 Southeast Adams Blvd.**

9:00 a.m.	Member Registration - Coffee and Donuts Registration gifts VVEC tote bag & a VVEC cap
9:00 - 10:45	Live Entertainment - Paul Bogart
10:30 - 12:00	Free Hot Dogs, Chips and Soft Drinks
11:00	Registration Closes, Business Session Prize Drawings, Adjourn