



**TECHNOLOGY:**  
*Our partner for the future*



**PowerCircuit**

A Supplement to Oklahoma Living

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## CORPORATE PROFILE

VVEC is a distribution electric cooperative providing electric service to residential, commercial and industrial consumers.

- Headquartered in Collinsville, Oklahoma,
- Incorporated October 24, 1938.
- 34,856 meters
- Over 4,684 miles of electric line
- Services Nowata, Osage, Rogers, Tulsa and Washington counties
- Oklahoma's third largest electrical cooperative based on the number of meters served.
- Ninety employees cover the Cooperative's more than 4,684-square mile service territory daily maintaining the electric system and providing consumer-oriented service.
- Warehouse and maintenance facilities located in Nowata and Bartlesville, Oklahoma.
- VVEC is a non-profit corporation wholly-owned by the members it serves.

### TRUSTEES

- Governed by a nine-member board of trustees who are elected at district meetings by the members residing in those districts.
- Office terms are for three years
- Three trustee positions 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 13, 2012 Annual Meeting marks the 74th time members of VVEC will gather to hear the accomplishments, activities and financial reports of the Cooperative's previous year.

## POWER CIRCUIT

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

Alice Houston  
VVEC General Manager



### Technology is Our Partner for the Future

Technology has become a vital part of our lives. No matter if it is something as invisible as the computer in our car or as annoying as an ill-timed cell phone call, technology has woven itself into our lives so tightly we cannot live without it.

Although some of it can be inconvenient, the majority of it enhances our lives, makes our lives easier or more enjoyable, and can even save lives.

Technology has always been a part of your cooperative. Granted, in the co-op's infancy technology was very elementary by today's standards: untreated utility poles, hand-strung electric lines, simple meters and bare light bulbs. But today, it is a partner in our mission of improving your quality of life.

As you utilize technology at home and at the office, we work to make certain you have enough reliable electricity to power it.

We also utilize technology within every function and service of the cooperative. Office personnel use an advanced telephone system, headsets, computers, software designed specifically for electric cooperatives, calculators, printers, and scanners. The IVUE software is used by every department of the co-op from consumer services representatives setting up accounts for new members, to engineering personnel inputting information for the mapping feature. Field and service personnel drive vehicles equipped with lap tops, and communication is conducted via radios and cell phones. Payroll is electronically computed and deposited directly into employees' bank accounts. Meters record electric usage and the Turtle system reports that usage on a regular basis. Your monthly electric bills are computed electronically, they are then printed and stuffed in envelopes by machine.

High efficiency security lights offer safety at homes and businesses after dark. You can elect to have your monthly electric bill automatically deducted from your checking or saving account, or you can pay via telephone or online without ever having to leave your home.

Through the continued utilization of cutting-edge technology, we continue to move forward.

Following much research and investigation, your board of trustees has elected to implement new technology that will serve as the foundation for future services. The Two-Way Automated Communication System (TWACS) began with the installation of 600 meters in the Owasso area. By the end of 2012 between 18,000 and 20,000

meters will be installed.

These meters are replacing the Turtle system which has been in place for several years and needs to be replaced.

Prior to installing the TWACS meters, readings from the Turtle system were received every 24 to 36 hours. With the TWACS system, real-time information is now available.

This technology allows us to detect and verify outages, map outage locations, and communicate with meters to make sure service has been restored. We will be able to monitor voltage and blinking lights, and detect meter tampering.

Using this system, we can improve operations capabilities, and interaction between various sections of the cooperative. Information garnered from this technology will aid our engineering personnel in determining load so we can make decisions regarding when and where to upgrade.

Of particular interest to you will be our ability to connect and disconnect meters from the office, and your ability to pre-pay for service, if you choose.

These two options have dual benefits. Being able to remotely connect and disconnect meters means we do not have to wait for a serviceman to be on site to complete these functions, so we can respond to you quicker. Not having personnel make that trip will be a savings to the cooperative, also.

Pre-paying for electric service is a feature of the TWACS technology that excites us. This gives you more control of your usage and payments. We feel it will be convenient for you to pay for your service throughout the month instead of having to pay one total amount just once a month. It also allows you to tailor your usage to fit your financial situation.

Although we don't expect every member to take advantage of these features when they become available, they will certainly be convenient for members living in rental properties such as apartments and mobile homes, or those on limited incomes.

Partnering with each other to benefit us all is how VVEC began 75 years ago. Today, technology continues to be our partner in providing you with affordable, reliable electric service, and assures you your cooperative will be the power source of a bright future.

## A Bright Future through Education

VVEC provides financial support to school systems in our service territory through the payment of gross receipts tax.

The 2 percent gross receipts tax is collected from members' monthly electric

bills at the instruction of the Oklahoma Tax Commission. The amount of tax is determined by the miles of electric line the co-op has in each school district.

KAMO Power, VVEC's wholesale power

supplier, also pays gross receipts taxes. In 2011, VVEC and KAMO Power together paid over \$1.6 million in taxes to area school systems.

SCHOOL DISTRICT	VVEC	KAMO	TOTAL
Oklahoma Union	\$99,050.44	\$40,395.57	\$139,446.01
Oologah	90,442.77		90,442.77
Caney Valley	90,091.78	88,975.38	179,067.16
Owasso	81,558.82		81,558.82
Collinsville	65,693.23	47,753.87	113,447.10
Skiatook	60,622.78	43,511.60	104,134.38
Bowring	59,390.54		59,390.54
Nowata	55,048.60		55,048.60
Barnsdall	53,225.59	34,614.05	87,839.64
Dewey	52,038.65		52,038.65
Claremore Sequoyah	47,041.60		47,041.60
Bartlesville	42,266.56		42,266.56
Sperry	42,140.63		42,140.63
Copan	32,508.19		32,508.19
Avant	25,632.58	37,767.61	63,400.19
Foyil	24,637.38		24,637.38
Pawhuska	22,521.98	37,204.47	59,726.45
South Coffeyville	21,212.89		21,212.89
Justus	20,872.67		20,872.67
Chelsea	20,426.88		20,426.88
Hominy	19,898.69	94,681.82	114,580.51
Claremore	19,378.29		19,378.29
Sand Springs	18,472.32	31,760.83	50,233.15
Verdigris	13,168.35		13,168.35
Catoosa	12,846.98		12,846.98
Prue	11,732.24	9,423.13	21,155.37
Inola	9,957.47	12,501.60	22,459.07
Anderson	9,667.90		9,667.90
Tulsa	9,429.87		9,429.87
Osage Hills	6,114.64		6,114.64
Chouteau-Mazie	637.06	14,491.35	15,128.41
<b>Total Tax Remitted</b>	<b>\$1,137,728.37</b>	<b>\$493,081.28</b>	<b>\$1,630,809.65</b>

## 2012 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 13, 2012 at the the Robson Performing Arts Center, 101 E. Stuart Roosa, Claremore, 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 13th day of September 2012.

Charles Huerter  
Secretary, VVEC Board of Trustees

## VVEC 2011 Annual Meeting of Members Saturday, October 15, 2011

The 73rd Annual Meeting of Members of Verdigris Valley Electric Cooperative, Incorporated was held at the at the Bartlesville Community Center, Bartlesville, Oklahoma, on the 15th day of October 2011, 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 1,289. There were 225 members present.

### Approved:

Ken Howard  
President, VVEC Board of Trustees

Dennis Lenox  
Secretary, VVEC Board of Trustees

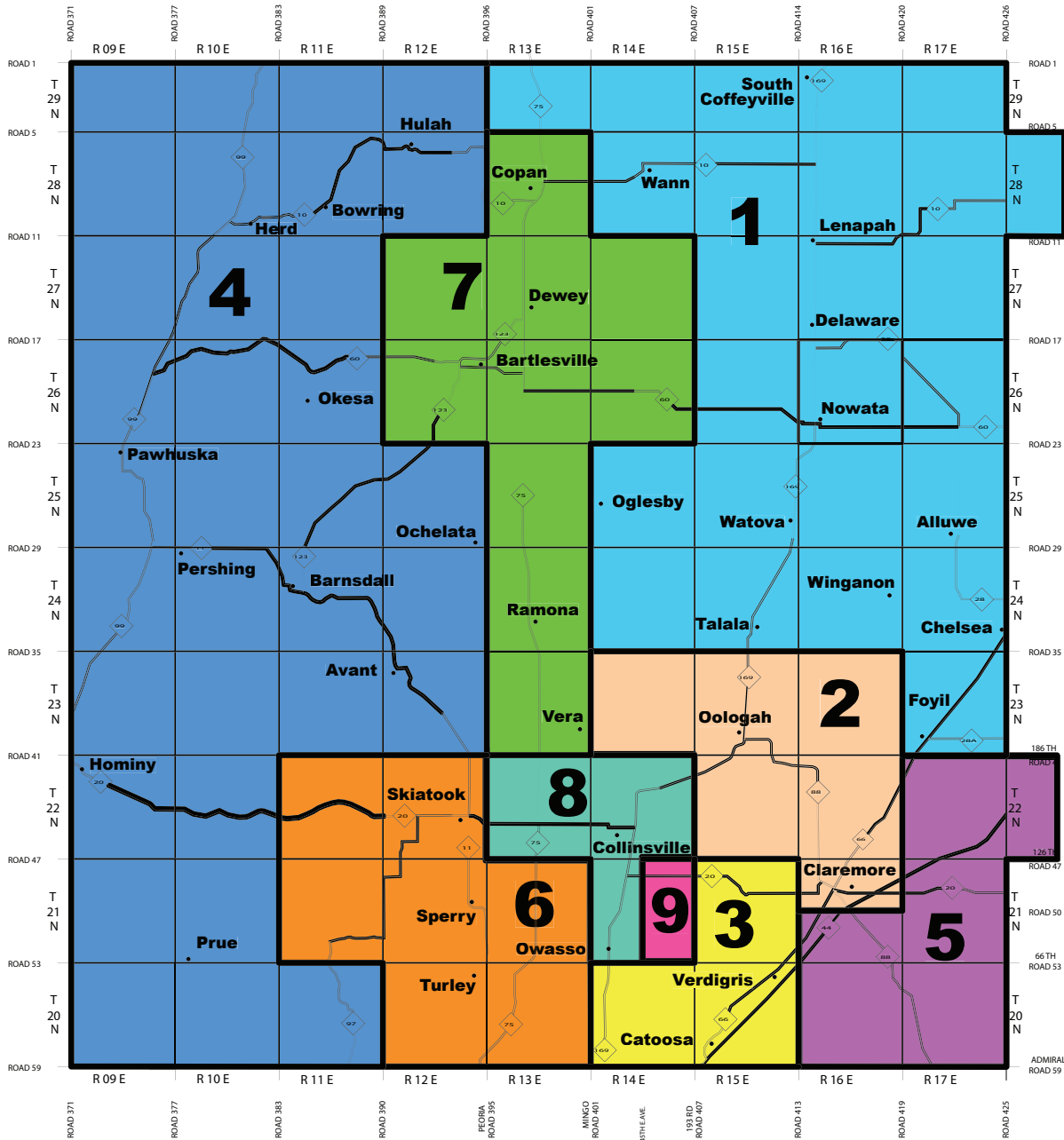
## STATEMENT OF NON DISCRIMINATION

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.

# 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**  
 760-7029



**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 2, 4 and 6, 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.



WHAT WE OWN

**Assets**

Electric Plant	\$127,563,013	
Less Depreciation	36,760,891	\$90,802,122
Cash & Cash Equivalents		799,279
Investments		21,208,276
Accounts Receivable		8,023,371
Materials & Supplies		759,533
Prepayment, Other Accrued Assets & Deferred Debits		1,259,607
	<b>TOTAL</b>	<b>\$122,852,188</b>

WHAT WE OWE

**Liabilities**

Line of Credit		-0-
Long Term Debt		\$65,276,881
Consumer Deposits		3,492,823
Accounts Payable		4,306,848
Deferred Credits		575
Other Liabilities		1,919,568

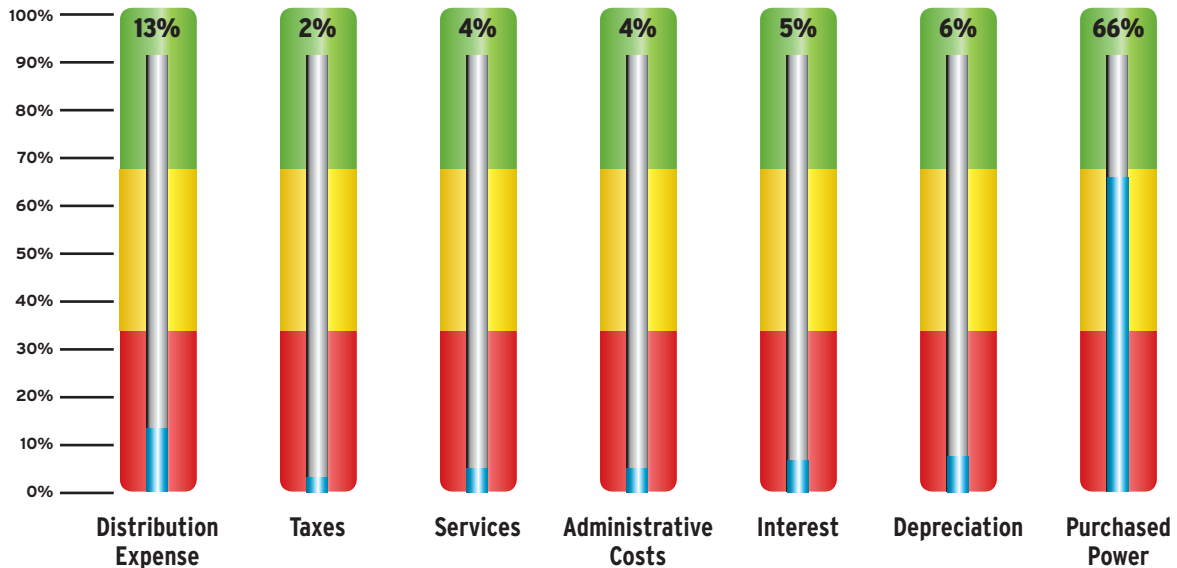
EQUITIES

Membership Fees		821,405
Patronage Capital, Other Equities		47,034,088
	<b>TOTAL</b>	<b>\$122,852,188</b>

POWER USE BY TYPE OF ACCOUNT



USE OF POWER



## COMPARATIVE STATISTICS OF OPERATION

### WHAT WE RECEIVED

	2011	2010
Operating Revenue and Patronage Capital	\$59,277,689	\$61,665,023

#### Expenses

Cost of Purchased Power	37,512,400	39,550,916
Distribution Expense - Operations	1,724,361	1,836,522
Maintenance Expense	5,535,729	6,186,887
Consumer Accounts Expense	2,153,519	2,312,125
Customer Service & Information Expenses	265,790	199,506
Administration & General Expenses	2,147,518	2,246,521
Depreciation & Amortization	3,678,283	3,853,015
Taxes	1,148,804	1,194,167
Interest Expenses - Long Term Debt	2,980,805	2,835,612
Other Interest & Deductions	92,617	-0-

### HOW IT WAS SPENT

<b>Total Cost of Electric Service</b>	<b>\$57,239,826</b>	<b>\$60,215,271</b>
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#### Our Margins

Operating Margins & Patronage Capital	2,037,863	1,449,752
Non-Operating Margins	402,624	273,977
Other Capital Credits & Patronage Dividends	2,445,103	2,479,095
Extraordinary Item	- 0 -	-0-

### WHAT WE HAVE LEFT

<b>Total Operating &amp; Non-Operating Margins</b>	<b>\$4,885,590</b>	<b>\$4,202,824</b>
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## CONSOLIDATED COOPERATIVE SUMMARY OF 2011

	2011	2010
<b>Number of Meters</b>	34,856	34,707
<b>Peak Demand (kW)</b>	198,031	185,696
<b>Date and Time of Peak</b>	08/2/2011 @ 6 p.m.	08/14/2010 @ 6 p.m.
<b>Total Energy Sales (kWh)</b>	672,055,015	655,461,621
<b>Total Asset Value</b>	122,852,188	119,396,688
<b>New Plant</b>	6,614,524	5,769,070
<b>Total Revenues</b>	61,665,023	59,277,689
<b>Operating Margins</b>	1,449,752	2,037,863
<b>Total Taxes Paid</b>	1,194,167	1,148,804
<b>Long-Term Debt as Percent of Plant</b>	49.04%	51.20%
<b>Times Interest Earned Ratio (TIER)</b>	2.48	2.64

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, 2011 has been completed by the firm of Briscoe, Burke, & Grigsby, LLP, Certified Public Accountants, Tulsa, Oklahoma.

Charles Huerter,  
Secretary-Treasurer, VVEC Board of Trustees

**EMPLOYEE OF THE YEAR**

**Lori Prock**

Each year VVEC employees honor a fellow employee who consistently demonstrates excellence in his or her position. The 2011 Employee of the Year is Billing Coordinator Lori Prock.

Prock began her career with VVEC in 2005 in the billing section of the office services department where she had several responsibilities in various areas. In 2007, she began working in collections, and was promoted to her current position in 2009.

Prock says the thing she likes best about her job is the many opportunities she has to help people. The thing she likes best about working at the co-op is the atmosphere, saying it is like working for and with family, and that everyone genuinely cares about each other.

Prock's perpetual smile and easy laugh make her popular with the six people in her section who say she is highly qualified and understands her job. They are quick to point out she is very knowledgeable about the wide variety of responsibilities and purpose of the billing section, and that she is a pleasant and enjoyable person to work with.

Prock reciprocates the respect and admiration her employees have for her saying she is greatly humbled they think enough of her to honor her as Employee of the Year. She says she would not be able to do the job she does without the people she works with.

Born near Ft. Smith, AR, she and her husband Tim have been married for 26 years. Tim is pastor of Collinsville's First Baptist Church. The couple has three sons; David, Daniel and Drew.



**ANNUAL MEETING  
SCHEDULE OF EVENTS**

**Saturday, October 13, 2012**

Robson Performing Arts Center,  
101 E. Stuart Roosa, Claremore

**9:00 a.m.**

Member Registration  
Coffee and Donuts  
Registration gifts -  
VVEC cap and a black tote bag  
with leather straps

**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 Opens  
Prize Drawings  
Adjourn

**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 13, 2012 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)

**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.