

At the End of Your Line

2015 ANNUAL REPORT



Power Circuit

A supplement to Oklahoma Living

Volume 75 • Number 10 • October 2016





Corporate Profile

Verdigris Valley Electric Cooperative is:

- A distribution co-op providing electric service to residential, commercial and industrial consumers
- Headquartered in Collinsville, Oklahoma
- Incorporated October 24, 1938
- Serves 36,126 meters; is Oklahoma's third largest electric cooperative (based on the number of meters)
- Maintains 4,757 miles of electric line
- Serves members in Nowata, Osage, Rogers, Tulsa and Washington counties
- Ninety-six employees cover the co-op's more than 3,132-square mile service territory daily
- VVEC has warehouse and maintenance facilities in Nowata and Bartlesville, Oklahoma
- A non-profit corporation wholly-owned by the members it serves
- Governed by a nine-member board of trustees who are elected by members residing in the districts they represent.
- Trustee terms of office are for three years; three trustee positions are up for election each 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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P.O. Box 219, Collinsville, OK 74021.

Volume 75 • Number 10 • October 2016

PARTNERING WITH EDUCATION FOR A BRIGHTER FUTURE

School District	VVEC	KAMO	Total
Oklahoma Union	\$104,215.30	\$40,834.16	\$145,049.46
Oologah	95,891.69		95,891.69
Caney Valley	95,381.28	90,106.38	185,487.66
Owasso	89,354.87		89,354.87
Collinsville	70,747.34	48,292.80	119,040.14
Skiatook	64,886.58	43,546.40	108,432.98
Bowring	62,841.66		62,841.66
Nowata	57,680.24		57,680.24
Barnsdall	56,311.69	34,844.65	91,156.34
Dewey	54,863.54		54,863.54
Sequoyah	49,901.13		49,901.13
Sperry	44,972.38		44,972.38
Bartlesville	44,565.48		44,565.48
Copan	34,247.37		34,247.37
Justus	28,877.58		28,877.58
Avant	27,411.67	37,971.25	65,382.92
Foyil	26,017.58		26,017.58
Pawhuska	24,078.41	37,368.53	61,446.94
South Coffeyville	22,478.16		22,478.16
Chelsea	21,547.36		21,547.36
Claremore	21,310.45		21,310.45
Hominy	20,981.60	95,530.84	116,512.44
Sand Springs	19,467.79	32,509.11	51,976.90
Verdigris	14,392.97		14,392.97
Catoosa	13,626.87		13,626.87
Prue	12,441.40	9,568.15	22,009.55
Anderson	10,484.44		10,484.44
Tulsa	10,036.72		10,036.72
Osage Hills	6,459.14		6,459.14
Inola	4,063.29	12,544.07	16,607.36
Chouteau-Mazie	574.38	16,725.43	17,299.81
	\$1,210,110.36	\$499,841.77	\$1,709,952.13

GIVING BACK TO THE COMMUNITY

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 distributed 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 2015, VVEC and KAMO Power together paid over \$1.7 million in taxes to area school systems.

ON THE COVER

From top: 2016 Youth Tour delegates, Katelyn Shearhart & Michael McGill traveled to Washington, D.C. as part of a VVEC scholarship trip; photo courtesy OAEC. VVEC employee Robert Rouse teaches students about electrical safety; photo by Mike Mattox. VVEC Trustee Jimmy Brackett presents a check to Nowata Schools to support the school's vo-ag program. The Rock Volunteer Fire Department poses in front of their fire truck at an appreciation cookout hosted by VVEC for area fire departments; photos by Misti Frazier.

At the End of Your Line

When you flip a switch and the lights come on, you might not give much thought as to where that electricity originates. Your home or business is connected to a power line. At the end of that line, providing the power for your daily life, are Verdigris Valley Electric Cooperative's substations. For more than 75 years, VVEC has been delivering safe, reliable and affordable electricity to you, our member-owners.

The electric cooperative at the end of your line is unlike many other businesses and utility providers for a number of reasons.

First, our purpose is different. VVEC is not-for-profit. We exist to serve you and to empower you to improve the quality of your life and the lives of those around you. Since our goal is not to make a profit, we have no need to increase revenues above what is required to operate the business in a financially sound manner. This enables us to provide you with the most affordable electricity possible and to keep our focus on serving you.

Over the years, we have answered the call to provide additional benefits and services because it is extremely important to us that our community thrives and prospers. That is why we offer the Co-op Connections Card program, which provides you discounts on goods and services in the community such as prescription drugs. We also offer energy audits and rebates on energy efficient heating and cooling units and other appliances to help you increase the energy efficiency of your home and save money on your electric bill.

Second, we are 100 percent locally owned—by you, our

“We exist to **serve** you and to **empower** you to **improve** the **quality** of your **life** and the lives of those around you.”

- Alice Houston
VVEC General Manager



members. We are rooted right here in Nowata, Osage, Rogers, Tulsa and Washington counties and we care about the community. VVEC creates jobs that benefit local families. We give back to the community by taking leadership roles in community development projects, educating youth, and generously donating time, energy, and resources to schools, nonprofits and community events.

We recognize that education and safety are important to you. That is why we partner with area schools and fire departments to help them meet their missions of educating our youth and protecting your families, homes and property. The the Adopt-A-School and Fire Department Grant programs help them purchase supplies, teaching aids, various equipment and life-saving devices. We also invest in our youth through electrical safety presentations in local schools and by offering scholarships to YouthPower Energy Camp and Washington Youth Tour, which seek to develop the next generation of leaders for our community.

Third, we are democratically run. Because co-op membership also equals ownership, you have a say in your cooperative's affairs. Being locally owned, operated

and democratically run means you can trust VVEC to focus on your needs, local priorities and decisions that are best for your community. The board of trustees that leads your cooperative is comprised of nine of your fellow VVEC owners. They understand the impact of the decisions they make because they will experience them just as will you.

I encourage you, as a member-owner, to get involved in your cooperative. One way to do this is to attend VVEC's annual meeting on Saturday, October 8. In late October, members in Districts 7, 8 and 9 will have the opportunity to elect board representatives.

These are just a few of the things that set VVEC apart from other business enterprises. I like to call this way of conducting business the “cooperative difference.” VVEC exists, as we have from our very beginning in 1938, to make a difference in your life and the lives of those around you. And, as the electric utility business continues to evolve, we are committed to being there for you, our member, to provide for your electric energy needs. VVEC is much more than an electric utility provider—we are the caring community partner at the end of your line.

MINUTES

VVEC 2015 Annual Meeting of Members Saturday, October 10, 2015

The 77th Annual Meeting of Members of Verdigris Valley Electric Cooperative, Incorporated was held at the Robson Performing Arts Center, Claremore, Oklahoma, on the 10th day of October, 2015 at 11 a.m. after due and proper notice to the members as required by the bylaws of the Cooperative.

John Hibdon, Trustee, 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 1,379. There were 270 members present.

Approved:

John Hibdon
President
VVEC Board of Trustees

Jimmy Lambert
Secretary
VVEC Board of Trustees

OFFICIAL NOTICE

2016 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 8, 2016 at 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 the 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 8th day of September 2016.

Jimmy Lambert
Secretary
VVEC Board of Trustees

VVEC Member Services Representative Chub Brewer presents a grant check to the Collinsville Rural Fire Protection District, one of 11 rural fire departments to receive funds from VVEC this year. The grant enables area fire departments—most of which are comprised of volunteer firefighters—to purchase equipment and invest in personnel training. VVEC's Rural Fire Department grant program is one of the ways VVEC invests in the community, helping to keep our members' families safe. Photo by Misti Frazier



STATEMENT OF NON-DISCRIMINATION

This institution is an equal opportunity provider and employer. If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call 866-632-9992 to request the form. You may also write a letter containing

all of the information requested in the form. Send your completed complaint form or letter to the U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D. C. 20250-9410, or by fax 202-690-7442 or e-mail at program.intake@usda.gov.

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
289-5961



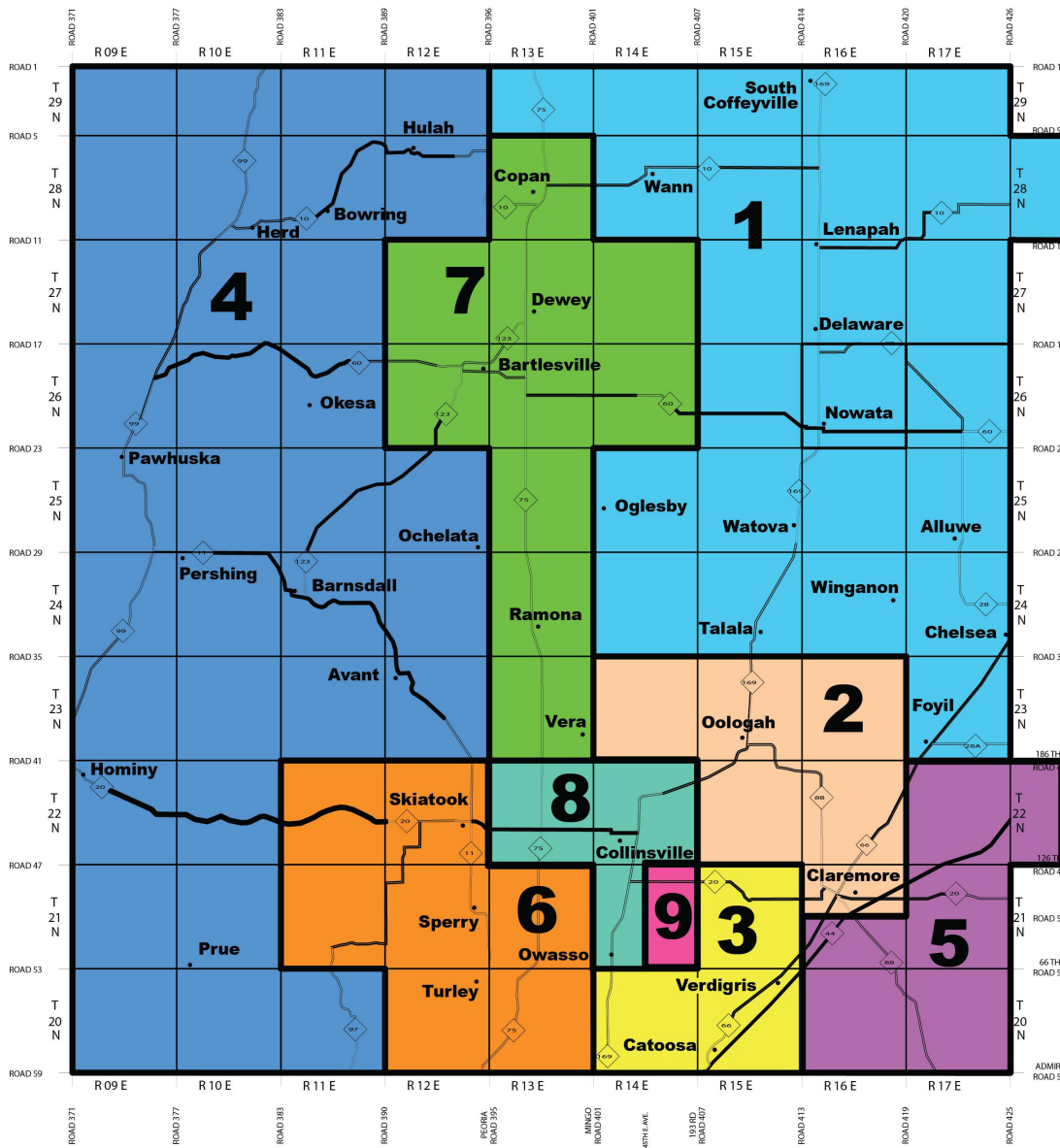
District 7
Chuck Huerter
333-3107



District 8
Ken Howard
724-9965



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 October for Districts 7, 8 and 9, as indicated on the map to the left. Any member residing in these districts and meeting qualifications stipulated in the bylaws is eligible to seek election to the board.

CONSOLIDATED BALANCE SHEET

Assets

Electric Plant	\$157,036,767	
Less Depreciation	41,503,259	\$115,533,508
Cash & Cash Equivalents		64,340
Investments		29,015,902
Accounts Receivable		6,498,487
Materials & Supplies		949,635
Prepayment, Other Accrued Assets & Deferred Debits		3,368,815

What We Own

TOTAL \$155,430,687

Liabilities

Line of Credit		- 0 -
Long Term Debt		\$82,518,043
Consumer Deposits		3,165,570
Accounts Payable		4,764,385
Deferred Credits		519,406
Other Liabilities		2,950,562

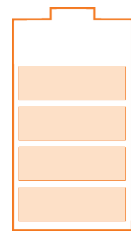
What We Owe

Membership Fees		838,615
Patronage Capital, Other Equities		60,674,106

Equities

TOTAL \$155,430,687

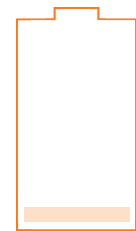
Power Use by Type of Account



Residential 80%

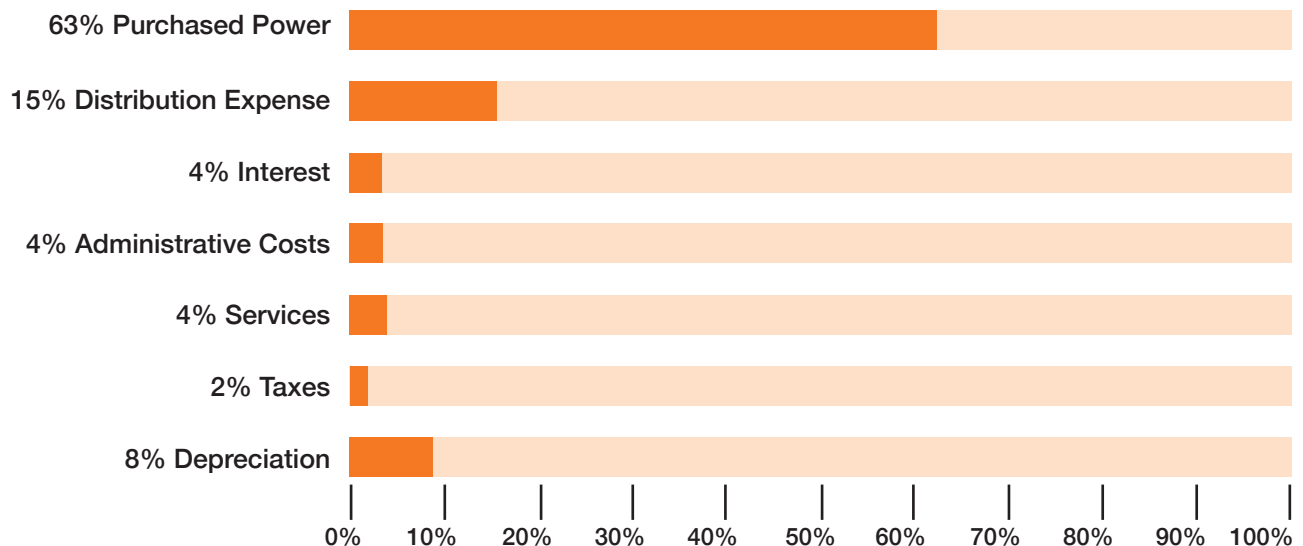


Industrial 12%



Commercial 8%

Cost of Power



COMPARATIVE STATISTICS OF OPERATION

What We Received		2015	2014
	Operating Revenue and Patronage Capital	\$65,359,623	\$64,732,099
	Expenses		
	Cost of Purchased Power	40,865,035	40,408,599
	Distribution Expense - Operations	2,626,059	2,898,866
	Maintenance Expense	6,914,822	7,122,498
	Consumer Accounts Expense	2,185,056	1,958,212
	Customer Service & Information Expenses	232,504	357,065
	Administration & General Expenses	2,656,408	2,689,369
	Depreciation & Amortization	5,206,390	5,028,062
	Taxes	1,270,585	1,257,852
How It Was Spent	Interest Expenses - Long Term Debt	2,912,681	2,927,029
	Other Interest & Deductions	38,938	14,188

Total Cost of Electric Service		\$64,908,478	\$64,661,740
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Our Margins

	Operating Margins & Patronage Capital	451,145	70,359
	Non-Operating Margins	113,106	215,661
What We Have Left	Other Capital Credits & Patronage Dividends	1,818,400	2,895,729
	Extraordinary Item	- 0 -	- 0 -

Total Operating & Non-Operating Margins		\$2,382,651	\$3,181,749
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CONSOLIDATED COOPERATIVE SUMMARY OF 2015

	2015	2014
Number of Meters	36,126	35,882
Peak Demand (kW)	187,780	178,777
Date and Time of Peak	08/09/2015 @ 6 pm	08/24/2014 @ 5 pm
Total Energy Sales (kWh)	653,413,245	682,221,195
Total Asset Value	155,430,688	151,758,003
New Plant	8,277,322	10,979,103
Total Revenues	65,359,623	64,732,099
Operating Margins	451,145	70,359
Total Taxes Paid	1,270,585	1,257,852
Long-Term Debt as Percent of Plant	50.39%	49.29%
Times Interest Earned Ratio (TIER)	1.82	2.09

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, 2015 has been completed by the firm of Briscoe, Burke, & Grigsby, LLP, Certified Public Accountants, Tulsa, Oklahoma.

Jimmy Lambert
Secretary-Treasurer, WVEC Board of Trustees

ANNUAL MEETING SCHEDULE OF EVENTS

Saturday, October 8, 2016

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

9:00 a.m.

Member registration
Coffee & donuts
Registration gifts - measuring cups
& VVEC cap

9:00 a.m. - 10:45 a.m.

Live entertainment - Paul Bogart

10:00 a.m. - 11:00 a.m.

Free hot dogs, chips & soft drinks

11:00 a.m.

Registration closes
Business session opens
Prize drawings
Adjourn



Image courtesy Google Maps

ORGANIZATION CERTIFICATE

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.

BE IT RESOLVED THAT _____ who is a member or officer of said organization, is hereby designated official representative by

_____ to vote at the Annual Meeting of Members of Verdigris Valley Electric Cooperative, Inc., to be held on October 8, 2016, 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; the 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)