

Verdigris Valley Electric Cooperative is a member-owned electric distribution cooperative headquartered in Collinsville, Oklahoma, with maintenance facilities in Nowata and Bartlesville. Established in 1938, VVEC provides electric service to more than 37,000 meters for residential, commercial and industrial consumers in portions of Nowata, Osage, Rogers, Tulsa and Washington counties. VVEC maintains more than 4,800 miles of electric line, over 109,000 power poles and 22 substations. VVEC is the third largest electric cooperative in Oklahoma.

Our primary goal is to provide safe, reliable electric power to all members in the cooperative's service area at the lowest possible cost consistent with sound business principles. Our mission is to serve you with integrity, accountability, innovation and commitment.



Board of Trustees

Above, from front row left: Vernon Lewis, Jimmy Lambert, John Hibdon, Jimmy Brackett, Charles Huerter. Second row from left: Stephen Riley (Corporate Counsel), Dennis Lenox, Jack Bogart, Ken Howard, Buddy McCarty.

VVEC 2018 ANNUAL REPORT



PARTNERING WITH EDUCATION FOR A BRIGHTER FUTURE

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 2018, VVEC and KAMO Power together paid over \$1.9 million in taxes to area school systems

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.

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.

POSTMASTER - send address changes to: Power Circuit, P.O. Box 219, Collinsville, OK 74021.

School District	VVEC	KAMO	Total
Oklahoma Union	\$116,049.74	\$69,508.65	\$185,558.39
Oologah	108,467.64		108,467.64
Caney Valley	106,651.72	99,960.46	206,612.18
Owasso	106,131.42		106,131.42
Collinsville	80,642.56	53,551.73	134,194.29
Skiatook	73,416.28	47,954.28	121,370.56
Bowring	70,090.96		70,090.96
Nowata	64,491.78		64,491.78
Barnsdall	62,752.24	38,680.90	101,433.14
Dewey	60,940.33		60,940.33
Sequoyah	56,224.12		56,224.12
Sperry	50,783.51	1,044.30	51,827.81
Bartlesville	50,131.60		50,131.60
Copan	38,434.83		38,434.83
Justus	32,614.47		32,614.47
Avant	30,675.26	42,022.66	72,697.92
Foyil	28,988.37		28,988.37
Pawhuska	26,858.99	41,396.08	68,255.07
Claremore	25,258.04		25,258.04
South Coffeyville	24,890.60		24,890.60
Chelsea	23,908.85	459.49	24,368.34
Hominy	23,447.37	105,808.54	129,255.91
Sand Springs	21,660.22	36,132.80	57,793.02
Verdigris	16,137.19		16,137.19
Catoosa	15,309.47		15,309.47
Prue	14,094.83	10,610.09	24,704.92
Anderson	11,707.01		11,707.01
Tulsa	11,332.65		11,332.65
Osage Hills	7,210.85		7,210.85
Inola	4,576.62	14,160.72	18,737.34
Chouteau-Mazie	676.99	18,463.24	19,140.23
	\$1,364,556.51	\$579,753.94	\$1,944,310.45

ANNUAL MEETING SCHEDULE OF EVENTS

Saturday, October 12, 2019

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

9:00 a.m.

Member registration
Coffee & donuts
Registration gifts:
VVEC cap & "Perfect Prep" oven mitt with basting brush, spatula, dish scrubber, veggie peeler & cheese grater

9:00 - 10:45 a.m.

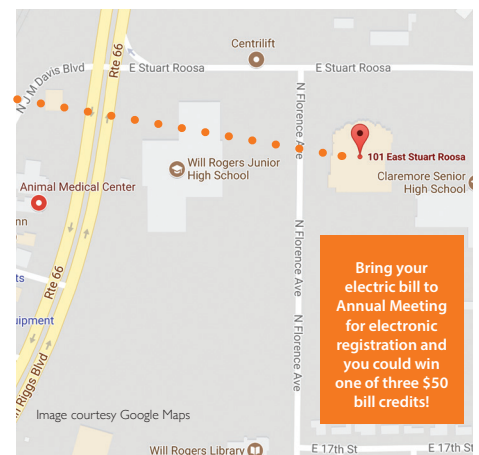
Live entertainment - Paul Bogart

10:00 - 11:00 a.m.

Free hot dogs, chips & soft drinks

11:00 a.m.

Registration closes
Business session opens
Prize drawings
Adjourn



Bring your electric bill to Annual Meeting for electronic registration and you could win one of three \$50 bill credits!

7 Cooperative Principles

...we live by

Did you know the first cooperative was founded in Rochdale, England, in 1844? A group of weavers and craftsmen pooled their resources to provide the co-op's members with food and other necessities at prices that were more affordable than other local businesses. The members who owned and ran the co-op also came up with a set of principles that guided their business.

Today, cooperatives of various types around the world operate according to the same set of core principles and values. These guidelines, known as the Rochdale Principles, are the reason that VVEC operates differently from other electric utilities. A century-and-a-half later, this model guides us to always put the needs of our members first. Below is an explanation of the seven principles we live by.

#1 - Voluntary & Open Membership

We're a voluntary organization. Any person who moves into VVEC's service area is allowed membership. We serve over 37,000 meters spanning more than 4,800 miles of line and serve five counties in northeast Oklahoma.

#2 - Democratic Member Control

VVEC is owned and controlled by you—

our consumer-owner. As a member, you have a right and a responsibility to attend meetings—such as our Annual Meeting on October 12th, 2019. Our board is made up of members, just like you, who listen to and understand the community. VVEC's service territory is divided into nine districts. Every year, three board positions are open for election. This year, seats in Districts 7, 8 and 9 are up for election. Members living in these districts are encouraged to attend elections in late October and early November to elect representatives for the board.

#3 - Members' Economic Participation

The cooperative belongs to its members, which means any margins are returned to our members in the form of capital credits. In 2018, VVEC refunded \$500,000 in capital credits to our members. Capital credit patronage refunds are reflected as a credit on the October bills.

#4 - Autonomy & Independence

VVEC exists to serve the needs of our members. Our goal is to provide safe, reliable power at the best price possible.

#5 - Education, Training & Information

VVEC provides education and training for our trustees, managers and employees



VVEC General Manager Alice Houston

so they can contribute effectively to the development of the co-op. We provide energy efficiency tips and storm preparation facts in our newsletter and we offer electrical safety demonstrations at schools in our service territory.

#6 - Cooperation Among Cooperatives

In addition to serving our members, we serve members of other electric cooperatives when needed. For example, we come to the aid of our fellow co-ops to help them restore power in emergency situations.

#7 - Concern for Community

VVEC invests in the communities we serve in many ways. Each year, we award grants to area schools that allow them to enhance their investment in local students. We also invest in the safety of our communities by providing grants to rural fire departments. We empower our future members by offering scholarships to youth to participate in Youth Tour and Energy Camp as well as donations to 4H and FFA youth livestock shows.

With these seven principles guiding all we do as a co-op, you can be sure that VVEC has your best interest at heart as it conducts business each day. We exist for the sole purpose of serving you, our member. ■

Co-op Principle #5 - Education, Training & Information



VVEC is committed to providing professional and relevant training to our employees to ensure they stay up-to-date in the ever-evolving energy industry.

MINUTES

VVEC 2018 Annual Meeting of Members Saturday, October 13, 2018

The 80th Annual Meeting of Members of Verdigris Valley Electric Cooperative, Incorporated was held at the Robson Performing Arts Center, Claremore, Oklahoma, on the 13th day of October, 2018, 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 1439. There were 256 members present.

Approved:

Jim Brackett
President
VVEC Board of Trustees

Jack Bogart
Secretary
VVEC Board of Trustees

OFFICIAL NOTICE

2019 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 12, 2019, 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 12th day of September 2019.

Ken Howard
Secretary
VVEC Board of Trustees

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 12, 2019, 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)

(Secretary)

(Corporate Seal)

SERVICE AREA & BOARD DISTRICTS

VVEC Board of Trustees



District 1
Jim Brackett
720-4531



District 2
Jack Bogart
371-9587



District 3
Vernon Lewis
521-5461



District 4
John Hibdon
847-2320



District 5
Jimmy Lambert
760-7029



District 6
Dennis Lenox
289-5961



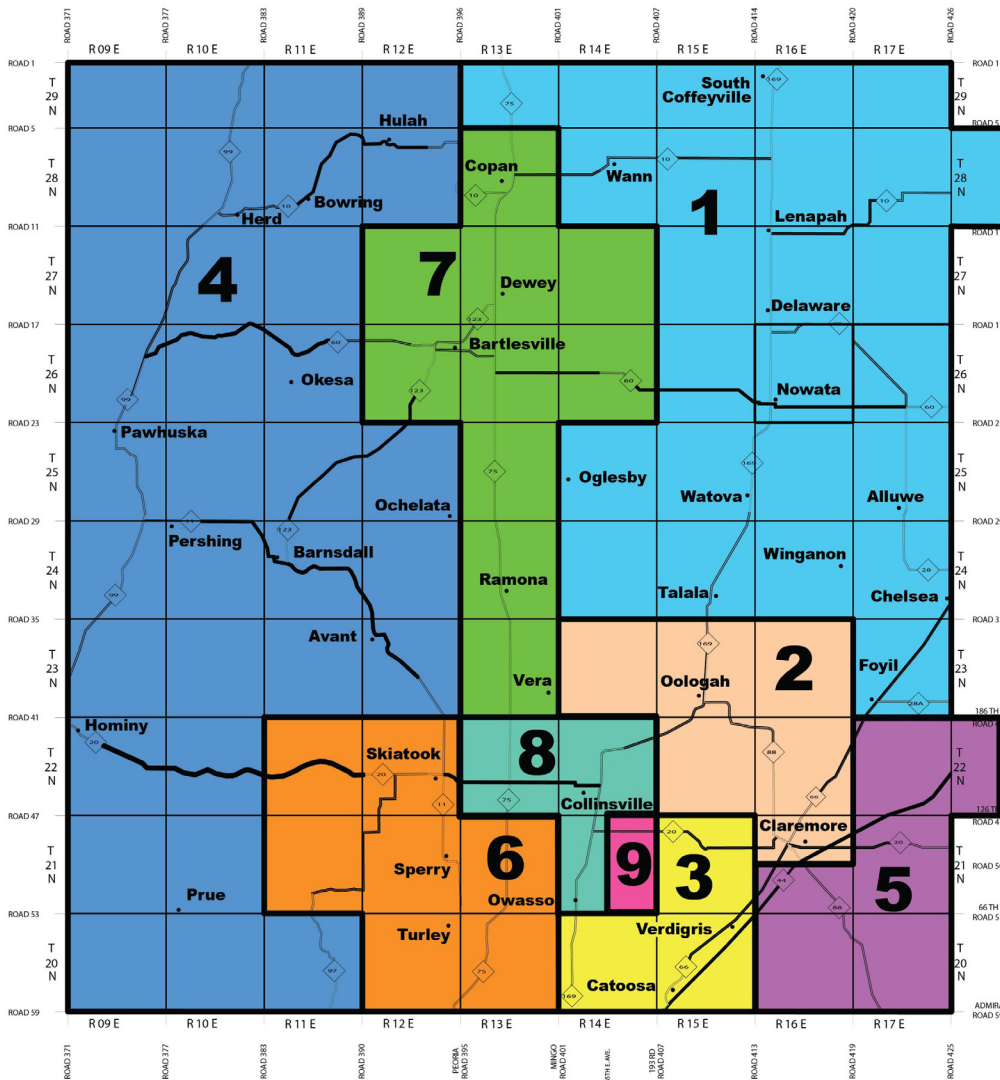
District 7
Chuck Huerter
333-3107



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 and November 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	\$177,915,804	
Less Depreciation	45,163,614	\$132,752,190
Cash & Cash Equivalents		110,285
Investments		35,462,279
Accounts Receivable		6,881,870
Materials & Supplies		990,993
Prepayment, Other Accrued Assets & Deferred Debits		1,915,476

What We Own

TOTAL \$178,113,093

Liabilities

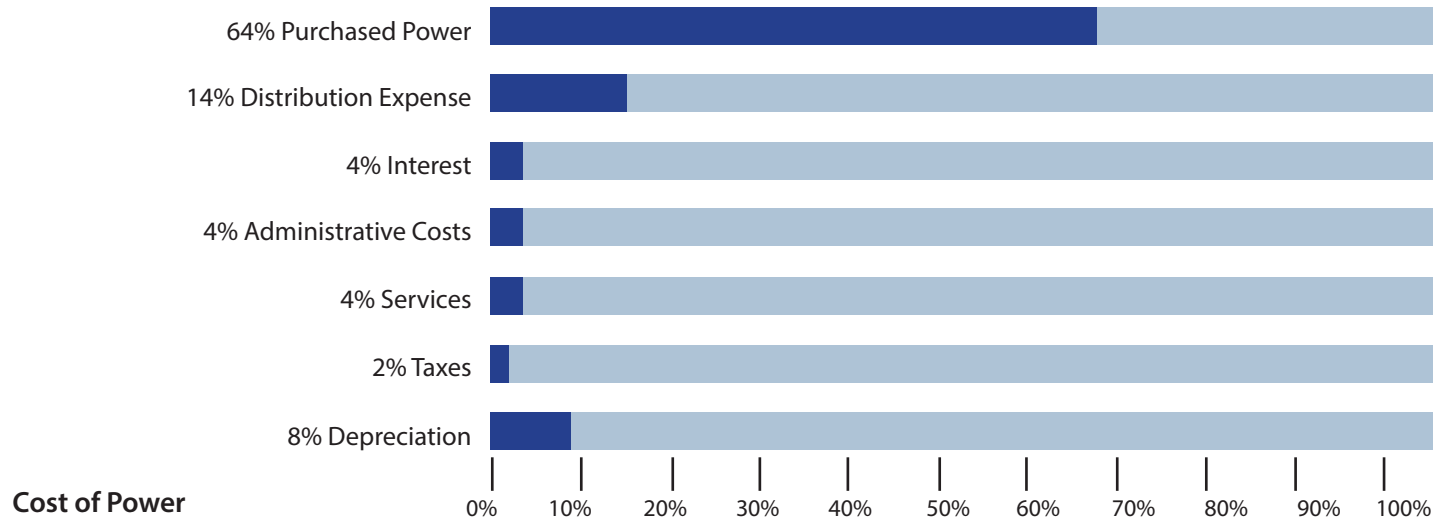
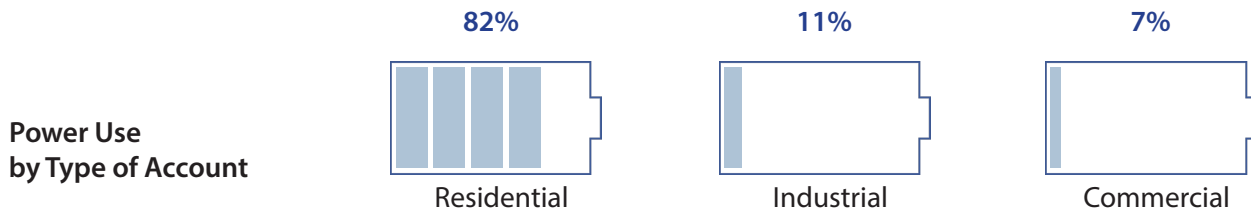
Line of Credit	8,000,000
Long Term Debt	85,662,922
Consumer Deposits	3,434,673
Accounts Payable	5,454,092
Deferred Credits	652,318
Other Liabilities	3,383,035

What We Owe

Membership Fees	864,775
Patronage Capital, Other Equities	70,661,278

Equities

TOTAL \$178,113,093



COMPARATIVE STATISTICS OF OPERATION

		2018	2017
What We Received	Operating Revenue and Patronage Capital	\$74,214,034	\$67,410,447
	Expenses		
	Cost of Purchased Power	46,188,898	41,132,268
	Distribution Expense - Operations	3,056,441	3,201,971
	Maintenance Expense	7,304,992	7,618,027
	Consumer Accounts Expense	2,366,168	2,465,221
	Customer Service & Information Expenses	221,913	225,710
	Administration & General Expenses	2,983,552	2,864,641
	Depreciation & Amortization	5,804,963	5,586,451
	Taxes	1,446,185	1,311,918
	Interest Expenses - Long Term Debt	2,610,760	2,646,215
How It Was Spent	Other Interest & Deductions	233,427	30,089
Total Cost of Electric Service		\$72,217,299	\$67,082,511
	Our Margins		
	Operating Margins & Patronage Capital	1,996,735	327,936
	Non-Operating Margins	59,816	353,492
	Other Capital Credits & Patronage Dividends	2,637,763	2,975,990
What We Have Left	Extraordinary Item	- 0 -	- 0 -
Total Operating & Non-Operating Margins		\$4,694,314	\$3,657,418

CONSOLIDATED COOPERATIVE SUMMARY OF 2018

	2018	2017
Number of Meters	37,018	36,678
Peak Demand (kW)	182,451	181,758
Date and Time of Peak	07/20/18 @ 6 pm	07/22/17 @ 5 pm
Total Energy Sales (kWh)	688,195,036	617,314,412
Total Asset Value	178,113,093	171,296,168
New Plant	9,631,439	12,180,198
Total Revenues	74,214,034	67,410,447
Operating Margins	1,996,735	327,936
Total Taxes Paid	1,446,185	1,311,918
Long-Term Debt as Percent of Plant	46.30%	49.72%
Times Interest Earned Ratio (TIER)	2.80	2.38

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, 2018, has been completed by the firm of Briscoe, Burke, & Grigsby, LLP, Certified Public Accountants, Tulsa, Oklahoma.

Ken Howard, Secretary-Treasurer, VVEC Board of Trustees

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Democratic Member Control

Members vote for directors from the membership who represent them on the board, which governs the cooperative. Our board is made up of members, just like you, who listen to and understand the community.



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Members' Economic Participation

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We invest in the communities we serve with grants for area schools and rural fire departments. We believe in empowering our future members, and we show this commitment through participation in the youth programs offered in conjunction with NRECA's Youth Tour and Energy Camp.

