



# VERDIGRIS VALLEY ELECTRIC COOPERATIVE 2019 ANNUAL REPORT

October 2020 | A supplement to Oklahoma Living

## POWERING A PANDEMIC

Despite challenges, your electric cooperative continues to support critical infrastructure needed to provide safe, reliable, affordable electricity

**K**eeping a “critical infrastructure” business like an electric cooperative operating during a pandemic is “trying” to say the least. In March and April when everything in the country came to a screeching halt, we here at Verdigris Valley Electric Cooperative were tasked with keeping the lights on and continuing “business as usual” (or something that resembled it).

We had never “worked from home,” “physically distanced,” quarantined, or isolated before. Much of our business that was face-to-face is now being done remotely. Being a cooperative we like to deal with our members in person. That has always been the cooperative way—face-to-face with a handshake.

Our line crews have now had to keep their distance from the membership; our lobby was closed for a couple of months. While it is re-opened now, it is only partially opened to

the way we used to work. In April and May we worked with a skeleton crew in the office, kept the line crews in the field and distanced whenever possible, trying to keep our employees healthy.

Storms and outages present new challenges during the pandemic. Our line crews have always been dedicated to restore power as rapidly and safely as possible. When crews work together in close proximity during inclement weather, it increases the risk of spreading illnesses they might not even know they have.

As the year progresses and situations change across the country, you can be assured that your co-op—Verdigris Valley Electric Cooperative—will continue to do all we can to keep our critical infrastructure business running and the lights on. And we look forward to the day when we will be able to conduct business with you, our valued members, fully face-to-face. ■

“Being a **cooperative**, we like to deal with our members **in person**. That has always been the cooperative way—**face-to-face** with a **handshake**.”



In light of the ongoing COVID-19 pandemic with concerns over contraction of the disease and social distancing, the VVEC board of trustees has approved the cancellation of our annual meeting, normally scheduled in October. Following the decision to cancel the annual meeting in October, VVEC trustees also voted to cancel the district meetings citing the same concerns. The health and safety of our members, employees and the general public is of the utmost importance.

# CONSOLIDATED BALANCE SHEET

## WHAT WE OWN [ASSETS]

Electric Plant	\$183,398,329	
Less Depreciation	[\$46,853,305]	\$136,545,024
Cash & Cash Equivalents		7,088,494
Investments		38,042,747
Accounts Receivable		6,484,277
Materials & Supplies		948,600
Prepayment, Other Accrued Assets & Deferred Debits		1,615,795
<b>TOTAL</b>		<b>\$190,724,937</b>

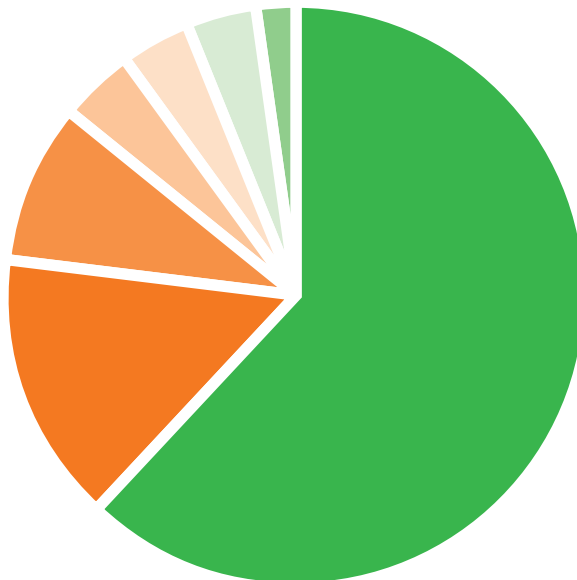
## WHAT WE OWE [LIABILITIES & EQUITIES]

Line of Credit		\$0
Long Term Debt		102,623,932
Consumer Deposits		3,454,159
Accounts Payable		4,795,754
Deferred Credits		746,642
Other Liabilities		3,434,261
Membership Fees		875,725
Patronage Capital, Other Equities		74,794,464
<b>TOTAL</b>		<b>\$190,724,937</b>

2019

## COST OF POWER

- 62% Purchased Power
- 15% Distribution Expense
- 9% Depreciation
- 4% Services
- 4% Administrative Costs
- 4% Interest
- 2% Taxes



## POWER USE BY TYPE OF ACCOUNT

- 82% RESIDENTIAL
- 11% INDUSTRIAL
- 7% COMMERCIAL

## COMPARATIVE STATISTICS OF OPERATION

<b>WHAT WE RECEIVED</b>	<b>2019</b>	<b>2018</b>
Operating Revenue & Patronage Capital	\$71,819,086	\$74,214,034
<b>HOW IT WAS SPENT [EXPENSES]</b>		
Cost of Purchased Power	\$43,906,872	\$46,188,898
Distribution Expense - Operations	3,091,444	3,056,441
Maintenance Expense	7,856,706	7,304,992
Consumer Accounts Expense	2,502,975	2,366,168
Customer Service & Information Expenses	234,650	221,913
Administration & General Expenses	2,986,887	2,983,552
Depreciation & Amortization	6,002,273	5,804,963
Taxes	1,399,685	1,446,185
Interest Expenses - Long Term Debt	2,652,542	2,610,760
Other Interest & Deductions	269,874	233,427
<b>TOTAL COST OF ELECTRIC SERVICE</b>	<b>\$70,903,908</b>	<b>\$72,217,299</b>
<b>WHAT WE HAVE LEFT [MARGINS]</b>		
Operating Margins & Patronage Capital	\$915,178	\$1,996,735
Non-Operating Margins	467,713	59,816
Other Capital Credits & Patronage Dividends	3,333,112	2,637,763
Extraordinary Item	- 0 -	- 0 -
<b>TOTAL OPERATING &amp; NON-OPERATING MARGINS</b>	<b>\$4,716,003</b>	<b>\$4,694,314</b>

## CONSOLIDATED COOPERATIVE SUMMARY OF 2019

	<b>2019</b>	<b>2018</b>
Number of Meters	37,438	37,018
Peak Demand (kW)	182,394	182,451
Date and Time of Peak	08/12/19 @ 6 pm	07/20/18 @ 6 pm
Total Energy Sales (kWh)	673,687,384	688,195,036
Total Asset Value	190,724,937	178,113,093
New Plant	9,460,626	9,631,439
Total Revenues	71,819,086	74,214,034
Operating Margins	915,178	1,996,735
Total Taxes Paid	1,399,685	1,446,185
Long-Term Debt as Percent of Plant	54.14%	46.30%
Times Interest Earned Ratio (TIER)	2.78	2.80

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, 2019, has been completed by the firm of Briscoe, Burke, & Grigsby, LLP, Certified Public Accountants, Tulsa, Oklahoma.

*Ken Howard,  
Secretary-Treasurer,  
VVEC Board of Trustees*

## 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 2019, VVEC and KAMO Power together paid nearly \$1.9 million in taxes to area school systems, as shown below.

## PARTNERING WITH EDUCATION FOR A BRIGHTER FUTURE

School District	VVEC	KAMO	Total
Oklahoma Union	\$113,529.93	\$65,735.20	\$179,265.13
Oologah	106,626.51		106,626.51
Caney Valley	104,437.17	94,533.86	198,971.03
Owasso	106,047.97		106,047.97
Collinsville	79,112.66	50,644.55	129,757.21
Skiatook	72,496.90	45,350.96	117,847.86
Bowring	68,557.39		68,557.39
Nowata	63,182.45		63,182.45
Barnsdall	61,334.62	36,581.01	97,915.63
Dewey	59,687.76		59,687.76
Sequoyah	55,069.64		55,069.64
Sperry	50,032.83	987.61	51,020.44
Bartlesville	49,227.65		49,227.65
Copan	37,638.84		37,638.84
Justus	32,253.24		32,253.24
Avant	30,112.69	39,741.36	69,854.05
Foyil	28,378.28		28,378.28
Pawhuska	26,282.50	39,148.79	65,431.29
Claremore	25,287.66		25,287.66
South Coffeyville	24,230.38		24,230.38
Chelsea	23,571.48	434.55	24,006.03
Hominy	22,981.28	100,064.46	123,045.74
Sand Springs	21,411.93	34,171.24	55,583.17
Verdigris	15,845.14		15,845.14
Catoosa	14,999.60		14,999.60
Prue	13,847.05	10,034.10	23,881.15
Anderson	11,511.56		11,511.56
Tulsa	11,053.55		11,053.55
Osage Hills	7107.09		7107.09
Inola	4,510.81	13,391.97	17,902.78
Chouteau-Mazie	662.74	17,460.91	18,123.65
	<b>\$1,341,029.30</b>	<b>\$548,280.57</b>	<b>\$1,889,309.87</b>



### Corporate Profile

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.

### 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.

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