

THE VICTORY ELECTRIC COOPERATIVE ASSN., INC.



ANNUAL REPORT
2017

VICTORY ELECTRIC AT A GLANCE

3,218 MILES OF LINE

19,647 METERS
 13,205 MEMBERS

68,306 POLES
 29,105 CROSSARMS
 44,996,160 FEET OF WIRE
 15,441 FUSES

71 EMPLOYEES

53 SUBSTATIONS
 12,555 TRANSFORMERS

The Victory Electric Cooperative Assn., Inc., is locally owned by our members. To us, you are more than a customer, you're a member. Victory Electric's trustees and employees are focused on providing power safely, reliably and at the best possible price for those we serve.

Victory Electric was chartered June 1, 1945, and the first lines were energized in August 1947. Our cooperative's name recognizes the U.S. and Allied forces' victory at the end of World War II.

Victory Electric is proud to serve members in our corner of southwest Kansas and help them grow and prosper. We act like neighbors because we are neighbors. That's the cooperative difference.

“From rural ranches and farms to residential neighborhoods and commercial industry, members can rely on Victory Electric to be there to energize their lives.”

YOUR INVITATION TO ATTEND THE ANNUAL MEETING

The Victory Electric annual meeting is scheduled for Tuesday, April 17, 2018, at the Western State Bank Expo Center in Dodge City. Registration and dinner start at 5 p.m. with the business meeting beginning at 6 p.m.

In accordance with Victory Electric's bylaws, each year the cooperative holds a meeting of the members to communicate the cooperative's activities and financial status for the past year. The meeting also brings the annual trustee election to a close. Members mail their votes prior to the meeting, and the results are announced at the meeting.

Purchasing electric power from Victory Electric gives you membership in the cooperative and, as a member, you have voting rights. Your participation

is a fundamental power that flows from you to your electric cooperative. You have the power to discuss issues with friends and neighbors and elect your board representation. That democratic right – which includes one vote by every cooperative member – is one of several important differences between electric cooperatives and investor-owned electric utilities. This is your opportunity to have a voice in cooperative business affairs, the business you own.

The strength of our cooperative comes from you, our members. Informed and concerned members stay involved by electing those people who value their way of life and work to improve the quality of life in southwest Kansas. So, mark your calendars and plan to attend Victory Electric's annual meeting.

Cover photo by Clayton Stein, Victory Electric lineman. Page 3 photo by Jeff Hubbell, Victory Electric electrical engineer.

MISSION STATEMENT

The mission of Victory Electric is to provide a safe, reliable service at a competitive rate, provide economic development opportunities and services for our members, and to ensure the financial stability of the cooperative through the use of prudent business practices and the latest technology.





MESSAGE FROM THE CEO

A YEAR TO REMEMBER

If we stop and take a good look around us, we are able to easily recognize just how dependent we have become on a valuable resource that most of us take for granted: electricity.

Every day we flip switches and see the lights come on in our homes and businesses. When the temperature soars outside, we feel the indirect effects of electricity when our air conditioner emits cool air. Through a simple touch of a finger, our computers, tablets and phones bring us information from all over the world. We all rely on electricity to maintain our health and welfare.

Behind the scenes, Victory Electric is continually working to ensure that light comes on when you flip the switch or need cool air from your AC unit. Our work goes beyond maintaining poles and wires and taking payments: we face a myriad of challenges and opportunities, including increasing regulatory standards, distributed generation, new technologies,

cybersecurity, new methods of communication, and maintaining a safe, well-trained workforce.

Those challenges and opportunities were never more apparent than in 2017. It is a year that will not soon be forgotten. While we faced the challenge of multiple weather-related incidents — including ice, fire and wind— and made the tough decision to implement a rate change, we also embraced opportunities to expand our safety program and implement technology that provides access to information and quality service our members expect and deserve.

THE DAY THE LIGHTS WENT OUT

Keeping the lights on 24/7/365 takes real teamwork and cooperation, and I am happy to tell the membership that you have good people on your side who make all the difference in the world. From the lineman on the pole and member service representatives, to the communications team and

everyone in between, Victory Electric’s dedicated employees hit the ground running and didn’t stop for days when Winter Storm Jupiter coated everything with more than an inch of ice and precipitation on January 15, 2017. The damage to trees, power poles and line, transformers and other equipment caused by the ice was astonishing.

Victory Electric linemen and other personnel worked tirelessly for eight days to restore your power. Many of our employees put more than 100 hours of work in that short period of time. We also brought in crews from seven other cooperatives, one contractor, and one specialty tree-trimming service.

The most remarkable and touching part of the storm came from you, our members and our community. It was incredible to see your support each day. Countless businesses and individuals in the community dropped off food, water, Gatorade, snacks, donuts, and even hand-drawn thank you notes for the

crews. While the circumstances were less than ideal, we feel incredibly blessed to live in such a supportive and caring community.

KEEPING UP WITH RISING COSTS AND EXTERNAL PRESSURES

Costs are rising for all businesses. However, when it comes to your electric bill, as a not-for-profit, member-owned cooperative, our rates are set simply to cover the cost of doing business—not to generate profits for remote shareholders.

To maintain the quality, reliability and stability of the services we provide, it is sometimes necessary to adjust our pricing structure. Victory Electric’s member-elected board of trustees made the decision in April 2017 to implement a rate change. The rate change was needed to keep Victory Electric in a solid position to meet financial and loan obligations and keep up with rising costs, inflation and other external pressures. Prior to 2017, Victory Electric had not had a rate increase in seven years. Despite the rate change, when compared to the 28 other electric cooperatives across Kansas, Victory Electric’s residential kWh rate is the seventh lowest.

While virtually all aspects of today’s cost of living continue to rise, we pride ourselves on avoiding routine price adjustments. We strive to operate efficiently and are committed to doing our best to minimize the impacts of any future rate changes by being proactive in our planning, offering education and training on energy efficiency, and focusing on maintaining the reliability, quality and integrity of our systems.

We invest in technology to improve reliability, operations and efficiency, actively work to streamline internal processes, and advocate for our members on the wholesale power level by representing Victory Electric on the board of directors of Sunflower, Mid-Kansas and KEPCo, our three wholesale electric power providers.

IMPROVING MEMBER EXPERIENCE WITH TECHNOLOGY

Several years ago, Victory Electric implemented an

advanced metering infrastructure (AMI) system, which is the backbone of our system. This primary technology upgrade has already begun to pay off. Victory Electric realizes these cost savings on a daily basis since service changes, remote connections, disconnections and the reading of meters are now done from the office. This saves the cooperative money because servicemen and meter readers do not have to travel to meters to make changes or obtain readings. In addition, programs and projects like AMI are aimed at improving service for our members while reducing the number of outages and the duration.

“

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We also have an outage management system (OMS) that integrates member information with Victory Electric’s operations and system information. OMS works in combination with our AMI system to provide important information to operations crews about the equipment affected and predict the number of services included in the outage. Integrated systems working together help us respond to the source of the outage faster and restore power more quickly.

Additional system enhancements allow members to report outages using the SmartHub web portal or mobile app. Automated outage and web portal reporting also decreases the number of phone calls we receive, allows member service representatives to handle calls sooner and faster, and decreases phone wait times for members.

PROTECTING OUR MEMBERS

While technology upgrades offer significant benefits to Victory Electric, we are also aware it can create new cybersecurity vulnerabilities and expand the risks associated with existing cybersecurity vulnerabilities.

Cybersecurity challenges are increasing for all segments of American society, and Victory Electric is going to great lengths to ensure the security of both our members’ data as well as the cooperative’s data and operational systems. We have developed a cybersecurity protocol with continual monitoring and upgrading to ensure compliance with rules and regulations and ensure the protection, integrity and confidentiality of system and member information.

A CONCENTRATED FOCUS ON SAFETY

While electricity is an integral part of our everyday lives, it can also be dangerous. It is important we have a comprehensive safety plan for not just our employees, but also for our members and our community. We take employee and public safety seriously, with continuing safety training for all 72 employees and programs for community organizations and businesses. These programs range from electricity-specific to CPR training, office safety, health safety and more. Building on previous success of the last Rural Electric Safety Accreditation Program inspection, we are revamping our safety policies and procedures in preparation for a new assessment.

Equipment, technology and the times have and will continue to change, but the cooperative’s business model of being a local, member-owned and governed, not-for-profit cooperative is the same as the vision set forth when Victory Electric was founded in 1945. That vision has always included more than just providing safe, reliable and affordable electricity. We are also committed to improving the quality of life in our local communities, and that will never change.



HEAVY ICE FROM WINTER STORM JUPITER PUTS IT ALL ON THE LINE

Crack! Snap! Boom! The sound of tree branches breaking and falling from accumulating ice was a common sound during what could be considered one of our biggest weather events in 2017. Winter Storm Jupiter invaded southwest Kansas on Sunday, January 15, and left behind a mess of downed trees and power outages. Victory Electric's nine county, 3,218-mile system took a direct hit and sustained damages well into the millions of dollars.

The damage to trees, power poles and line, transformers and other equipment caused by the ice was staggering. Ice on distribution lines can quickly lead to broken power poles and other equipment, but just as many outages are caused by tree branches breaking and falling on the wires due to the weight of the ice. To put it in perspective, the weight of 1 inch of ice on a 300-foot span of power line adds 496 pounds of weight and causes the line to sag 9 feet 9 inches.

Due to the damage caused by Winter Storm Jupiter, it is difficult to say we were lucky, but a combination of weather factors helped minimize the effects of the ice. At 30 degrees, temperatures hovered right at the freezing point, and the wind speed was only 10 mph. Ice accumulates when super-cooled rain freezes on contact with surfaces that are below the freezing point. Since the temperature was close to the freezing point, didn't stay below freezing long, and there were no strong winds to add extra force to the already weighed down tree branches and power lines, damages were reduced.

Thanks to the support of the community, contractors and mutual aid crews, Victory Electric was able to swiftly restore power to our members in about eight days. However, it took several more months to rebuild and permanently repair the damage. Victory Electric completed all storm-related work orders in November 2017.

Photo by Nate Stormont, Victory Electric lineman



WINTER STORM JUPITER



CAUSING DAMAGES THAT COST



169
DEDICATED WORKERS
INCLUDING VICTORY
ELECTRIC EMPLOYEES

CONTRACT
CREWS
& **9**

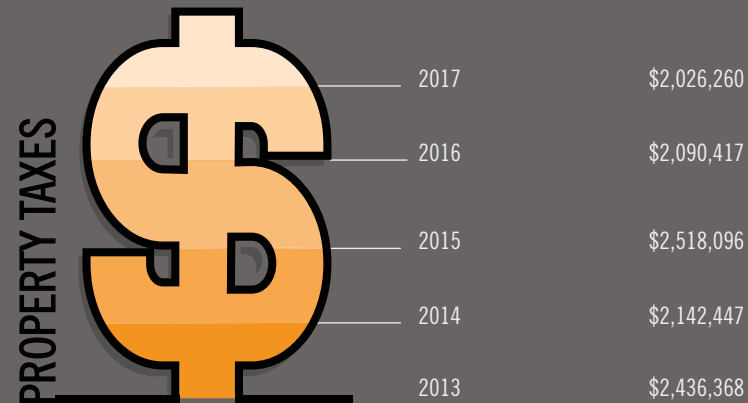
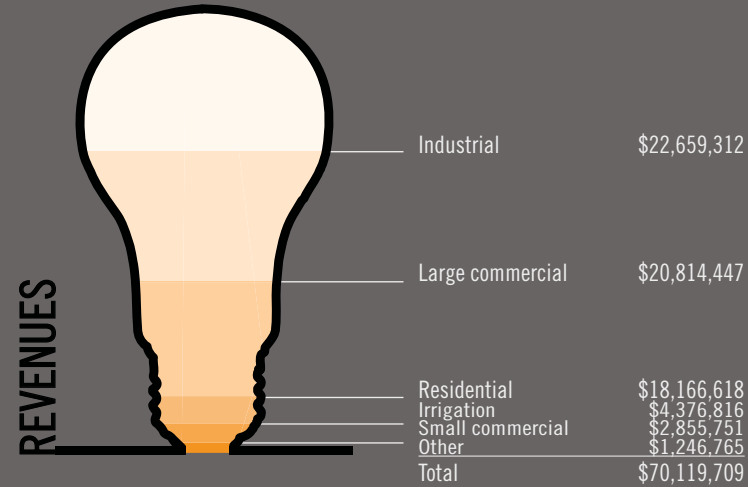
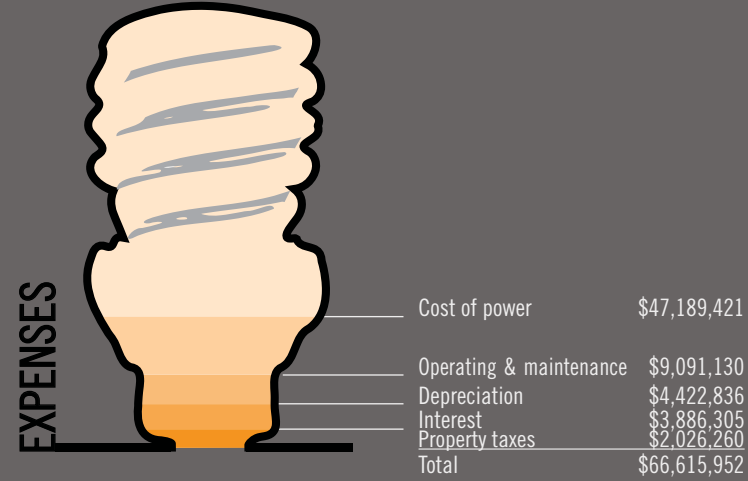
WORKED AROUND THE CLOCK
24h

08 DAYS FOR **12491:30** HRS MINS

TO REPLACE

443 POLES & **62** TRANSFORMERS

484 CROSSARMS



FINANCIAL REPORT FOR 2017

BALANCE SHEET

ASSETS	
Total Cost of Plant	\$161,577,380
Less Accumulated Depreciation	\$51,698,090
Net Value of Plant	\$109,879,290
Cash	\$1,554,013
Investments	\$29,396,468
Receivables	\$8,612,077
Materials and Supplies	\$2,087,929
Prepayments	\$114,365
Other Current & Accrued Assets	\$23,729
Deferred Debits	\$4,391,807
TOTAL ASSETS	\$156,059,678
LIABILITIES AND EQUITY	
Liabilities	
Long-Term Debt	\$99,491,998
Notes & Accounts Payable	\$4,451,302
Current Liabilities	\$7,173,084
Deferred Credits	\$93,372
TOTAL LIABILITIES	\$111,209,756
Members' Equity	
Deposits	\$1,068,224
Equities and Margins	\$43,781,698
TOTAL MEMBERS' EQUITY	\$44,849,922
TOTAL LIABILITIES AND EQUITY	\$156,059,678

INCOME STATEMENT

INCOME	
Electric Revenue	\$70,119,709
EXPENSES	
Cost of Power	\$47,189,421
Operating & Maintenance Expenses	\$9,091,130
Depreciation	\$4,422,836
Property Taxes	\$2,026,260
Interest	\$3,886,305
TOTAL EXPENSES	\$66,615,952
Operating Margins	\$3,503,757
Non-Operating Margins	\$2,989,184
NET MARGINS FOR 2017	\$6,492,941

The unaudited financial information set forth above is preliminary and subject to adjustments and modifications. Adjustments and modifications to the financial statements may be identified during the course of the audit work.

2017 ANNUAL MEETING MINUTES

The 72nd annual meeting of members of The Victory Electric Cooperative Assn., Inc., was held on Tuesday, April 11, 2017, at the Western State Bank Expo in Dodge City. The meeting followed a dinner served to 539 members and guests for approximately 850 meals.

The Dodge City High School Madrigals sang the National Anthem, and Kirk Larson gave the invocation.

President John Leis called the meeting to order at 6 p.m., pursuant to a notice that was mailed to all members in accordance with the bylaws of the cooperative and declared a quorum. Leis introduced Victory Electric's board of trustees and their spouses: Pat Morse, vice-president, and Shannon; Daryl Tieben, secretary/treasurer, and Carol; Cedric Drewes and Diane; Gary Gillespie and Kelly; Jim Imel and Cindy; Terri Larson and Kirk; Richard Lightner and Carol; Jim Ochs and Deb; Randy Quint and Lynne; Ken Schulte and Gwen; Kenny Wehkamp and Ivy; CEO Shane Laws and Ali; Dave Snapp, Victory Electric attorney; himself and his spouse, Jill.

Leis asked for a motion to approve the minutes of the 2016 meeting. A motion was made and seconded to approve the minutes as mailed. The motion carried. Leis asked for a motion to waive the reading of the official notice and affidavit of mailing. A motion was made, seconded and carried.

CEO, Shane Laws, introduced guests. Jerri Imgarten, vice president of communications, introduced the 2016 youth tour winners: Curtis Frink, Cimarron; Kyra Lampe, Hodgeman County; and Shelby Axtell, Montezuma, earned the trip to Washington, D.C., and Bernadette Shaugnessy, Cimarron, and Lucero DelReal, Dodge City, attended the Cooperative Youth Leadership Camp in Steamboat Springs, Colorado. After brief

speeches from the 2016 recipients, the 2017 winners were announced. Roxana Arjon, Dodge City, and Alec Coast, Cimarron, earned the trip to Washington, D.C., and Sydney Foster, Dodge City, and Haylee Brown, Montezuma, were selected to attend the leadership camp.

The winners of the 2017 Lightner Community Spirit Scholarship were also announced. The scholarship program recognizes students who have demonstrated academic success and shown a commitment to their communities. Winners were Katherine Fowler, Spearville; Morgan Hailey, Bucklin; Megan Maupin, Hodgeman County; Ali Phelps, Maribel Sanchez, Ngan Tran and Cara Unruh from Dodge City; Aaron Pinkerton, Minneola; Bernadette Shaugnessy, Cimarron; and Christopher Wendel, Ingalls.

Leis introduced Greg Hainer, nominating committee chairman. Leis asked for a motion to waive the reading of both the minutes and the report of the nominating committee. A motion was made, seconded and carried.

In his president's report, Leis spoke about the upcoming rate change and the history of Victory Electric.

Laws' CEO report touched on 2016 accomplishments and challenges facing electric utilities, including the Lesser Prairie Chicken and electric rates.

Attorney Dave Snapp announced the trustee election results. Those elected were District 2, John Leis; District 4, Jim Imel; District 6, Kenny Wehkamp; and District 10, Randy Quint.

Leis asked for any old or new business. There was none.

Numerous prizes from Victory Electric and vendors were given throughout the meeting. Leis thanked everyone for attending and adjourned the meeting at 6:55 p.m.



Photo by Mikey Goddard, Victory Electric vice president of safety.

VICTORY ELECTRIC BOARD OF TRUSTEES CANDIDATES



The cooperative territory is divided into ten districts, all of which are represented by a trustee. Victory Electric's bylaws require the city of Dodge City to be one district represented by three trustees. Each of the nine districts outside Dodge City is represented by one trustee.

Trustees are elected at the annual meeting for three-year terms of office. Each year, Dodge City has one trustee up for election. The other nine districts' trustees are up for election on a three-year rotation.

This year districts one, three, eight and ten are up for election.

Mail-in ballots are enclosed for those members in districts up for election.

Ballots must be received by 5 p.m. on the day prior to the annual meeting.

Only mailed ballots will be counted in the election. No voting will be held electronically or at the annual meeting.



DISTRICT 1



DARYL TIEBEN
Dodge City

Incumbent

I would like to extend my sincere gratitude to the members of Victory Electric Cooperative. It is my honor to be your voice on the board. We, the board of trustees,

strive every day to keep your electricity affordable, reliable and safe.

My wife Carol and I are deeply rooted in the community. We live south of Dodge City and have rental houses and farmland. My family owns My-D Han-D Mfg. Company, TOLD, and TKO Oil Company. My business experience gives me the background and familiarity with commercial, residential and agricultural electric rates.

As the secretary of Victory Electric's board of trustees and a representative on the KEPCo board of directors, I will continue to advocate to keep your rates as low as possible. My phone is always available for your calls and concerns. Thanks for your past and present support. I would appreciate your vote.

DISTRICT 3



KEN SCHULTE
Spearville

Incumbent

It has been an interesting and challenging few years serving on the board of trustees, and I am thankful for the opportunity to be an

advocate for the members of Victory Electric.

I have always tried to keep your best interests in mind when making decisions that would prompt any change for members. Sometimes making those hard decisions sparked disagreements and required a careful balancing act, but I guarantee you that all of us want what is best for both the cooperative and our members.

I want to thank each of you for your vote in the past election. If re-elected, I will continue to strive to protect all our interests and help keep Victory Electric an organization worthy of your pride. I would appreciate your continued confidence and vote in the upcoming election.

DISTRICT 8



CEDRIC DREWES
Dodge City

Incumbent

I am very grateful to the members of Victory Electric for the opportunity to serve on the board of trustees for the past nine years. As with any successful and

growing business, Victory Electric has endured its share of important and unique circumstances and challenges. I strive to keep the members' best interests in mind when making decisions and focus on keeping our electric service as safe, reliable, and affordable as possible.

I'm confident we have an electric cooperative in which we can all be proud. My college education and board leadership training, along with my experience in farm management, give me the qualifications necessary for this important position of representing the members of Victory Electric. I welcome the responsibility, and I am prepared for any challenges that lie ahead. Your continued support in district 8 is greatly appreciated.

DISTRICT 10



TERRI LARSON
Dodge City

Incumbent

It is a great honor and privilege to serve the members of Victory Electric. In my six-year tenure as a board trustee representing members in Dodge City, I've worked to

study key issues and trends affecting cooperatives to ensure I have the knowledge to make sound, educated decisions on behalf of the members.

I am a proud 30-year citizen of Dodge City, a teacher in the local school district, and active in my church and local community. My loyalty and devotion to our community, in combination with an MBA degree, give me the motivation and capability to make decisions that balance the best interests of our members with the stability of the cooperative.

The role of "trustee" is not a responsibility I take lightly. No different than I am entrusted to teach and guide your children in school, members of Victory Electric count on me to be your voice on the board. I sincerely thank you for your confidence in me and I would appreciate your consideration as I seek another term on the board of trustees.

DISTRICT 10



JEFFERY REINERT
Dodge City

I'm a fourth generation farmer with a passion for watching things grow, not only in agriculture, but also in rural America and my community. I was born and raised in Dodge City and currently live here with my wife and two children.

Every decision I make is based on what I can do today to make tomorrow better for my family. I believe in southwest Kansas and want it to thrive while providing opportunities for our youth. They need to feel empowered to take on local leadership roles.

A company and community are only as strong as the leaders that are put in place. Local cooperatives like Victory Electric provide countless opportunities through economic development and various careers to retain our youth and entice them to make Dodge City and surrounding communities their home.

I have served as a director on the board for Pride Ag Resources for seven years, the last three as vice-president, and this gives me the experience to be an asset to the electric cooperative system. I have completed all five director training courses for the Kansas Cooperative Council. I would appreciate your vote in April.

VICTORY ELECTRIC EMPLOYEES



Shane Laws — *Chief Executive Officer*
 Rae Jean Amy — *Executive Administrative Assistant*

ACCOUNTING

Angela Unruh — *Chief Financial Officer*
 Tami Henry — *Manager of Accounting and Business Analyst*
 Monica Lampe — *Accounting Clerk*
 Sandy Long — *Billing Coordinator*
 Melissa Ruiz — *Payroll Specialist*
 Steve Stecklein — *Manager of Plant Accounting*

MEMBER SERVICE

Amy Grasser — *Vice President of Corporate Services*
 Dania Blatnick — *Member Service Representative*
 Rubi Carbajal — *Senior Member Service Representative*
 Alexa Lozano — *Member Service Representative*
 Jessica Mashak — *Member Service Representative*
 Alma Robison — *Member Service Coordinator*

ENGINEERING

Greg Underwood — *Vice President of Engineering*
 Cory Ackerman — *Construction Coordinator*
 Jerry Dick — *Substation Technician*
 Rob Henry — *Manager of Substation Technology*
 Jeff Hubbell — *Electrical Engineer*
 Heith Konecny — *Manager of Metering Technology*
 Martha Konrade — *Engineering and Operations Assistant*
 Daniel Pogue — *Staking and Field Engineering Technician*
 Craig Renick — *Journeyman Meterman*
 Jarod Scheve — *Substation Technician*
 Josh Schmidt — *Supervisor of Key Accounts and Business Development*
 Michael Stefan — *Third Class Meterman*
 Richard Torres — *Substation Technician*

OPERATIONS

Ryan Miller — *Vice President of Operations*
 Eric Speer — *Manager of Operations*
 Ross Ackerman — *Journeyman Lineman*
 Armando Ceja — *Journeyman Tree Trimmer*
 Joel Daniels — *Crew Chief*
 Pat Deaver — *Crew Chief*
 Jeremy Elling — *Journeyman Lineman*
 Kevin Freeman — *Journeyman Lineman*
 Tanner Gemaehlich — *Second Class Lineman*
 Jason Gier — *Second Class Lineman*
 Kade Henry — *Journeyman Lineman*
 Marlon Hernandez — *Third Class Lineman*
 Phil Huffman — *Journeyman Lineman*
 Steve Jimmerson — *Tree Trimmer Foreman*
 Chris Konrade — *Journeyman Lineman*
 Kirk Konrade — *Journeyman Lineman*
 Jacob Ledford — *Journeyman Lineman*
 Dave Lowery — *Journeyman Lineman*
 Jeff Martinez — *Second Class Lineman*
 Ted McAtee — *Journeyman Lineman*
 Vidal Moreno Jr. — *Third Class Lineman*
 Kyndell Penick — *Journeyman Lineman*
 Shea Ricke — *Crew Chief*
 Jason Rohr — *Crew Chief*
 Jesus Ruiz — *Journeyman Lineman*
 Paul Schmidt — *Crew Chief*
 Mike Shewey — *Crew Chief*
 Kevin Sprott — *Mechanic*
 Felix Strauss — *Groundsman*
 Clayton Stein — *Journeyman Lineman*
 Nate Stormont — *Journeyman Lineman*
 Justin Straight — *Crew Chief*
 Lee Vierthaler — *Second Class Lineman*

COMMUNICATIONS

Jerri Imgarten — *Vice President of Communications*
 Kennedy St. George — *Communications Specialist*

INFORMATION TECHNOLOGY

Denzil McGill — *Vice President of Information Technology*
 Brad Ackerman — *Senior Information Technology System Analyst*
 Brent Nau — *Business Intelligence Analyst*
 Erica Penney — *Information Technology Analyst*

SAFETY AND PLANT

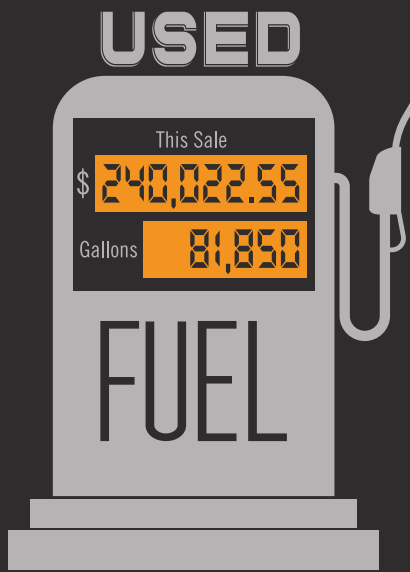
Mikey Goddard — *Vice President of Safety*
 Michael Clark — *Manager of Plant*
 Jason Guillen — *Warehouse Clerk*
 Roy Hampton — *Warehouse Clerk*
 Larry Schneweis — *Warehouse Clerk*



IN 2017 VICTORY ELECTRIC'S TRUCKS TRAVELED 5217683 MILES



5 2 1 7 6 8 3



MAINTAINING 3,218 MILES OF ELECTRIC LINE, EQUIPMENT AND PLANT WORTH \$109,879,290



SERVICING 1,408 WORK ORDERS

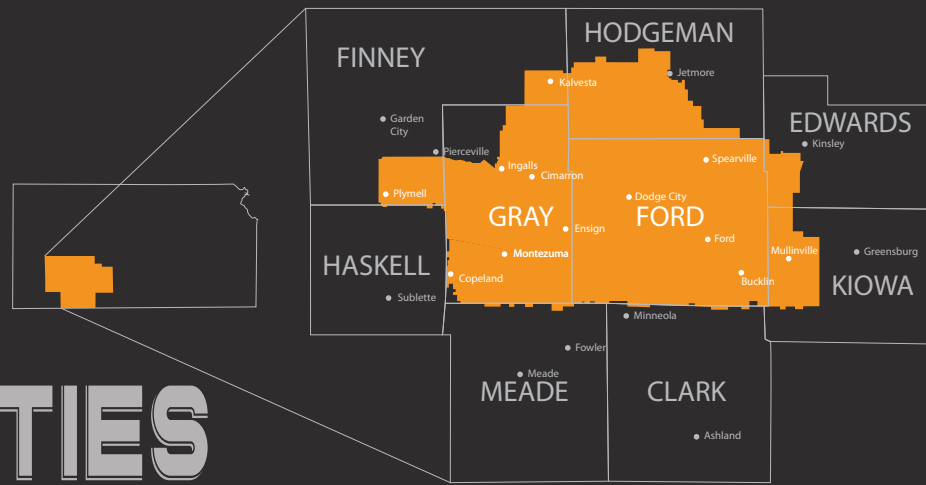


SETTING UP 125 NEW SERVICES



AND RESTORING 9,618 OUTAGES

ACROSS 2,538 SQUARE MILES IN 9 COUNTIES



TO PROVIDE OUR MEMBERS WITH QUALITY



OFFICIAL NOTICE

Notice is hereby given that the annual meeting of the members of The Victory Electric Cooperative Assn., Inc., for the year of 2017, will be held at the Western State Bank Expo Center, Dodge City, Kansas, on Tuesday, April 17, 2018, at 6 p.m. for the following purposes:

1. To hear, review and discuss the reports of officers and trustees;
2. To receive the report of the election results for trustees, one each from Districts 1, 3, 8 and 10 for a three-year term; and
3. To take action upon any and all other matters that may properly come before the meeting.

In connection with the election of the trustees, the following members have been nominated by the nomination committee appointed by the board pursuant to the bylaws:

- District 1: Daryl Tieben, 11424 109 Rd. Dodge City, KS 67801
- District 3: Ken Schulte, 11039 132 Rd. Spearville, KS 67876
- District 8: Cedric Drewes, 10597 Briarwood Dr. Dodge City, KS 67801
- District 10: Terri Larson, 2019 Cactus Rd. Dodge City, KS 67801
Jeffery Reinert, 1010 Summerlon Way Dodge City, KS 67801

Members serving on the nominating committee include Gerald E. Ring, Alan Schneweis, Rex Aistrup, Levi Benjamin, Ray Ridgeway, Jr., Steven Dasenbrock, Dave Harris and Lisa Mazza.

Daryl Tieben

Secretary/Treasurer
Dated this 20th day of February 2018
The Victory Electric Cooperative Assn., Inc.



BOARD OF TRUSTEES

Victory Electric is a locally owned and operated business, and the board of trustees is elected by the membership. Like you, they are cooperative members but with a special perspective.

Your board comprises members living throughout the Victory Electric service area, and they are local citizens with the best interests of members, the community and the cooperative always in mind. The cooperative territory is divided into districts, all of which are represented by a trustee. Trustees are elected at the annual meeting for three-year terms of office.

The business and affairs of the cooperative are directed by the board of trustees, which exercises the powers of the cooperative. The primary functions of an electric cooperative board are planning and policy oversight, establishing the long-term objectives of the cooperative, and providing resources to meet those objectives. The board works closely with the CEO and senior staff to review progress, ensure accountability, make strategic decisions, and stay current on an increasingly complex business.



John Leis
President
13 yrs. of service



Pat Morse
Vice President
11 yrs. of service



Daryl Tieben
Secretary/Treasurer
9 yrs. of service



Richard Lightner
Trustee
36 yrs. of service



Jim Imel
Trustee
31 yrs. of service



Kenny Wehkamp
Trustee
21 yrs. of service



Ken Schulte
Trustee
11 yrs. of service



Cedric Drewes
Trustee
9 yrs. of service



Randy Quint
Trustee
7 yrs. of service



Gary Gillespie
Trustee
6 yrs. of service



Terri Larson
Trustee
6 yrs. of service



Jim Ochs
Trustee
5 yrs. of service



PRESIDENT'S REPORT

EMBRACING CHANGE

More than 80 years ago, local citizens formed not-for-profit electric cooperatives with a single purpose in mind: to produce and deliver electricity to rural America. Although many aspects of our business have remained the same for decades, the electric utility industry is experiencing a fundamental transformation in large part due to technological advances, innovation, and changing member expectations. With the emergence of smartphones and the interconnectivity of devices, who can argue the pace of change is faster than ever before? As we have been since our inception, Victory Electric is committed to embracing change by working to identify and adjust to the growing needs of our members.

A LOOK BACK

Think back 10 years ago, 20 years ago, and even 50 years ago. Victory Electric bought power from a wholesale generation and transmission company. That power was delivered over transmission lines from a coal-fired or natural gas power plant one county over, and electricity then traveled over distribution lines, built and maintained by Victory Electric linemen, to our members.

Victory Electric billed members monthly based on meter readings recorded by the members on the previous month's payment stubs. Finally, members mailed their payments to our local office.

TECHNOLOGY CHANGES BOTH OUR MEMBERS' LIVES AND THE WORK AT VICTORY ELECTRIC

The introduction of technology – including digital meters, the internet, and integrated systems – drastically changed the industry. Digital meters have eliminated the need for members to read meters each month. Equipment installed on power lines and in substations helps isolate the location of an outage and restore power faster—all from a computer and without rolling a truck. Also, payments are easier than ever. In addition to checks, members have the option to pay with a credit card, debit card or cash via the internet on their phone, tablet or computer.

Nine years ago, Victory Electric started installing digital meters system wide. These devices are capable of generating 8,640 pieces of data each month. This valuable data is used to increase efficiencies, increase

member engagement, design rates, and put technology and information at your fingertips. Instead of getting a single meter reading each month, you can now tap your mobile device to analyze hourly consumption readings, get information about your electric use, pay your bill at the click of a button, and engage with Victory Electric employees on how to best manage your energy use. The technology also provides Victory Electric the ability to create beneficial programs that give you more choices and flexibility. For example, Victory Electric is actively working on a program that will give you more control over your energy use and account by allowing you to choose an alternative to a monthly electric bill.

As a member-owned electric cooperative, Victory Electric has an obligation to embrace technology and grow in a manner that benefits our members. I have no doubt this era of technology and change has just begun, and I am confident the leadership and employees at Victory Electric will guide the cooperative in a direction that seizes opportunities while keeping the best interests of our members in mind.

« LIGHTNER COMMUNITY SPIRIT SCHOLARSHIPS

Victory Electric was a proud sponsor of the Lightner Community Spirit Scholarship program in 2017.

The scholarship program was open to eligible high school seniors and college students and was designed to recognize students who have demonstrated academic success as well as showing commitment to bettering their communities.

Last spring, ten local students whose families are served by Victory Electric each earned a \$1,000 Lightner Community Spirit Scholarship.

- » **Katherine Fowler** of Spearville, daughter of Richard and Kennadine Fowler, senior at Spearville High School.
- » **Morgan Hailey** of Bucklin, daughter of Mechele Hailey, senior at Bucklin High School.
- » **Megan Maupin** of Jetmore, daughter of Jay Maupin and Marlene Maupin, senior at Hodgeman County High School.
- » **Alexandria (Ali) Phelps** of Dodge City, daughter of Michael and Mandy Phelps, senior at Dodge City High School.
- » **Aaron Pinkerton** of Dodge City, son of Ron and Julie Pinkerton, senior at Minneola High School.

- » **Maribel Sanchez** of Dodge City, daughter of Leopoldo and Julie Sanchez, senior at Dodge City High School.
- » **Bernadette Shaughnessy** of Cimarron, daughter of Shawn and Anne Shaughnessy, senior at Cimarron High School.

“

...designed to recognize students who have demonstrated academic success as well as showing a commitment to bettering their communities.

”

- » **Ngan Tran** of Dodge City, son of Su Tran, senior at Dodge City High School.
- » **Cara Unruh** of Dodge City, daughter of Shane and Angela Unruh, senior at Dodge City High School.
- » **Christopher Wendel** of Ingalls, son of Daniel and Leasa Wendel, senior at Ingalls High School.

“We congratulate the 2017 scholarship winners and are proud to reward the students for their academic success and dedication to their community,” said Shane Laws, Victory Electric CEO. “As a not-for-profit cooperative, one of our guiding principles is ‘Commitment to Community,’ and I can’t think of a better way than a scholarship program to give back to the communities we serve and encourage youth to be involved in their own community.”

The name of the scholarship honors the Lightner family of Plymell, Kansas. Richard Lightner has served on Victory Electric’s board of trustees for 36 years and his father, George, served 31 years previous. Both strongly supported Victory Electric’s community and youth programs.

To be eligible, each applicant must be an active member in good standing with the cooperative or a dependent of such member. An applicant must be a student or entering an accredited technical school, college or university.

Victory Electric offers these scholarships each year. Applications can be downloaded on our website at victoryelectric.net.



LOCAL YOUTH RECOGNIZED »»

STUDENTS SELECTED TO TRAVEL WITH YOUTH TOUR PROGRAM

Victory Electric sponsors local high school juniors to attend two unique trips and learn about rural electric cooperatives and leadership opportunities.

The 2017 winners will attend the annual meeting to share their experiences with you. The program is now in its 54th year, and we look forward to introducing you to the new 2018 winners at the annual meeting.

During the Electric Cooperative Youth Tour, students join 1,800 youth representing cooperatives from across the nation in Washington, D.C. Students visit monuments, museums and tour Capitol Hill to learn more about how our government works. Winning the 2017 trip were Roxana Arjon, Dodge

City, and Alec Coast, Cimarron (top left photo).

At Cooperative Youth Leadership Camp in Steamboat Springs, Colorado, students join youth from Colorado, Kansas, Oklahoma and Wyoming. Campers form a mock cooperative, participate in leadership activities, visit a power plant, and learn about the electric cooperative industry. Winning the camp trip were Haylee Brown, South Gray, and Sydney Foster, Dodge City (top right photo).

Four winners, two for each trip, are selected each fall from eligible local high school juniors. Students must submit a résumé, two short essays, two letters of recommendation, and interview with a panel of judges.

BRING THIS REGISTRATION CARD TO THE ANNUAL MEETING

Victory Electric’s annual meeting is on April 17, 2018, at the Western State Bank Expo Center, located at 11333 U.S. Highway 283.

- » Be sure to bring this registration card to the annual meeting and register at the door.
- » 5 p.m.
 - Registration begins**
 - Dinner served: steak, baked potato, green beans, dinner roll and cake
- » 6 p.m.
 - Business meeting
 - Results of trustee election
 - Brief cooperative reports

***A registration gift will be given to residential members who attend the annual meeting. Bring this card to redeem your gift at the end of the meeting. Limit of one gift per residential member.*


Quick Tip:

If the service you are paying is not in your name, please call us to request a transfer prior to the meeting. Remember, capital credits are being accrued in the name on the account.

WE LOOK FORWARD TO SEEING YOU THERE!





A Touchstone Energy[®] Cooperative 
3230 North 14th Ave.
Dodge City, Kansas 67801



For all your Victory Electric news and events and to stay in touch, we encourage you to visit us online. You can pay your bill, see outage updates, a calendar of events, energy efficiency and safety tips, and more.



VICTORYELECTRIC.NET
FACEBOOK.COM/VICTORYELECTRIC
TWITTER.COM/THEVICTORYELEC



*To view the annual report in Spanish, please visit our website at victoryelectric.net.
Para ver el informe anual en español, visite nuestro sitio web en victoryelectric.net.*



BYLAWS PERTAINING TO VOTING AND THE OFFICIAL BALLOT

In accordance with The Victory Electric Cooperative Association, Inc., bylaws, Article IV, Section 3, Paragraph 4 states, "The term of office shall be for three (3) years or until their respective successors shall have been elected and have qualified. All trustees shall be elected by secret mailed ballots or electronically transmitted ballots or such combination thereof as shall be prescribed by the secretary. The form and procedure for balloting shall be prescribed by the secretary. Ballots shall be received by the secretary by five o'clock p.m. on the date prior to the annual meeting. Ballots shall be counted the day of the annual meeting and the results announced at the annual meeting. Each trustee shall be elected by those members and only those members within the district represented by such trustee. Trustees shall be elected by a plurality vote of the members from within each district."

Article III, Section 5 states, "Each member shall be entitled to only one vote. A member is entitled to only one vote regardless of the number of service locations provided to the member. All questions shall be decided by a vote of a majority of the members voting thereon in person except as otherwise provided by law, the articles of incorporation, or these bylaws. Members may not vote by proxy.

The governing body of every member other than a natural person shall furnish a certificate to the cooperative certifying to the name of an individual person who shall have the right to cast the vote for such member. Such certificate shall remain in full force and effect, and the cooperative may rely upon the same, until the certificate is withdrawn by the member or superseded by a later certificate from the member."

BUSINESS/ENTITY VOTING INSTRUCTIONS

A Victory Electric membership, if anything other than a natural person (individual), is considered an entity. Entities include corporations, limited liability companies (LLC), and partnerships. An entity is required to designate a representative to act on behalf of the entity in any election of trustees or vote on any issue submitted to the members at the annual meeting.

This designation is only effective if signed on behalf of the entity by an authorized representative, who for a corporation must be a president or vice-president; for a partnership, a partner; and for other types of organizations, one acting in an authorized capacity.

Please complete the form below to identify the business entity holding the Victory Electric membership and describe the type of entity. By signing the form below, you certify you are the owner or have authority from the governing body of the entity, and you are acting on their behalf to name a voting rights designee.

If you are a business/entity, this form MUST BE ENCLOSED with your ballot. Without this form, your ballot will not be accepted or counted.

DESIGNATION OF BUSINESS/ENTITY VOTING RIGHTS

This is a certification by _____
Name of business or entity/name on account

Tax ID# _____

This business entity is a: (circle one)

- | | |
|--------------------------------|---------------------------------|
| Sole Proprietorship | General Partnership |
| Corporation | Limited Liability Company (LLC) |
| Other (Please describe): _____ | |

I, _____, hereby certify I am the
 (Please circle one) Owner President
 Managing Member General Partner
 of the above named entity, and I, as owner, or on behalf of the governing body of the above named entity, do certify the following person is designated

Name of voting rights designee
 to vote on behalf of the member in all matters related to The Victory Electric Cooperative Association, Inc.

Date _____
Certifying person signature

OFFICIAL BALLOT INSTRUCTIONS

Please vote for only one person. Insert the ballot in the postage paid return envelope and validate the person signing is the same person on the account listed on the exterior of the envelope. **If someone other than the main account holder signs, the ballot is invalid.** Seal the return envelope and return only one (1) ballot per return envelope.

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Only mailed ballots will be counted in the election. There will be no voting for trustees at the meeting. Please **do not send your electric bill** with the ballot.

If you are a business entity, please include the voting rights designation form with your ballot.

As stated above, the ballot envelope must be signed by the Victory Electric account holder. If the account is in a deceased person's name and signed by another person, the ballot is invalid. Please contact Victory Electric to change the membership and be issued an updated ballot.

THE VICTORY ELECTRIC COOPERATIVE ASSN., INC.

Annual Meeting
 April 17, 2018

BALLOT FOR TRUSTEES

Nominees for trustee:

District 10:


Vote for one

Terri Larson (incumbent)

Jeffery Reinert

*Insert the ballot in the postage paid return envelope and sign your name on the exterior of the envelope. If you are a business/entity, the voter designation form must be included with this ballot. Seal the return envelope and return only one (1) ballot per return envelope. To be counted in the election, your ballot must be in Victory Electric's possession by **5 p.m. on April 16, 2018.***



A Touchstone Energy® Cooperative 

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DESIGNATION OF BUSINESS/ENTITY VOTING RIGHTS

This is a certification by _____
Name of business or entity/name on account

Tax ID# _____

This business entity is a: (circle one)

Sole Proprietorship	General Partnership
Corporation	Limited Liability Company (LLC)
Other (Please describe): _____	

I, _____, hereby certify I am the
 (Please circle one) Owner President
 Managing Member General Partner
 of the above named entity, and I, as owner, or on behalf of the governing body of the above named entity, do certify the following person is designated

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 to vote on behalf of the member in all matters related to The Victory Electric Cooperative Association, Inc.

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THE VICTORY ELECTRIC COOPERATIVE ASSN., INC.

Annual Meeting
 April 17, 2018

BALLOT FOR TRUSTEES

Nominees for trustee:

District 1:

Vote for one

Daryl Tieben (incumbent)

*Insert the ballot in the postage paid return envelope and sign your name on the exterior of the envelope. If you are a business/entity, the voter designation form must be included with this ballot. Seal the return envelope and return only one (1) ballot per return envelope. To be counted in the election, your ballot must be in Victory Electric's possession by **5 p.m. on April 16, 2018.***



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DESIGNATION OF BUSINESS/ENTITY VOTING RIGHTS

This is a certification by _____
Name of business or entity/name on account

Tax ID# _____

This business entity is a: (circle one)

Sole Proprietorship General Partnership
 Corporation Limited Liability Company (LLC)
 Other (Please describe): _____

I, _____, hereby certify I am the
 (Please circle one) Owner President
 Managing Member General Partner

of the above named entity, and I, as owner, or on behalf of the governing body of the above named entity, do certify the following person is designated

Name of voting rights designee

to vote on behalf of the member in all matters related to The Victory Electric Cooperative Association, Inc.

Date _____
Certifying person signature

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THE VICTORY ELECTRIC COOPERATIVE ASSN., INC.

Annual Meeting
 April 17, 2018

BALLOT FOR TRUSTEES

Nominees for trustee:


District 3:

Vote for one

Ken Schulte (incumbent)

*Insert the ballot in the postage paid return envelope and sign your name on the exterior of the envelope. If you are a business/entity, the voter designation form must be included with this ballot. Seal the return envelope and return only one (1) ballot per return envelope. To be counted in the election, your ballot must be in Victory Electric's possession by **5 p.m. on April 16, 2018.***



A Touchstone Energy® Cooperative 

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DESIGNATION OF BUSINESS/ENTITY VOTING RIGHTS

This is a certification by _____
Name of business or entity/name on account

Tax ID# _____

This business entity is a: (circle one)

Sole Proprietorship

General Partnership

Corporation

Limited Liability Company (LLC)

Other (Please describe): _____

I, _____, hereby certify I am the

(Please circle one)

Owner

President

Managing Member

General Partner

of the above named entity, and I, as owner, or on behalf of the governing body of the above named entity, do certify the following person is designated

Name of voting rights designee

to vote on behalf of the member in all matters related to The Victory Electric Cooperative Association, Inc.

Date

Certifying person signature

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THE VICTORY ELECTRIC COOPERATIVE ASSN., INC.

Annual Meeting
April 17, 2018

BALLOT FOR TRUSTEES

Nominees for trustee:


District 8:

Vote for one

Cedric Drewes (incumbent)

*Insert the ballot in the postage paid return envelope and sign your name on the exterior of the envelope. If you are a business/entity, the voter designation form must be included with this ballot. Seal the return envelope and return only one (1) ballot per return envelope. To be counted in the election, your ballot must be in Victory Electric's possession by **5 p.m. on April 16, 2018.***



A Touchstone Energy® Cooperative 



A Touchstone Energy® Cooperative 

3230 N 14th Ave.
Dodge City, KS 67801



Your Victory Electric
annual report is enclosed



A Touchstone Energy® Cooperative 

3230 N 14th Ave.
Dodge City, KS 67801

Victory Electric annual report



Your district is up for election.
BALLOT ENCLOSED

Don't throw away this envelope before making sure
you remove the official ballot envelope.