

## THE VICTORY ELECTRIC CO-OP

# electronews



### The Victory Electric Co-op Assn., Inc.

#### Board of Trustees

**Kenny Wehkamp**

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**John Leis**

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**Pat Morse**

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**Gary Gillespie**

Trustee

**Jim Imel**

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Trustee

**Richard Lightner**

Trustee

**James Ochs**

Trustee

**Randy Quint**

Trustee

**Ken Schulte**

Trustee

**Daryl Tieben**

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#### Staff

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**Greg Underwood**

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**Jerri Imgarten**

Manager of Marketing and Communications

**Karla Durrant**

CFO

**Michael Clark**

Manager of Purchasing

**Ryan Miller**

Supervisor of Operations

**Tom Lowery**

Manager of Operations

### FROM THE CEO

## Local Before Local Was Cool

*Autonomy & Independence: One of the Seven Cooperative Principles that give all co-ops guidance*

Whether you travel across the country or prefer to stay close to your hometown, one thing you may be noticing is the emphasis on “Buy Local” campaigns. This is based on one simple fact: It’s important to support businesses that support our community.

The Small Business Administration and the research firm Civic Economics estimate that dollars spent at a locally owned business stay in the community more than three times longer than money spent at “Big Box” stores, headquartered far away from your hometown. This means your community wealth is more likely to grow by shopping locally.

Consumer cooperatives, like Victory Electric, have known this forever. We were formed in 1945 by people in this community to serve the people that work, worship and live in this community.

A common expression among cooperators is, “If you’ve seen one co-op, you’ve seen one co-op.” While there are many similarities between co-ops, the fact that we are controlled locally, allowing us to serve your needs, is a critically important principle.

The fourth of our Seven Cooperative Principles is: Autonomy and Independence, and that is defined as follows: Cooperatives are autonomous, self-help organizations controlled by their members. If the co-op enters into agreements with other organizations or raises capital from

external sources, it is done so based on terms that ensure democratic control by the members and maintain the cooperative’s autonomy.

This will allow us to continue to be the self-help organization envisioned by the founders of the modern cooperative movement.

In other words, for the co-op to stay a co-op it is vitally important we stay close to you, our members, to ensure we are continuing to respond to your needs. This could be through increasing energy-efficiency programs, offering renewable sources of energy and continuing our efforts to support other local businesses, schools and civic organizations.

You can be sure that Victory Electric will not be moving our operations out of the country, as so many other corporations do. We began right here in southwest Kansas, and we plan on being here for a very long time. You can take that to the bank, or better yet, the credit union – as all credit unions are financial cooperatives. As always, we welcome your participation and suggestions about how we can improve our locally owned and controlled services.



Shane Laws

*Thanks, Shane*

## FROM THE BOARD PRESIDENT

### Victory Seeks Board Nominations



Kenny  
Wehkamp

**Dear Victory Members,**  
It is time once again to start thinking about Victory Electric's annual membership meeting held in April 2015.

We are currently soliciting nominations for Victory Electric's board of trustees. Positions up for election are in District 1, currently held by **DARYL TIEBEN**, Dodge City; District 3, currently held by **KEN SCHULTE**, Spearville; District 8, currently held by **CEDRIC DREWES**, Dodge City; and District 10, currently held by **TERRI LARSON**, Dodge City.

To qualify, you must be a natural person (not a corporation, partnership or any other business entity); and your principal residence must be served by Victory Electric and located within our territory and within the district which you wish to represent. Also, if a close relative of yours—within the third degree—is an employee or a trustee of Victory Electric, you are not eligible to run for a trustee position.

Duties of an elected trustee include: attending a monthly six-to-eight hour board meeting, board training opportunities, and some travel will be required.

If you would like to run for a position, or you know someone interested, please send a letter of interest with qualifications to Shane Laws or Kenny Wehkamp at Victory Electric, P.O. Box 1335, Dodge City, KS 67801.

Sincerely,  
**KENNY WEHKAMP, PRESIDENT**

## Leis & Schulte Achieve Credentials in Today's Electric Utility Competencies

**JOHN LEIS** and **KEN SCHULTE** from Victory Electric received the Board Leadership certificate from the National Rural Electric Cooperative Association (NRECA).

Leis and Schulte were recognized at NRECA's Region 7 and 9 meeting for their commitment to education and attainment of the Board Leadership certificate in front of more than 750 electric cooperative officials from Alaska, California, Colorado, Hawaii, Idaho, Kansas, Montana, Nebraska, Nevada, Oregon, Utah, Washington and Wyoming.

Today's electric utility environment imposes new demands on electric cooperative trustees, particularly increased knowledge of changes in the electric utility business, new governance skills and a working knowledge of the cooperative principles. Trustees have a commitment to work through NRECA to sharpen this body of knowledge for the benefit of their electric cooperative member-owners.



John Leis



Ken Schulte

The NRECA Credentialed Cooperative Director (CCD) program is a prerequisite certification to the Board Leadership certificate and the program requires attendance and demonstrated understanding of the basic competencies contained in five core courses. Leis and Schulte met those requirements and continued their education to receive the Board Leadership certificate, which recognizes individuals who continue their professional development after becoming a CCD. Trustees who have attained the Board Leadership certificate have completed 10 credits in advanced, issues-oriented courses.

**MY APPLIANCES  
AREN'T THE ONLY  
ENERGY STARS IN  
MY HOUSE.**

I am, too. Because now I know how to get the most out of them. By simply using more efficient settings on my ENERGY STAR® qualified appliances, I'm really helping the savings grow. What can you do? Find out how the little changes add up at [TogetherWeSave.com](http://TogetherWeSave.com).

**TOGETHERWESAVE.COM**

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# Victory Youth Enjoy 8th Annual Pumpkin Festival



The Annual Pumpkin Painting and Carving Festival was attended by approximately 550 area youth.

The 8th Annual Pumpkin Painting and Carving Festival was held on October 25 at Victory Electric.

Sponsored by Victory Electric and Ladies Community Outreach, the event was free for the approximately 550 youth who participated.

“The kids really love coming out and using their creative abilities to create pumpkins that are artistic and uniquely their own,” said Jerri Imgarten, manager of marketing and communications at Victory Electric. “I enjoyed

helping with such a fun and festive event for the youth of the Dodge City and surrounding communities.”

Victory sponsors the event to provide a safe environment for kids to enjoy Halloween activities. It is also a way to give back to the community and supply a pumpkin to those kids in our community that may not otherwise get a pumpkin to paint or carve.

In addition to painting and carving, there were also Halloween and fall-themed games for the youth to enjoy.



Chase Pogue concentrates on painting his pumpkin.



Larry Schneweis (right) helped the kids pick the perfect pumpkin.



Carter Rynerson shows off his creation.



Brynley Rynerson had a great time watching her big brothers paint pumpkins.



There were many colorful pumpkins, even some superman and ninja turtle themed pumpkins.



# Merry Christmas



**Shane Laws**  
CEO



**Kenny Wehkamp**  
Board President



**John Leis**  
Vice President



**Pat Morse**  
Secretary/Treasurer



**Cedric Drewes**  
Trustee



**Gary Gillespie**  
Trustee



**Jim Tr...**



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*Victory Electric; Shane Laws, CEO; the board of trustees; and employees wish all of our members a Merry Christmas and a Happy New Year! We will be closed on December 25-26 in observance of the Christmas holiday, and on January 1 for New Year's.*



**Tom Imel**  
Trustee



**Terri Larson**  
Trustee



**Richard Lightner**  
Trustee



**Jim Ochs**  
Trustee



**Randy Quint**  
Trustee



**Ken Schulte**  
Trustee



**Daryl Tieben**  
Trustee

# High School Juniors: Win a Free Trip to Washington, D.C., or Steamboat Springs, Colorado

If you are a high school junior and would like to increase your leadership skills, meet new friends and travel, you can apply for the Youth Tour through Victory Electric.

During the Cooperative Youth Tour, June 11-18, 2015, students will join 1,600 youth from across the nation in Washington, D.C. Participants will visit the monuments and other attractions, as well as visit Capitol Hill to learn more about how our government works.

At the Cooperative Youth Leadership Camp, July 11-17, 2015, students will join youth from Colorado, Wyoming, Oklahoma and Kansas. Campers form a mock cooperative, participate in leadership activities, and learn about the cooperatives.

Students will be selected based on a resumé, application and an interview. To apply, contact your high school counselor, high school principal, or Jerri Imgarten at Victory Electric Cooperative by calling 620-371-7730 or 800-279-7915 for more information about the contest.

The deadline for applications is **January 31, 2015.**

## Two Winners, All-Expenses-Paid Electric Cooperative Youth Tour June 11-18, 2015, in Washington, D.C.



2014 D.C. winners were (from left) MacKenzy Meis, Andrea Sanchez, and Camryn Williamson at the U.S. Capitol before meeting with Senators Jerry Moran and Pat Roberts.

## Two Winners, All-Expenses-Paid Cooperative Youth Leadership Camp July 11-17, 2015, in Steamboat Springs, CO



2014 camp winners were (from left) Madison Salmans, Ashlee Bohannon, and Carolina Ramirez pose near Elk River at their camp in Colorado.

## The deadline for applications is January 31, 2015.

### Victory Electric Cooperative Youth Tour Application

*The deadline for applications is January 31, 2015*

Name of Applicant: \_\_\_\_\_

Mailing Address: \_\_\_\_\_ City \_\_\_\_\_ Zip \_\_\_\_\_

Birth Date \_\_\_\_\_ Applicant Cell Number \_\_\_\_\_

Name of Parents or Guardian \_\_\_\_\_ Parent/Home Number \_\_\_\_\_

E-mail \_\_\_\_\_ School \_\_\_\_\_

I agree that all information supplied in this application is accurate and true. \_\_\_\_\_  
(Signature of Applicant)

I hereby grant permission for \_\_\_\_\_ to enter the 2015 Youth Tour competition sponsored  
by The Victory Electric Cooperative Assn., Inc. \_\_\_\_\_  
(Signature of Parent or Legal Guardian)



# Varied Pieces Form the Electricity Rate Puzzle

An electric rate is the system of pricing electricity that ensures the recovery of costs necessary for an electric utility to continue providing reliable electricity to you. One of the board's most important responsibilities is to design rates that meet the near- and long-term goals of Victory Electric while keeping your electric rates as low as possible.

Each distribution system faces unique issues and challenges, and this results in different rate structures that are designed to meet the specific needs and goals of each electric co-op. Although rate structures vary by cooperative, most distribution cooperatives' retail rates are based on two common components: the actual cost of wholesale services and the co-op's cost to deliver the power to the members. On your monthly bill, you see those costs broken out in the following ways:

- ▶ **Customer charge**—This standard charge on each member's monthly bill is based on what it costs the cooperative to make service available and is the same for each of the members in a particular class. Even if the member doesn't use any electricity during the billing cycle, this charge covers the costs of transporting electricity from wholesale transmission facilities over distribution lines and through transformers to a member's meter. It also includes expenses that stay the same regardless of other factors or the level of sales, such as rent, utilities, staff salaries, taxes and depreciation on buildings.
- ▶ **Electric energy charge**—This cost is associated with the amount of energy used by the member. It is expressed as dollars per kilowatt-hour and is applied to the member's kilowatt-hour usage.
- ▶ **Energy Cost Adjustment (ECA) charge**—This is a monthly billing charge that reflects wholesale purchases from our power suppliers Sunflower, Mid-Kansas, KEPCo and the market. Wholesale rates, which make up the largest percentage of a monthly bill, include the costs of generating and purchasing power, as well as the cost of transmission needed to deliver the power to Victory Electric. Many factors affect the price of wholesale purchases, including market fluctuations, transmission congestion, weather, changes in the price of fuel, and unforeseen changes in the operations of Sunflower's and

Mid-Kansas' generating fleets. A base energy rate is already included in Victory Electric's monthly electric energy charge. When the cost of wholesale power rises above the base rate, the difference is passed on to the member. When the cost of wholesale power is below the base rate, the difference is reflected on the member's electric bill as a credit. The ECA charge is calculated monthly and allows for a more stable rate structure.

## External Rate Pressures

Victory Electric, Sunflower, and Mid-Kansas boards of directors make every effort to keep rates affordable, but, unfortunately, outside influences have a significant impact. For example, costs associated with fortifying generation and transmission infrastructure, financial reporting procedures, and necessary upgrades to physical and cyber security, add to electricity costs.

Environmental regulations also impact the cost of electricity. When businesses are forced to comply with government regulations, the cost of compliance gets built into the price of goods and services, including electricity, thus increasing rates.

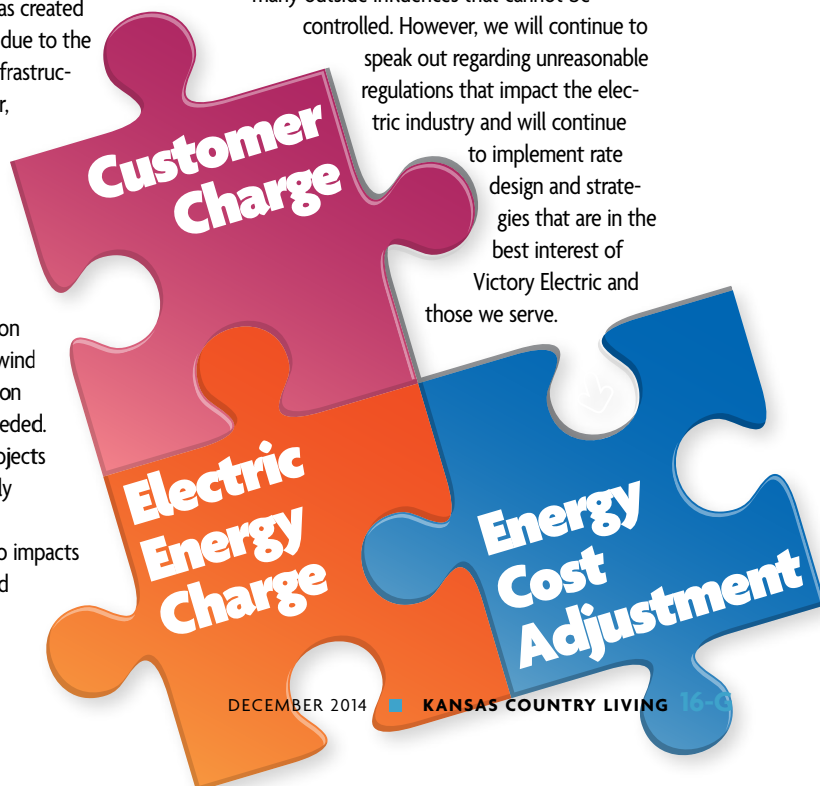
The demand for renewable energy has spurred the growth of wind developments in central and western Kansas and has provided an economic boost to many rural areas. However, this influx of wind energy on the transmission system has created electricity congestion due to the lack of transmission infrastructure, forcing Sunflower, Mid-Kansas and their member-owners, (including Victory Electric), to assume a significant share of the responsibility for building transmission capable of delivering wind energy out of the region to areas where it is needed. These transmission projects add cost and ultimately increase electric rates.

Wind energy also impacts prices in the Integrated Market (IM), the new centralized dispatch

approach for energy and ancillary services. If wind energy is available in the market at a time when it can displace higher cost resources, such as natural gas, wind energy is an economical benefit to wholesale rates. However, when the required use of wind energy displaces lower cost resources, such as coal or low-priced market energy, it becomes a detriment to wholesale rates. It is also important to note that all taxpayers help subsidize the cost of wind energy through Production Tax Credits.

The cost of fuel is still another aspect of the industry that is beyond control of electric utilities. Historically, coal has proven to be the most economical dispatchable generation resource, while the cost of natural gas can be extremely volatile. In fact, natural gas has doubled in price during the past year. Our diverse portfolio of generation resources—which includes coal, natural gas, wind, and a small amount of hydro—helps stabilize wholesale fuel prices, but as with every commodity, supply and demand of fuel dictate cost. When government regulations are implemented to limit the use of fossil-fueled generation—especially coal, the most cost-effective energy resource—the practice of utilizing diverse fuel resources to keep energy costs affordable will be impeded.

Electric utilities will continue to face many outside influences that cannot be controlled. However, we will continue to speak out regarding unreasonable regulations that impact the electric industry and will continue to implement rate design and strategies that are in the best interest of Victory Electric and those we serve.



# Happy Holidays

FROM THE

# Energy Explorers



America's Electric  
Cooperatives