



JOIN US APRIL 11, 2023

Annual Meeting

WESTERN STATE BANK EXPO CENTER
11333 U.S. HIGHWAY 283 IN DODGE CITY

5:30 pm

REGISTRATION BEGINS

Bring the registration card you received in the mail to the meeting for express registration.
No meal provided.

6 pm

MEETING BEGINS

Brief cooperative reports and the results of the trustee election.



SCAN TO
WATCH LIVE

THE VICTORY ELECTRIC

Annual Report

AND
MEETING NOTICE



FACEBOOK.COM/VICTORYELECTRIC



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VICTORYELECTRIC.NET



VICTORY ELECTRIC COOPERATIVE



VICTORY ELECTRIC COOPERATIVE ASSOCIATION

Join us
APRIL 11

WESTERN STATE BANK EXPO CENTER
11333 U.S. HIGHWAY 283 IN DODGE CITY

Join us on April 11 for the Victory Electric Cooperative Annual Meeting

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 electricity 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. You have a voice in cooperative business affairs, the business you own. 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.

The strength of our cooperative comes from our members. Informed and concerned members stay involved by electing those individuals who value their way of life and work to improve the quality of life in southwest Kansas.

FROM THE BOARD PRESIDENT & CEO

GROWING TOWARD A BRIGHT FUTURE

Victory Electric keeps our core mission of providing safe, reliable and affordable energy to our members at the forefront. In 2022, we built on that strong foundation and focused on growth for the future of our cooperative and our communities. The year brought rising costs, a persistent drought and record-setting heat waves. Victory Electric dealt with those challenges and others while maintaining 20,155 meters and selling 749,339,000 total kilowatt-hours of electricity.

Strategic planning at Victory Electric comes down to one critical question: How does this goal align with the best possible outcome for our members? If we can answer that question and quantify the benefits to our members, it means we're headed in the right direction.

We understand the importance of maintaining reliable and secure electric service. When you consider our role in helping to maintain the nation's food supply and the impact southwest Kansas has on the broader agricultural economy, you can appreciate how important it is for Victory Electric to be more than just an electric company. We need to be a company that our community can depend on.

Security

Electric cooperatives incorporate multiple layers of protection across our systems to monitor and secure critical infrastructure from threats. The security of our network and systems is more important than

ever with cyber and physical threats on the rise.

Member data is constantly under attack so we must remain vigilant to keep it secure by using advanced cybersecurity tools and techniques. As we continue to introduce services and features to make members' lives easier, we must also maintain their data security.

Part of that commitment includes working with federal, regional and local agencies to monitor threats. We train our employees to be mindful of potential cyberattacks and to be aware of their surroundings and anyone who may be watching, especially when they are near a substation. We will continue to monitor our critical assets and work with various agencies as needed to keep our systems secure.

Technological Advances

Technology has changed every aspect of our lives. The electric industry has faced massive changes and technological advances in recent years. Our



PAT MORSE
BOARD
PRESIDENT



SHANE LAWS
CEO

NOTICE OF PROPOSED CHANGE TO ARTICLES OF INCORPORATION

Since the original Articles of Incorporation were adopted, the Kansas Legislature has expanded the powers and authority of electric cooperatives. Consistent with the current law, the board of trustees seeks to amend the Articles of Incorporation by adding the following language to paragraph five of the articles:

k) become an incorporator, promoter, manager, member, stockholder or owner of other corporations or cooperatives, and conduct its business and exercise its powers within this state and to participate with other persons or entities, in any corporation, limited liability company, cooperative, partnership, limited partnership, joint venture or other association of any kind, or in any transaction, undertaking, or arrangement which the participating person or entity would have power to conduct by itself, for any lawful business under the general corporation laws of the state, whether or not such participation involves sharing or delegation of control with or to others.

team works diligently to keep up with all those changes and plan ahead for future ones. Using the right tools and training for the job helps us work more efficiently. Victory Electric is dedicated to finding the best technology available to fulfill our commitment to our members while being mindful of costs.

We invest in maintenance and upgrades of power lines, substations and electric equipment to improve operational efficiency, and in technology to ensure grid security and resilience. Resilience means more reliability in your electric service and improvement in our ability to restore your power quickly to meet demand.

Our engineering team works continuously to make reliability improvements. The substation team uses its infrared program, oil sampling and the Supervisory Control and Data Acquisition (SCADA) system to detect outages and spot potential issues before they become problems. Victory Electric's proactive approach to maintaining reliability versus responding reactively after

problems occur avoids more costly solutions.

The metering team's advanced metering infrastructure (AMI) system offers significant cost savings to members as the information it provides helps us make data-driven decisions. We can also use data to select the right size of equipment so that members don't pay for equipment they don't need.

In a crisis, Victory Electric's technical teams work together to keep outages as short as possible and restore your power. Technology and internal processes enable live monitoring and prompt communications so we can stay organized. This allows us to efficiently manage teams of lineworkers and other technicians to handle outages in multiple locations, even while wind events, ice storms and other emergency situations are occurring.

Service and Value

Our member services team aims to add value to all our interactions with cooperative members. When you call our office, you'll speak to someone

who lives right here in the community we're proud to power. Whether you have a question about your electric usage or need assistance signing up for SmartHub so that you can quickly and easily make mobile payments, our member service representatives are happy to provide clarification or answer questions.

Infrastructure Development

We are not only energy providers, but also engines of economic development. Victory Electric is working with local partners to make updates in downtown Dodge City, which has an aging infrastructure that dates back to the 1930s. During the construction process Victory Electric's crews will be upgrading our system downtown to meet the needs of today. We believe the revitalization of the historic downtown will bring much needed business growth, and surrounding communities will have a place to come shop and dine. We hope this project boosts economic growth in the community,

Continued on page 12D ►

Continued from page 12C ►

better accommodates existing businesses and helps attract new businesses. We are also helping to build the infrastructure in several housing developments and for the FedEx expansion.

As a not-for-profit electric cooperative we aim to keep the lights on while keeping our members' costs as low as possible. Load growth from our commercial members helps keep rates down by distributing fixed costs over more kilowatt-hours. With the soaring prices in recent years of materials and commodities we have been able to add extensive load growth to help offset costs. The new Hilmar Cheese facility is a prime example of that growth.

We can leverage opportunities to lower the overall cost of power for all Victory Electric members by partnering with other community agencies to promote economic development. Victory Electric works closely with the City of Dodge City and the Dodge City/Ford County Development Corporation to help bring growth to the area. Working

with the city and other local utilities we can showcase what the area offers to entice businesses to move into the region.

Although infrastructure projects can be costly investments, they represent purposeful planning to distribute reliable, safe electricity to all our members well into the future. The board and management team are dedicated to keeping Victory Electric financially strong and in a position to build a sustainable future.

Capital Credits

Capital credits reflect your ownership in the cooperative and are one of the most rewarding benefits members enjoy. Because we are a not-for-profit electric cooperative we set our rates to cover the cost of doing business. We allocate any extra revenue beyond that back to members' accounts, using the credit as a source of capital. In 2022, the board voted to retire capital credits totaling more than \$1 million back to members. Since 2019

we have retired \$5.5 million in capital credits.

As a member you truly have a voice in the operation of Victory Electric Cooperative. Whether through community events, our social media channels or the annual meeting, we want to hear from you! We are led by the members of the cooperative, and we depend on your feedback to move forward.

As a community-focused organization Victory Electric strives to put its members first and to be responsive, reliable and resourceful as we provide power that the homes, businesses, schools and farms in our area can count on — now and in the future.



PAT MORSE
BOARD PRESIDENT



SHANE LAWS
CEO

2022 Youth Trip Winners



Erika Fry
SPEARVILLE



Alleris Granados
SOUTH GRAY



Jasper Kreger
SPEARVILLE



Emma Trejo
DODGE CITY

FINANCIAL REPORTS (UNAUDITED)

for the year ended Dec. 31, 2022

INCOME STATEMENT

INCOME

Electric Revenue \$84,130,885

EXPENSES

Cost of Power \$58,349,663

Operating & Maintenance Expenses \$10,555,052

Depreciation \$5,121,525

Property Taxes \$2,529,412

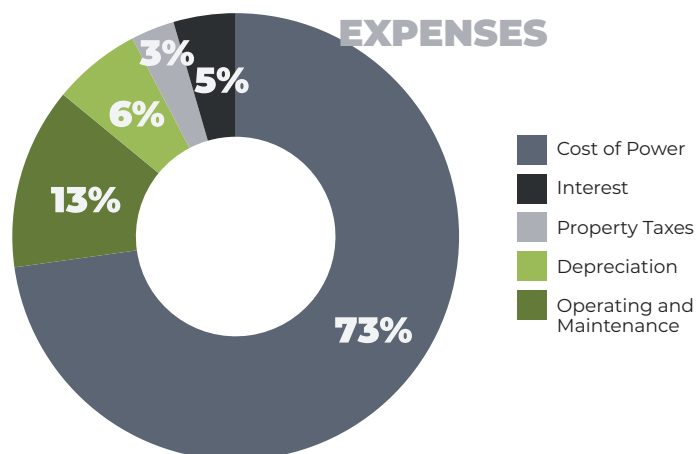
Interest \$3,603,176

Total Expenses \$80,158,828

OPERATING MARGINS \$3,972,057

NON-OPERATING MARGINS \$3,598,546

NET MARGINS FOR 2022 \$7,570,603



BALANCE SHEET

ASSETS

Total Cost of Plant \$186,753,494

Less: Accumulated Depreciation \$64,714,749

Total Net Value of Plant \$122,038,745

Cash \$4,168,099

Investments \$44,223,634

Receivables \$7,354,366

Materials and Supplies \$4,745,900

Prepayments \$50,492

Other Current & Accrued Assets \$42,529

Deferred Debits \$2,334,328

TOTAL ASSETS \$184,958,093

LIABILITIES

Long-Term Debt \$94,488,787

Notes & Accounts Payable \$4,363,724

Current Liabilities \$7,625,116

Noncurrent Liabilities \$106,571

Deferred Credits \$127,666

TOTAL LIABILITIES \$106,711,864

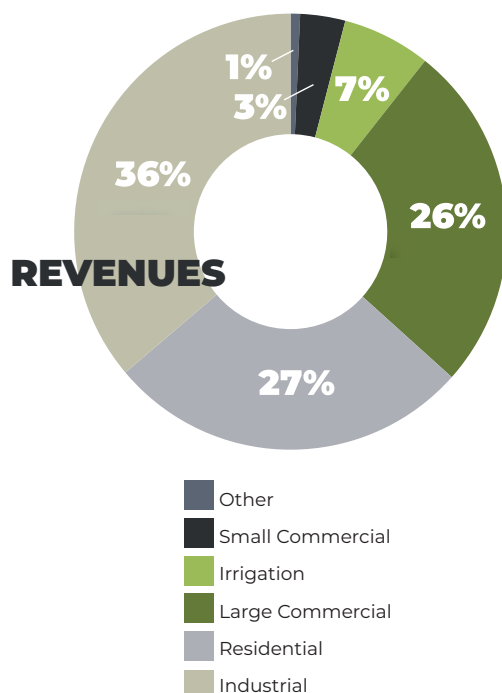
MEMBERS' EQUITY

Deposits \$1,520,117

Equities & Margins \$76,726,112

Total Members' Equity \$78,246,229

TOTAL LIABILITIES & EQUITY \$184,958,093



COMMITMENT TO **COMMUNITY**

Lightner Community Scholarship Winners



ALEXA GERDES



CANDACE FRY



CARLY CROFT



KOLBY STEIN



LYRIC MARQUEZ



MELINDA PENA



NATHAN IMEL



REESE BELL



SCOTT PRICE

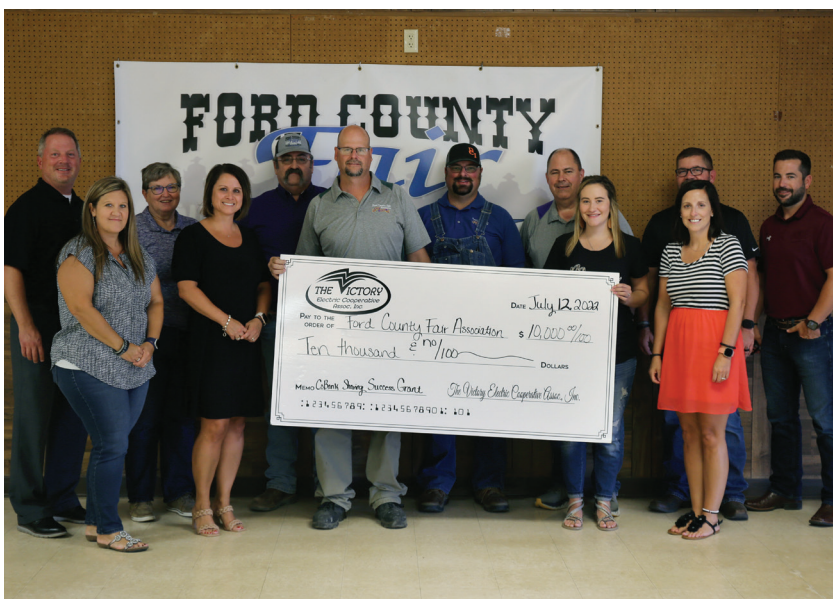


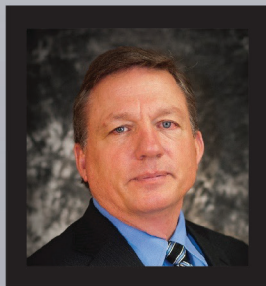
ZACH HAWLEY

CoBank Recipients



Victory Electric staff present a \$10,000 check for the 2022 CoBank Sharing Success Grants to members of the American Legion of Copeland (above) and the Ford County Fair Association (below).





JOHN LEIS
INCUMBENT — MINNEOLA

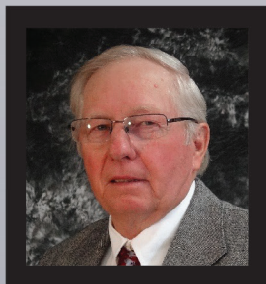
As residents of rural communities, we all rely on our electric cooperative to provide the growing demand for electricity to meet current and future needs. Recent industry changes altered the way cooperatives generate, deliver and use electricity. Additionally, power supply, financing and regulatory issues are growing more complicated all the time.

Electric cooperatives are at the forefront of these changes, and we have the unique ability to identify and meet our members' growing needs because you are not simply customers — you are our members and owners.

The past several years have brought positive changes for Victory Electric, including streamlining costs, boosting cybersecurity protocols, restructuring long-term debt

and working with power suppliers to reduce the overall cost of wholesale power. My wish is to continue as your trustee to build upon my 18 years of experience, which has given me the knowledge necessary to be an effective board leader. With your support and vote, I intend to continue to help deliver quality electric service that is safe, affordable and reliable for years to come.

DISTRICT 2



JIM IMEL
INCUMBENT — BUCKLIN

With significant advances in technology, the rising costs of power and the need for increased electric grid security, the electric industry in the U.S. is rapidly changing. Serving on the board of trustees involves an understanding of these issues and challenges and requires working together with other trustees to produce the best possible solutions for both Victory Electric and our members.

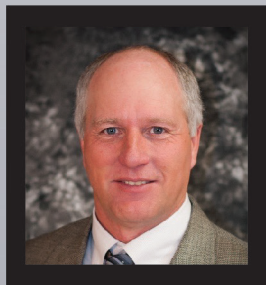
As a trustee, my job is to protect the institution of the cooperative, meet our members' needs and accomplish our mission to provide safe, reliable electricity at an affordable price.

Since 1987, the members of District 4 have extended me the privilege of serving on the board of trustees, a role I take very seriously. I strive to be a good steward of your cooperative investment and take a balanced

approach to all decisions. During my time on the board, I diversified my knowledge of the electric utility industry and advocated for our members by representing Victory Electric on the board of directors of our power supplier, Sunflower Electric. It has been a privilege to serve your interests, and your vote provides me the opportunity to continue serving the members of Victory Electric.

DISTRICT 4

Candidates for BOARD OF TRUSTEES



KENNY WEHKAMP
INCUMBENT — CIMARRON

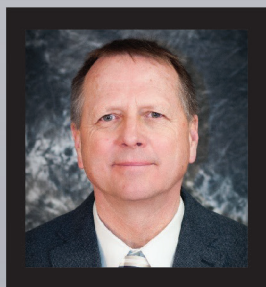
Our founding members knew success comes from creating a vision and having the courage, solidarity and work ethic to see it through. Although technology has changed over the years, our mission of providing safe, reliable, and affordable power will never falter. I am proud to be part of a board

dedicated to maintaining pride in our past and faith in our future, while upholding a promise to make decisions in the best interest of our members.

As a self-employed farmer, I am well versed in fiscal responsibility and business management. I am dedicated to using

those skills to maintain the financial stability of the cooperative. I am honored to serve as the District 6 trustee, and I would be grateful for your vote and the opportunity to continue working to ensure Victory Electric is a cooperative we can all be proud of.

DISTRICT 6



RANDY QUINT
INCUMBENT — DODGE CITY

In the electric utility industry there can be many difficult decisions that need to be made that will affect the service Victory Electric provides to you as your reliable electricity provider and the cost associated to you, the member. As your representative for the city of Dodge City I take those responsibilities seriously.

I am a delegate on the statewide Kansas Electric Cooperatives Inc. board and have over 25 years of outdoor line work, office management and billing experience in the electric utility industry. My wife, Lynne, and I own rental property and operated a successful floor covering store for 17 years. As your trustee I feel that my

experience is very helpful in those sometimes, difficult board decisions.

I would like to thank you for allowing me to be your representative for District 10 over the past years and I would be grateful for the opportunity to continue to serve as your trustee.

DISTRICT 10

77TH ANNUAL MEETING



April 2022

The 77th Annual Meeting of Members of The Victory Electric Cooperative Assn., Inc., was held Tuesday, April 12, 2022, at the Western State Bank Expo Center in Dodge City. An abbreviated meeting was held with 107 members present and 122 in attendance. No meal was served.

The meeting began with the singing of the National Anthem by Autumn Klein, followed with the invocation by Kirk Larson.

President Pat Morse called the meeting to order at 6 p.m., pursuant to a notice that was mailed to all members in accordance with cooperative bylaws. Morse declared a quorum.

Morse introduced Victory Electric's board of trustees and their spouses: Daryl Tieben, vice-president, and Carol; Cedric Drewes, secretary/treasurer; Gary Gillespie and Kelly; Jim Imel; Terri Larson and Kirk; Jim Ochs and Debbie; Randy Quint and Lynne; Ken Schulte and Gwen; Kenny Wehkamp; John Leis; CEO Shane Laws and Ali; and Dave Snapp, Victory Electric attorney.

Morse welcomed representatives from Sunflower Electric: Stuart Lowry, Clare Gustin, Josh Schmidt and Jerri Whitley. Morse welcomed past Victory Electric Board Trustee Richard Lightner and welcomed all active-duty military and veterans as well as first responders in attendance.

Morse sought a motion to approve the 2021 meeting minutes. A motion was made, seconded and carried. Morse sought a motion to waive the reading of the Official Notice, Affidavit of Mailing, Minutes of the Nominating Committee and Report of the Nominating Committee. A motion was made, seconded and carried.

Morse introduced and thanked the members of the nominating committee.

Attorney Dave Snapp announced the results of the trustee election. All three board members were re-elected: District 5, Gary Gillespie; District 7, Jim Ochs; and District 10, Pat Morse.

CEO Laws held a discussion regarding the seven principles of the cooperative. He held a question-and-answer session after the discussion. He thanked Victory Electric employees for their hard work and thanked cooperative members for their support and understanding during the recent weather events.

Morse thanked the board and Victory Electric employees for their dedication and professionalism.

There was no old or new business.

Morse thanked Border States for the bottled water provided to the members at the meeting. Morse announced each member in attendance who registered would receive a \$20 bill credit automatically applied to their account. Morse announced door prizes would be drawn the day after the annual meeting and winners would be notified by telephone. Door prizes include four \$200 bill credits and one 32-inch HD Smart TV donated by Sunflower Electric.

Morse sought a motion to adjourn. A motion was made, seconded and carried. Meeting was adjourned at 6:53 p.m.

A question-and-answer session was offered by Laws after adjournment.

