

**2016  
ANNUAL REPORT**



**THE  
VICTORY ELECTRIC  
COOPERATIVE ASSN., INC.**



## WHO WE ARE

The Victory Electric Cooperative Assn., Inc., is your local electric cooperative. We pride ourselves in the service we provide to our members. Purchasing electric power from Victory Electric gives you membership in the cooperative and, as a member, you have voting rights.

We invite you to exercise your membership rights and join us at our annual meeting on April 11, eat dinner and participate in the meeting.

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

In the early days, Victory Electric served parts of nine counties with 300 miles of transmission and distribution line. Today, Victory Electric is headquartered in Dodge City. We have 71 employees and provide service to 19,688 meters with 2,798 miles of transmission and distribution line in southwest Kansas.

The majority of our service area is within the three counties of Ford, Gray and Hodgeman. The other counties partially served are Clark, Edwards, Finney, Haskell, Kiowa and Meade.

Victory Electric purchases electricity from three generation and transmission cooperatives (G&Ts): Sunflower Electric Power Corporation and Mid-Kansas Electric Company, LLC, both based in Hays;

and Kansas Electric Power Cooperative (KEPCo) headquartered in Topeka.

Our energy comes from a variety of resources including wind, coal, natural gas, hydroelectric, nuclear and diesel peaking units. Your democratically elected board of trustees continues to stay abreast of generation opportunities that will benefit the cooperative. We are committed to developing generation capabilities in an environmentally responsible manner, while ensuring a safe, reliable energy supply at a reasonable cost.

Victory Electric is proud to serve cooperative members in our corner of southwest Kansas. We are dedicated to helping our communities grow and prosper. To promote this economic growth, Victory Electric is continually investing in system infrastructure and technology.

Installing a state-of-the-art automated metering infrastructure and incorporating distribution automation technology to increase energy delivery efficiency are just two technologies Victory Electric has embraced to increase efficiency and save our members money.

We hope you will join us for dinner and have an enjoyable time at our annual meeting on Tuesday, April 11, 2017, at the Western State Bank Expo Center (located at 11333 U.S. Highway 283 in Dodge City).

“  
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”



## 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.

## A MESSAGE FROM THE CEO RATE CHANGE NECESSARY FOR COOPERATIVE



Shane Laws

Here at Victory Electric, we live by the cooperative difference—as a cooperative, we are not driven by profits and making a return for shareholders. Rather, we are service-driven and provide power as close to cost as possible. Our focus is on keeping the business financially strong on behalf of all members, in order to continue to provide safe, reliable service at the lowest practical cost.

To maintain the quality, reliability and stability of the services we provide, it is necessary for us to adjust our pricing structure. In March, the board of trustees made the difficult decision to implement an average 6.7 percent rate change. Previously, members hadn't seen a rate change since 2010 for our MKEC system and 2011 for our rural legacy system. In a world of rising costs for nearly all consumer products, holding rates steady for six to seven years is quite an accomplishment.

### What is causing the 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.

» **Property taxes** – Based on the way the state assesses property taxes, we have seen a \$944,231 increase in property taxes attributing to 74.4 percent of the decrease in operating margins. In 2010 our property taxes were \$1,573,865, and in 2015 we paid \$2,518,096, an increase of \$944,231, or 60 percent. At the time of our last rate change, our operating margins were \$1,645,222, and in 2015 operating margins were \$376,657, a decrease of \$1,268,565.

» **Storm damage** – May 2016 tornados cost upward of \$300,000 in damages

» **Increase in cost** of materials

» **Improving margins** as required to meet financial obligations

» **Capital expenses** to maintain system reliability (upgrading line, plant improvements, adding and upgrading substations, etc.)

» **Escalating environmental compliance costs** including the EPA's Clean Power Plan and US Fish & Wildlife's attempt to list the Lesser Prairie Chicken as a threatened species.

All of this has an impact on Victory Electric's

“Our focus is on keeping the business financially strong on behalf of all members, in order to continue to provide safe, reliable service at the lowest practical cost.”

financials and margins, and rate changes are inevitable to maintain a solid financial footing. As your local, not-for-profit electric cooperative, our primary goal is to minimize the effects of any rate change while maximizing our service to our members in a cost-effective reliable manner on which you can always count.

### What is Victory Electric doing to minimize the cost of electricity?

Rate changes are often due to increases in both controllable and uncontrollable costs. Victory Electric continuously looks for ways to minimize these changes. Victory Electric strives to operate efficiently while adhering to our commitment to providing affordable, high quality and reliable electric service.

We continuously evaluate our operations in an effort to keep your rates as low as possible by:

- » **Refinancing debt** - Refinanced \$13.4 million, saved \$4.2 million and took eight years off the average life of the loans
- » **Streamlining** internal processes
- » **Hiring consultants** to reduce property tax expense that saved the cooperative \$335,342 in two years.
- » **Investing in technology** to reduce costs including the implementation of the Advanced

Metering Infrastructure (AMI) which helps us recognize potential service issues, restore power faster and more efficiently, remove the need to dispatch personnel to read meters, connect service to new members, or to locate outages. This allows us to reduce operating costs while providing superior service to members.

Victory Electric also acts as an advocate for our members by representing your cooperative on the board of directors of both Sunflower, Mid-Kansas and KEPCo, our three electric power providers. This role enables us to participate in the budgeting and planning processes of our power providers.

### Every member matters

On average, Victory Electric serves seven members per mile of line, whereas municipal utilities and investor-owned utilities (IOU) serve, on average, 30 to 60 members per mile. Our costs per member are double that of IOU's and municipalities, but their revenue per mile of line is three to five times more; therefore, they are much better positioned to spread their fixed costs. It costs more than \$38,000 to build one mile of single-phase line, and \$79,000 for one mile of three-phase line.

Nonetheless, Victory Electric's rates are generally lower than those of other utilities serving consumers in the state of Kansas. Based on our recent research, compared to the 30 other electric cooperatives in Kansas, Victory Electric's current residential rate is the third lowest.

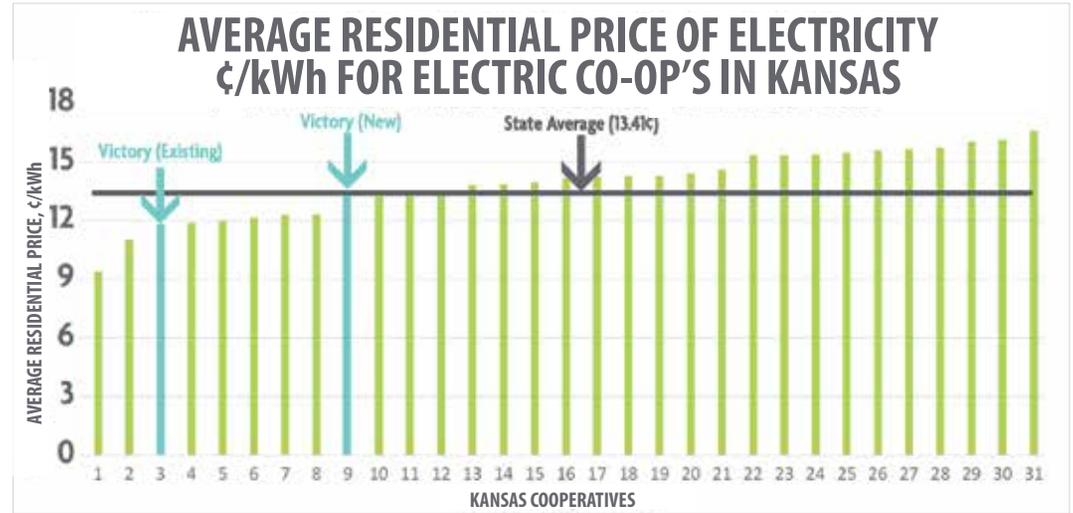
Compared to Kansas investor-owned utilities, we are slightly cheaper, which is great considering

their consumer density and number of meters per mile of line is a lot higher. Serving rural western Kansas, our number of meters per mile of line is fairly low, which means our costs per member are significantly higher to provide electric infrastructure and deliver electricity.

### The influence of self-regulation

Many have asked if the vote to self-regulate in 2014 caused the rates to increase. Simply, the answer is no. The vote three years ago was simply a vote to self-regulate and not be under the jurisdiction of the Kansas Corporation Commission. The State of Kansas has allowed electric cooperatives the option to self-regulate since 1992. Legislation passed in 2009 allowed additional cooperatives to vote for self-regulation. The enabling legislation is K.S.A. 66-104d.

Although we are no longer regulated, Victory Electric's board of trustees established a policy



that governs the process to change rates, adding more opportunities for member information and feedback. Two of the steps included in the policy are also required by Kansas law. Notice of the time and place of any board meeting when rates will be discussed and voted on must be sent to members ten days before the meeting, and that meeting must be open to members. Victory Electric started sending notification of the rate change each month starting 90 days in advance of the vote, hosted two special rate change meetings, and had a special board meeting to discuss and vote upon the rates.

Victory Electric is still subject to other state and federal environmental, safety, reliability and labor regulations. Certain functions still remain under KCC authority, regardless of being self-regulated.

Also, it is important to note, that while Victory Electric is still following guidelines set by the KCC for member notification and hiring a rate consultant to do a cost-of-service-study, by being self-regulated, we save hundreds of thousands of dollars in legal fees; processing fees to the KCC and the Citizens Utility Ratepayer Board; hourly fees for lawyers; KCC staff time for asking questions and reviewing the answers.

## THE EFFECT OF CONSUMER DENSITY

	Investor-Owned Utilities	City Municipalities	Cooperatives	Victory Electric
Consumers / mile of line	34	48	7	7
Distribution plant / consumer	\$2,798	\$2,740	\$3,290	\$4,878
Revenue / mile of line	\$75,500	\$113,000	\$15,000	\$23,898

Continued on page 6

## OFFICIAL NOTICE OF THE ANNUAL MEETING OF THE MEMBERS

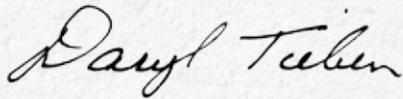
Notice is hereby given that the annual meeting of the members of The Victory Electric Cooperative Association, Inc., for the year of 2016, will be held at the Western State Bank Expo Center, Dodge City, Kansas, on Tuesday, April 11, 2017, at 6 p.m. for the following purposes:

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 2, 4, 6 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 2:  | John Leis, 12548 108 Rd.,<br>Minneola, KS 67865  |
| District 4:  | Jim Imel, 12993 Wilburn Rd.,<br>Bucklin, KS 67834  |
| District 6:  | Kenny Wehkamp, 15907 G Rd.,<br>Cimarron, KS 67835  |
| District 10: | Randy Quint, 1416 Highland Terrace,<br>Dodge City, KS 67801<br>Jeff Reinert, 1010 Summerlon Way,<br>Dodge City, KS 67801 |

Members serving on the nominating committee include Jim Lembright, Tom Stanley, Norval Ralstin, Earl Plattner, Greg Hainer, Kent Bartlett, Tim Gleason and Ralph Millershaski.



Dated this 23rd day of February 2017  
The Victory Electric Cooperative Assn., Inc.

## A MESSAGE FROM THE CEO, CONTINUED

### Electricity Remains a Good Value

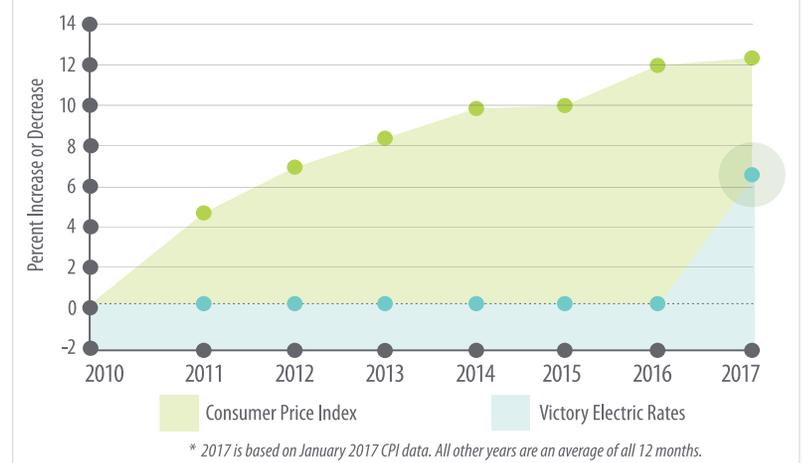
While our prices have not increased since 2010 and 2011, there are very few other items, if any, that have not risen in price in the last six to seven years. In our homes today, electricity has become a very important part of our lives. Electricity powers the pump for our water and it heats our homes in the winter months. It chills our food, allowing us to store perishables for days at a time and it lights our homes to allow us to read and work at night. The electricity we use powers the machines that make many products we use daily such as the clothes on our backs, the automobiles we drive, and the furniture on which we sit.

The consumer index chart indicates what electric rates for Victory Electric have done since 2010. It also shows the cumulative rate of inflation as measured by the Consumer Price Index for the same time period. Clearly, one dollar today does not purchase the same amount of any commodity as it did at the time of our last electric rate change.

As an example, let's talk about how prices have changed for some items we use every day. In 2010 the average price for a loaf of bread was \$1.37, and the average price for a dozen eggs was \$1.16. The price for a gallon of milk was \$3.20, and a postage stamp was \$0.44.

Today's prices are significantly higher. The price of postage, for instance, is now \$0.49; this represents a 11.4 percent increase. The average price of a gallon of milk is now \$3.42, which is over a 6.9 percent increase. Eggs today are priced at an average of \$2.47 per dozen, which represents a 113 percent increase. Bread today is averaging \$1.44, which is nearly a 5.1 percent increase.

### VICTORY RATES VS. CONSUMER PRICE INDEX



### Other External Pressures

The board of trustees and management are sensitive to and concerned about altering your electric rates. Changing rates is never a popular decision, as no one wants higher electric bills. However, without some price adjustments, Victory Electric cannot continue to provide the level of reliable service that you expect and deserve.

Unfortunately, weather isn't Victory Electric's only challenge. The electric utility industry faces new issues every day with increasing regulations and other external pressures that cannot be controlled. Rest assured Victory Electric will continue to speak out regarding unreasonable regulations that impact the electric industry and will continue to implement sound business strategies that are in the best interest of the cooperative and those we serve.



## VICTORY ELECTRIC ENGAGES MEMBERS ONLINE

Online-based platforms have become a popular way to communicate with our members. Victory Electric is constantly updating and adding more information to our website and increasing our social media interaction in an effort to keep our members engaged and informed of various cooperative activities.

Our website, [victoryelectric.net](http://victoryelectric.net), is more dynamic than ever now as we incorporate more videos and interactive models to help our members get their information in an easy and understandable format.

Links are available to our online bill payment site, Victory Electric news and events, electrical safety information, energy efficiency tips, scholarship information and application, youth programs, cooperative newsletters, Co-op Connections Card information, and more.

### SmartHub and MyMeter

One of the most frequented links on Victory Electric's website is our online bill pay system, SmartHub. Its primary purpose is for members to

pay their bill, but it offers much more.

Available in both a mobile app and a web version, SmartHub gives members secure access to maintain account information, view bills, see payment history, make payments, set up recurring payments, and report outages.

The primary purpose for MyMeter is for members to access electric use data to help you better manage energy consumption and save on energy bills.

MyMeter is a free service that can be accessed from a computer, tablet or smart phone to help you monitor how much electricity you're using each day. It allows you to monitor your power use at your convenience, updates your data every 24 hours so you can adjust your energy consumption according to your lifestyle and budget, and it can project the amount of your monthly bill.

### Social Media Platforms

Our website homepage shows Victory Electric's Facebook posts. It provides a direct link to our

page

[facebook.com/VictoryElectric](https://www.facebook.com/VictoryElectric). Facebook users can "like" Victory Electric and elect to receive status updates on their news feeds.

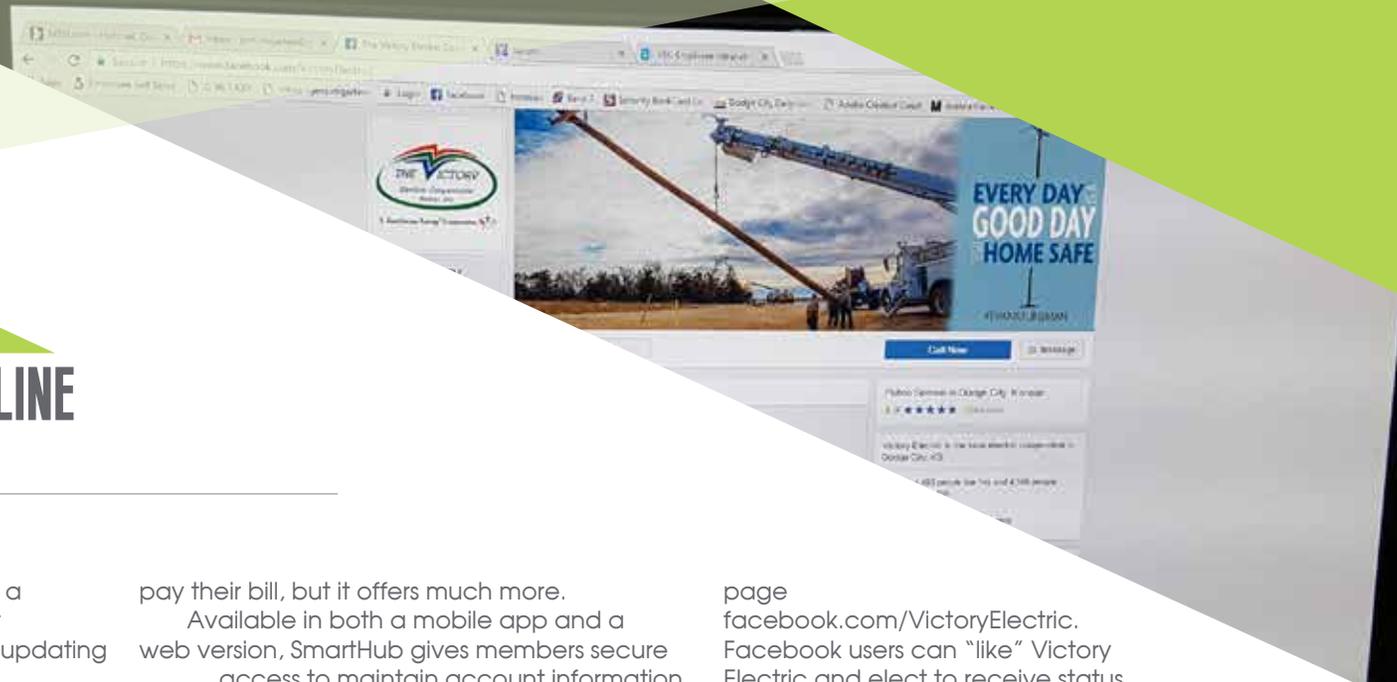
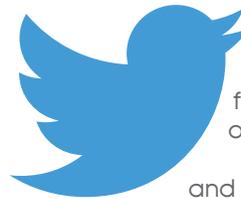
If you are a Twitter user, you can follow our tweets at @TheVictoryElec.

Anyone can get the latest cooperative updates, energy efficiency tips, photos and videos, outage information, electrical safety tips, community news and events, and more.

Many of our members have turned to Victory Electric's Facebook and Twitter pages during large-scale outages. If the outage encompasses a significant number of members, we will post frequent updates on the status of the outage.

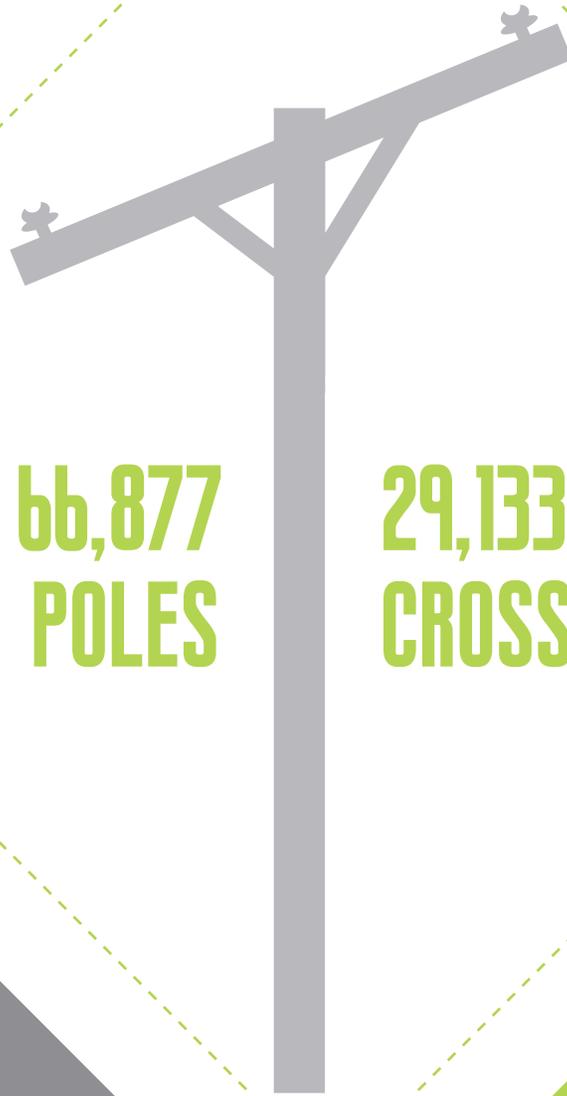
Both Victory Electric's Facebook and Twitter pages are public sites, so if you have not yet joined, you are still able to visit both pages and get cooperative news and updates.

We invite our members to visit our website for all the latest news and interact with us on Facebook and Twitter.





**41  
TRUCKS**



**66,877  
POLES**

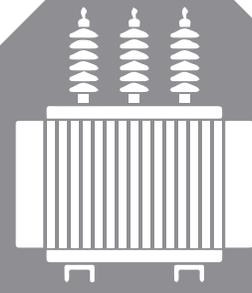
**29,133  
CROSSARMS**

## BY THE NUMBERS

Total cost of plant	\$153,979,098
2016 total operating revenue	\$66,075,852
kWh sold in 2016	687,529,304
System kW demand	151,517



**28,043,000  
FEET  
OF WIRE**



**56 SUBSTATIONS**

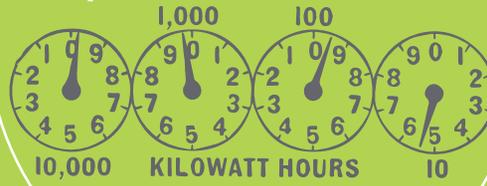
**THE  
VICTORYELECTRIC  
COOPERATIVE ASSN.,**



71  
EMPLOYEES



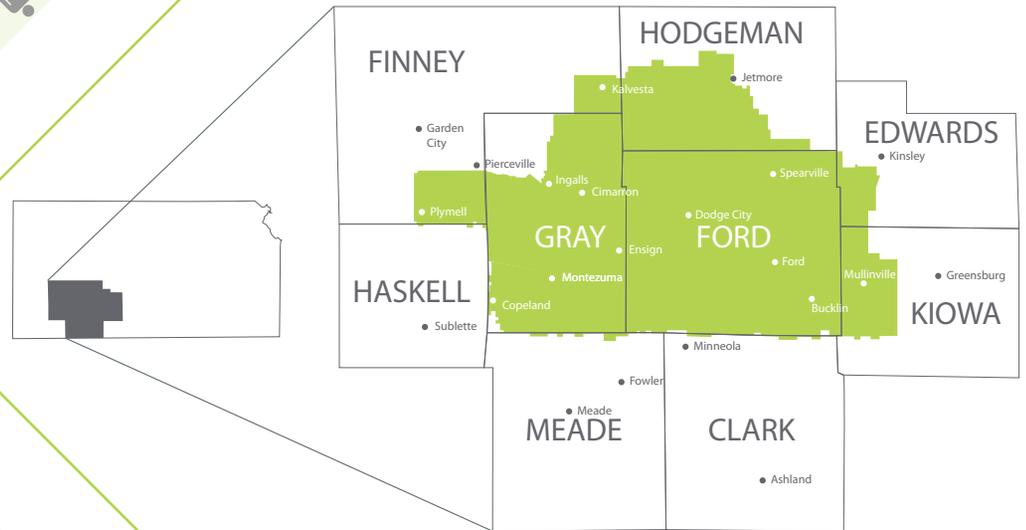
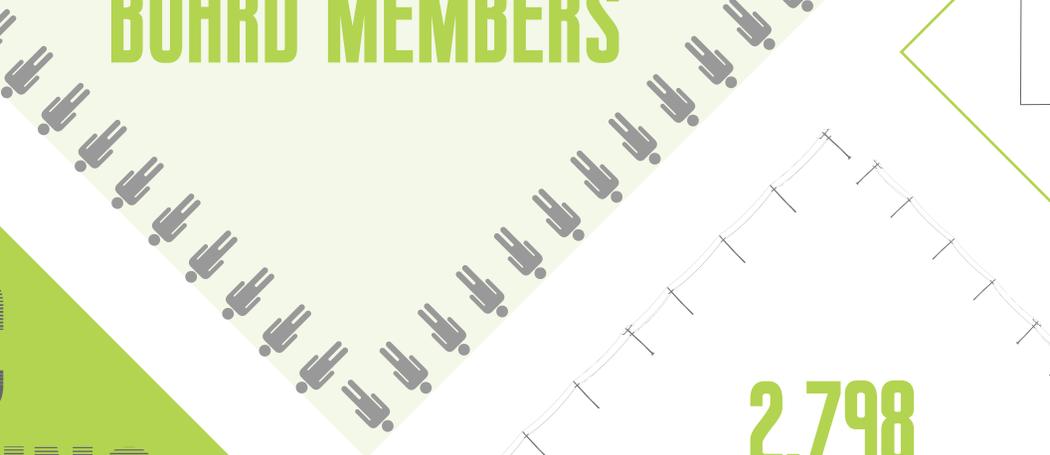
19,688 METERS



7  
MEMBERS  
PER MILE  
OF LINE

9  
COUNTIES

12  
BOARD MEMBERS



We serve the members in all of the rural areas and cities with the exception of Montezuma and Cimarron in which we provide power wholesale

2,798  
MILES OF LINE

INC.

# CANDIDATES FOR THE VICTORY ELECTRIC BOARD OF TRUSTEES

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 of 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, and the other nine districts are on a three-year rotation.

This year districts two, four, six 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 2



### JOHN LEIS

Minneola, KS

*Incumbent*

I have been proud to serve on the Victory Electric board of trustees for the past 12 years. Victory Electric has experienced many changes during the past

few years with the implementation of various new technologies designed to save Victory Electric members money and increase system efficiency.

Victory Electric continues to be a community-minded leader, and I hope to be a part of the effort to promote the future growth and success of both our community and the cooperative. I will do my best to adhere to our mission statement of providing members with safe, reliable service at a competitive rate.

I would like to thank the members of District 2 for your support over the years, and I would be grateful for the opportunity to continue to serve as your trustee.

## DISTRICT 4



### JIM IMEL

Bucklin, KS

*Incumbent*

In my time on the board, I've had the opportunity to be a part of numerous accomplishments. We have also had many challenges, none

more so than the current rate change. While we never want to change rates, I'm proud it has been six years since the last rate change. Costs rise every day and for the financial health of the cooperative, it's time for that change.

My time and experience serving on the Victory Electric board of trustees has been invaluable. I have gained extensive knowledge of cooperative business and finances that will be of benefit to the members of Victory Electric. I've also had the opportunity to diversify my knowledge of the electric industry by representing Victory Electric on the Sunflower board of directors.

I am very thankful for my district members' support and input, and I am dedicated to facing any upcoming challenges at Victory Electric with increased knowledge and experience.

## DISTRICT 6



**KENNY  
WEHKAMP**

Cimarron, KS

*Incumbent*

I have been honored to serve and represent the members of Victory Electric on the board of trustees. I will continue to represent the members as I have in the past.

As a self-employed farmer, I am well-versed in fiscal responsibility and business management, and I am dedicated to using those skills to maintain the financial stability of the cooperative. The recent implementation of a rate change was not a decision that came easy to the board, but after carefully weighing our options, we chose a path that best balanced members' interest with meeting the cooperatives financial obligations. I acknowledge that no one wants to see their rates go up, me included, but I am proud the members in my district haven't seen a rate change in six years.

I feel I am qualified to continue to serve as a representative for District 6, and I remain committed to working with all the members of the board and the community to ensure Victory Electric is a cooperative of which we can be proud. Thank you for your vote.

## DISTRICT 10



**RANDY  
QUINT**

Dodge City, KS

*Incumbent*

It has been an honor serving as your Victory Electric trustee for the Dodge City district for the past six years. I have enjoyed being on the board and feel

my background and experience provide me the qualifications to push Victory Electric in a direction that is good for employees, members, and the community as a whole.

In total, I have more than 25 years of experience in the electric utility industry. My wide range of job experiences in the field gives me insight into the day-to-day operations of an electric cooperative from an employee and a member viewpoint. In that sense, I am able to bring a unique perspective to the Victory Electric board.

Thank you for your confidence in me the past six years. I would be honored to serve you again, and would appreciate your vote.

## DISTRICT 10



**JEFF  
REINERT**

Dodge City, KS

I have been extremely fortunate to return to my family farm in southwest Kansas. Being able to live and raise my family in the community where I grew up reaps many rewards.

Dodge City faces the same battle as the

rest of rural America, with retention of young, capable leaders and providing them with viable opportunities to succeed in all aspects of life. I feel the Victory Electric Cooperative System and the Board of Trustees offer the opportunity for young leaders, such as myself, to collaborate, serve and lead; an honor I would passionately welcome.

I believe my background as a Director of the Board for Pride Ag Resources for the last six years, the last 2 serving as Vice-President, also gives me the experience to be an asset in the electrical cooperative system. I have completed all five courses of director training provided by the Kansas Cooperative Council and I am a Class eight graduate of the Kansas Agricultural and Rural Leadership (KARL) program. Victory Electric is an integral part of this community and I would appreciate your support and look forward to serving on your behalf.

# FINANCIAL REPORT FOR 2016

## Balance Sheet

### ASSETS

Total Cost of Plant	\$153,979,098
Less Accum. Depreciation	<u>\$49,486,744</u>
Net Value of Plant	\$104,492,354
Cash	\$342,296
Investments	\$33,170,732
Receivables	\$5,699,081
Materials and Supplies	\$2,042,568
Prepayments	\$137,828
Other Current & Accrued Assets	\$28,633
Deferred Debits	<u>\$4,983,938</u>
<b>TOTAL ASSETS</b>	<b>\$150,897,430</b>

### LIABILITIES AND EQUITY

Liabilities	
Long-Term Debt	\$100,512,729
Notes & Accounts Payable	\$4,268,173
Current Liabilities	\$7,037,640
Deferred Credits	<u>\$102,658</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$111,921,200</u></b>
Members' Equity	
Deposits	\$999,409
Equities and Margins	<u>\$37,976,821</u>
<b>TOTAL MEMBERS' EQUITY</b>	<b><u>\$38,976,230</u></b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$150,897,430</b>

## Income Statement

### INCOME

Electric Revenue	\$66,075,852
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### EXPENSES

Cost of Power	\$47,442,022
Operating & Maintenance Expenses	\$8,452,970
Depreciation	\$4,269,585
Property Taxes	\$2,090,417
Interest	<u>\$4,048,349</u>
<b>TOTAL EXPENSES</b>	<b>\$66,303,343</b>

Operating Margins	(\$227,491)
Non-Operating Margins	\$5,572,603

**NET MARGINS FOR 2016**

**\$5,345,112**

## Revenues



Other	\$849,427
Small Commercial	\$2,627,665
Irrigation	\$3,889,305
Residential	\$16,558,173
Large Commercial	\$20,603,102
Industrial	<u>\$21,548,180</u>
<b>Total</b>	<b>\$66,075,852</b>

## Expenses



Property Taxes	\$2,090,417
Interest	\$4,048,349
Depreciation	\$4,269,585
Operating & Maintenance	\$8,452,970
Cost of Power	<u>\$47,442,022</u>
<b>Total</b>	<b>\$66,303,343</b>

## Property Taxes



2012	\$2,239,022
2013	\$2,436,368
2014	\$2,142,447
2015	\$2,518,096
2016	\$2,090,417

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.

## ANNUAL MEETING MINUTES FOR 2016

The 71<sup>st</sup> annual meeting of members of The Victory Electric Cooperative Assn., Inc., was held on Tuesday, April 12, 2016, at the Western State Bank Expo in Dodge City, beginning at 6:30 p.m. The meeting followed a dinner served to 471 members and guests for a total of approximately 754 meals.

The meeting began with the National Anthem by the Dodge City High School Madrigals, and Kirk Larson gave the invocation.

President Kenny Wehkamp called the 71<sup>st</sup> annual meeting to order at 6:30 p.m., pursuant to a notice to all members that was mailed in accordance with the bylaws of the cooperative, and declared a quorum. Wehkamp introduced Victory Electric's board of trustees and their spouses: John Leis and Jill, vice-president; Pat Morse and Shannon, secretary/treasurer; 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 Lynn; Ken Schulte and Gwen; and Daryl Tieben and Carol; CEO Shane Laws and Ali; Dave Snapp, Victory Electric attorney; and himself, Kenny Wehkamp, serving as president.

Wehkamp asked for a motion to approve the minutes of last year's meeting, and a motion was made and seconded to approve the minutes as mailed. The motion carried. Wehkamp then asked for a motion to waive the reading of the official notice and affidavit of mailing. A motion was made, seconded and the motion carried.

Victory Electric's CEO, Shane Laws, introduced the guests present at the meeting.

Jerri Imgarten, manager of marketing and communications, introduced the 2015 youth tour winners: Jalen Gifford and Zalma Molina both of Dodge City, winners of the Washington D.C., trip. Winning the Steamboat Springs trip were Jo'beth Ochs, Hodgeman County, and Aundria Ogles, Cimarron. Molina gave a brief presentation on Washington D.C., trip and Ochs and Ogles both spoke of the Steamboat Springs leadership camp. Imgarten introduced the 2016

youth tour winners: Curtis Frink, Cimarron, Kyra Lampe, Hodgeman County, and Shelby Axtell, Montezuma, are winners of the Washington D.C., trip. Winning the Cooperative Youth Leadership Camp are Bernadette Shaugnessy, Cimarron, and Lucero DelReal, Dodge City.

Last fall, Victory Electric was proud to announce a new scholarship program for high school seniors and current college students. The Lightner Community Spirit Scholarship is designed to recognize students who have demonstrated academic success and have shown a commitment to their community. Imgarten then introduced the 2016 scholarship winners: Myranda Axtell, Jennifer Delzeit, Jalen Gifford, Hannah Harrold, Vanessa Hernandez, Jory Lampe, Jace Larson, Jo'beth Ochs, Bryce Unruh and Camryn Williamson.

Wehkamp introduced Robert Carlson, chairman of the nominating committee. Wehkamp asked for a motion to waive the reading of the minutes of the nominating committee and report of the nominating committee. A motion was made, seconded and carried.

Wehkamp gave the president's report. He spoke about Victory Electric's trustee district boundaries, and showed a map of our service territory.

Laws gave the CEO report. He touched on accomplishments in 2015 and property tax issues. He also discussed the challenges facing Victory Electric and other utilities across the nation, including the Lesser Prairie Chicken and Clean Power Plan.

Attorney Dave Snapp gave the results of the trustee election. Those elected were: District 5, Gary Gillespie; District 7, Jim Ochs; District 9, Richard Lightner; and District 10, Pat Morse.

Wehkamp asked for any old business. There being none, he asked for any new business. There was none.

Numerous prizes from Victory Electric and vendors were given throughout the meeting.

Wehkamp thanked everyone for their attendance and participation and adjourned the 71<sup>st</sup> annual meeting at 7:40 p.m.





# VICTORY ELECTRIC EMPLOYEES

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

## Accounting

Angela Unruh – *Chief Financial Officer*  
Jennifer Gaut – *Accountant*  
Tami Henry – *Accountant and Business Analyst*  
Monica Lampe – *Accounting Clerk*  
Melissa Ruiz – *Payroll Specialist*  
Steve Stecklein – *Supervisor of Plant Accounting*

## Member Service

Amy Grasser – *Manager of Corporate Services*  
Dania Blatnick – *Member Service Representative*  
Rubi Carbajal – *Member Service Representative*  
Sandy Long – *Supervisor of Billing*  
Alexa Lozano – *Member Service Representative*  
Jessica Mashak – *Member Service Representative*  
Alma Robison – *Billing Clerk*

## Communications & Marketing

Jerri Imgarten – *Manager of Marketing and Communications*  
Micaela Morales – *Member Relations Coordinator*  
Kennedy St. George – *Communications Specialist*

## Safety and Plant

Mikey Goddard – *Manager of Safety and Plant*  
Michael Clark – *Supervisor of Purchasing*  
Jason Guillen – *Warehouse Clerk*  
Roy Hampton – *Warehouse Clerk*  
Larry Schneweis – *Warehouse Clerk*

## Operations

Ryan Miller – *Manager of Operations*  
Eric Speer – *Supervisor of Operations*  
Ross Ackerman – *2<sup>nd</sup> Class Lineman*  
Joel Daniels – *Crew Chief*  
Pat Deaver – *Crew Chief*  
Jeremy Elling – *2<sup>nd</sup> Class Lineman*  
Kevin Freeman – *2<sup>nd</sup> Class Lineman*  
Tanner Gemaehtlich – *2<sup>nd</sup> Class Lineman*  
Kade Henry – *2<sup>nd</sup> Class Lineman*  
Marlon Hernandez – *4<sup>th</sup> Class Lineman*  
Phil Huffman – *Journeyman Lineman*  
Chris Konrade – *Journeyman Lineman*  
Kirk Konrade – *Journeyman Lineman*  
Jacob Ledford – *2<sup>nd</sup> Class Lineman*  
Dave Lowery – *Journeyman Lineman*  
Jeff Martinez – *2<sup>nd</sup> Class Lineman*  
Dave Masden – *Crew Chief*  
Ted McAtee – *Journeyman Lineman*  
Vidal Moreno Jr. – *3<sup>rd</sup> 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*  
Clayton Stein – *Journeyman Lineman*  
Nate Stormont – *Journeyman Lineman*  
Justin Straight – *Crew Chief*  
Lee Vierthaler – *2<sup>nd</sup> Class Lineman*

## Engineering

Greg Underwood – *Manager of Engineering*  
Cory Ackerman – *Construction Coordinator*  
Armando Ceja – *Journeyman Tree Trimmer*  
Jerry Dick – *Substation Technician*  
Rob Henry – *Supervisor of Substation Technology*  
Jeff Hubbell – *Electrical Engineer*  
Steve Jimmerson – *Tree Trimmer Foreman*  
Heith Konecny – *Supervisor 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 – *3<sup>rd</sup> Class Meterman*  
Richard Torres – *Substation Technician*

## Information Technology

Denzil McGill – *Manager of Information Technology*  
Brad Ackerman – *Supervisor of Information Technology*

## Special Projects

Tom Lowery – *Manager of Special Projects*

# VICTORY ELECTRIC BOARD OF TRUSTEES

The business and affairs of the cooperative are directed by the board of trustees, which exercises the powers of the cooperative. 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.



John Leis  
President  
12 yrs. of service



Pat Morse  
Vice President  
10 yrs. of service



Daryl Tieben  
Secretary/Treasurer  
8 yrs. of service



Richard Lightner  
Trustee  
35 yrs. of service



Jim Imel  
Trustee  
30 yrs. of service



Kenny Wehkamp  
Trustee  
20 yrs. of service



Ken Schulte  
Trustee  
10 yrs. of service



Cedric Drewes  
Trustee  
8 yrs. of service



Randy Quint  
Trustee  
6 yrs. of service



Gary Gillespie  
Trustee  
5 yrs. of service



Terri Larson  
Trustee  
5 yrs. of service



Jim Ochs  
Trustee  
4 yrs. of service

# PRESIDENT'S REPORT BALANCING RESPONSIBILITY

In light of the recent rate change, I would like to take the time to address Victory Electric's board of trustees' responsibility to balance the best interests of our members with ensuring electric rates are adequate to maintain the cooperative in a solid financial position. It is often a fine line, and great thought, research and consideration is taken when decisions are made regarding rates. Keep in mind, any time rates are raised, our rates go up, too.

Last fall, Victory Electric's board of trustees elected to hire an outside, independent consulting firm to conduct a cost of service study (COSS). The COSS is an important tool used in setting utility rates. The COSS fairly and equitably breaks down the costs of providing service to each rate class. Each rate class has unique load and service characteristics that impact the costs for that class. The COSS findings offer useful guidelines to assist the board in responsibly allocating costs to each class of members in a way that avoids any class paying more than their fair share.

Our goal with the COSS was first to ensure Victory Electric will

have adequate revenues for the next few years. Secondly, the board wanted to combine the legacy side of the system with acquired Aquila members as much as possible to reduce rate subsidization and ensure fair rates for all members.

Careful oversight is maintained at every step in the rate change process. The consulting firm was instructed by the board and management to develop their study using standard methods

developed by regulatory authorities across the country and the same methods used by the Kansas Corporation Commission (KCC) when Victory Electric was still regulated.

The board of trustees has a duty of care, concern and responsibility to maintain the financial integrity of the cooperative to ensure all of our members receive safe, affordable and reliable electric service. Each Victory Electric trustee will be in attendance at the annual meeting on April 11 and I encourage you to reach out to any of the trustees if you have any questions or concerns.

“...responsibility of balancing the best interests of our members with ensuring electric rates are adequate to maintain the cooperative in a solid financial position.”

# CULTURE STATEMENT

Victory Electric Cooperative's employees and board of trustees have derived a culture statement. It is based upon integrity, honesty, loyalty, accountability, with benevolence to each other and our members. In respect for ethnic diversity and a moral obligation, our goals are to cultivate and educate our fellow employees and board of trustees to better serve ourselves and our members with intellectual wisdom. Our creed of fundamental beliefs guides us to accomplish our mission statement.



# LIGHTNER COMMUNITY SPIRIT SCHOLARSHIP



Myranda Axtell



Jennifer Delzeit



Jalen Gifford



Hannah Harrold



Vanessa Hernandez



Jory Lampe



Jace Larson



Jo'beth Ochs



Bryce Unruh



Camryn Williamson

Victory Electric was proud to debut the Lightner Community Spirit Scholarship program in 2016.

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

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

- » **Myranda Axtell** of Montezuma, daughter of Matthew and Rebeckah Axtell and a junior at Washburn.
- » **Jennifer Delzeit** of Dodge City, daughter of Richard and Lynda Delzeit and a junior at Kansas State University.
- » **Jalen Gifford** of Dodge City, son of Jay and Wendy Gifford and a senior at Dodge City High School.
- » **Hannah Harold** of Dodge City, daughter of Steve and Naomi Harold and a freshman at Oklahoma Christian University.
- » **Vanessa Hernandez** of Dodge City, daughter of Gregorio and Eduwiges Hernandez and a senior at Dodge City High School.
- » **Jory Lampe** of Spearville, son of Kurt and Nadine Lampe and a senior at Spearville High School.
- » **Jace Larson** of Dodge City, son of Kirk and Terri Larson and a sophomore at Dodge City Community College.
- » **Jo'beth Ochs** of Jetmore, daughter of Jim and Deb

Ochs and a senior at Hodgeman County High School.  
 » **Bryce Unruh** of Dodge City, son of Shane and Angela Unruh and a senior at Dodge City High School.

» **Camryn Williamson** of Dodge City, daughter of Glenna and the late Gary Williamson and a freshman at Kansas State University.

"We congratulate the 2016 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 served on Victory Electric's board of trustees for 35 years and his father, George, served 31 years previous. Both strongly supported Victory Electric's community and youth programs.

To be eligible, applicants must be an active member in good standing with the cooperative, or a dependent of such member. Applicants must be a student or entering an accredited college or university.

Victory Electric continues to offer these scholarships. Applications can be downloaded on our website at [www.victoryelectric.net](http://www.victoryelectric.net).

“Designed to recognize students who have demonstrated academic success as well as showing a commitment to bettering their community.”



## YOUTH TOUR WINNERS

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

The 2016 winners attend the annual meeting to share their experiences with you. The program is now in its 53<sup>rd</sup> year, and we look forward to introducing you to the 2017 winners at the annual meeting.

During the Electric Cooperative Youth Tour, students join 1,700 youth representing cooperatives from across the nation in Washington, D.C. Students visit monuments and other attractions and visit Capitol Hill to learn more about how our government works. Winning the trip were Shelby Axtell, South Gray; Curtis Frink, Cimarron; and Kyra Lampe,

Hodgeman County (pictured above on right.)

At Cooperative Youth Leadership Camp in Steamboat Springs, Colorado, students join youth from Colorado, Wyoming, Oklahoma and Kansas. 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 Lucero Del Real, Dodge City, and Bernadette Shaughnessy, Cimarron (pictured above on the left).

Four winners, two for each trip, are selected each fall from local high school applicants. High school juniors are eligible to apply. 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 11, 2017, 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 cookies
- » 6 p.m.
  - Business meeting
  - Results of trustee elections
  - Brief cooperative reports
  - Adjournment of the meeting

» *\*\*A registration gift will be given to residential members who register at the annual meeting. Bring this card to redeem your gift. 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 14<sup>th</sup> Ave,  
Dodge City, Kansas 67801