

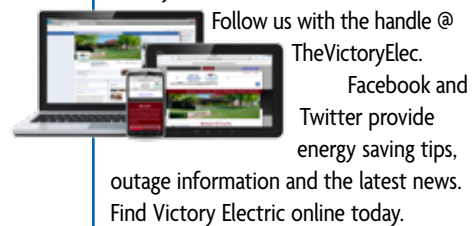
Mark Your Calendars for Annual Meeting

The 71st Annual Meeting of Victory Electric has been scheduled for April 11 at the Western State Bank Expo Center.

A meal will be served and everyone attending will receive a registration gift and have a chance to win some great door prizes. Stay tuned for more details on the upcoming annual meeting.

Engage with Victory Electric Online for More

Victory Electric is now on twitter!



Follow us with the handle @TheVictoryElec. Facebook and Twitter provide energy saving tips, outage information and the latest news. Find Victory Electric online today.

CFL Charlie Says "Come Get Your Free CFL!"

This month's lucky winners are... DESTINY CRUZ,

MARK B. GREEN, ELDON L. KLEIN, KATRINA LOVING, and ANDREW VATH.

Come by Victory Electric Cooperative to get your free compact fluorescent light bulb (CFL). Every month Victory Electric gives members free CFL light bulbs. Congratulations to this month's winners!

Efficiency Tip of the Month

Light-emitting diodes (LEDs) cut lighting energy use by at least 75 percent. Switch light bulbs in stages to start saving.

Cambio de Tarifa Eléctrica es Necesario Para Luchar Contra los Aumentos de Costos y Cumplir con las Obligaciones Financieras

En nuestra sociedad a menudo nos esforzamos por estar por encima del promedio, pero en lo que se refiere a nuestra factura de electricidad, la mayoría de nosotros prefieren estar por debajo del promedio. Estando en el oeste rural de Kansas, nuestro número de miembros por milla de línea lo que significa que nuestros costos por miembro son significativamente más altos para proporcionar infraestructura eléctrica y entregar electricidad. Sin embargo, en comparación con las 30 otras cooperativas eléctricas de Kansas, la actual tasa de kWh residencial de Victory es la tercera más baja. En comparación con los inversionistas de Kansas, somos un poco más barato, lo cual es grande teniendo en cuenta su densidad de clientes y el número de metros por milla de línea es mucho mayor.

Para mantener la calidad, fiabilidad y estabilidad de los servicios que ofrecemos, es necesario ajustar nuestra estructura de precios. Mientras virtualmente todos los aspectos del costo de vida actual continúan aumentando, nos enorgullecemos de evitar los ajustes de precios de rutina. Los miembros no han visto un aumento de la tarifa durante seis y siete años, respectivamente. La última vez que cambiaron las tarifas fue en 2010 para nuestro sistema MKEC y 2011 para nuestro sistema de legado rural. En un mundo de crecientes costos para casi todos los productos de consumo, de seis a siete años es bastante un logro. Victory Electric está proponiendo un aumento de 6.7 por ciento para entrar en efecto el 1 de abril de 2017. Este cambio de tarifa se reflejará a partir de las facturas de electricidad de mayo de 2017.

La mesa directiva y empleados de Victory Electric trabajan todos los días para lograr eficiencias operativas para ayudar a mantener bajos costos. Como su cooperativa eléctrica local, sin fines de lucro, nuestra meta principal es minimizar los efectos de cualquier aumento de tarifas mientras maximiza el servicio de una manera confiable y rentable que usted puede contar.

Además de mantener los mejores intereses de los miembros en mente, la mesa elegidos son miembros de Victory también nos responsable de asegurar que las tarifas eléctricas sean adecuadas para mantener a la cooperativa en sólida condición financiera. El otoño pasado, la mesa directiva de Victory Electric eligió contratar a un consultor independiente externo para llevar a cabo un Estudio de Costo de Servicio (COSS). El COSS es una herramienta importante utilizada en el establecimiento de tarifas de servicios públicos. El COSS reparte justa y equitativamente los costos de proveer servicio a cada clase de tarifa. Cada clase de tarifa tiene características únicas de carga y servicio que afectan los costos de esa clase. Las conclusiones de COSS ofrecen guías útiles para ayudar a la mesa directiva responsable de costos a cada clase de miembros de una manera que evita que cualquier clase pague más que su cuota justa.

Supervisión cuidadosa se mantiene en cada paso en el proceso del cambio de la tarifa. El consejo y la gerencia instruyeron a la firma de consultoría para desarrollar su estudio usando métodos estándares desarrollados por las autoridades reguladoras a través del país y los mismos métodos usados por la

Continuation de 16-F ▶

Cambio de Tarifa es Necesario A continuation 16-A ▶

Comisión de la Corporación de Kansas (KCC) cuando Victory Electric todavía era regulado.

La decisión de implementar un cambio de tarifas no fue fácil para la mesa directiva y administración. Entendemos que los miembros no quieren pagar más en su factura de electricidad, pero también tenemos la responsabilidad de mantener a la cooperativa en una posición financiera sólida para cumplir con las obligaciones financieras y de préstamos y mantenerse al día con el aumento de los costos, la inflación Y otras presiones externas. En particular, en los siete años transcurridos desde nuestro último cambio de tasas, hemos visto un aumento significativo en los impuestos a la propiedad. En 2010 nuestros impuestos sobre la propiedad fueron \$ 1,573,865, y en 2015 pagamos \$ 2,518,096, un aumento de \$ 944,231, o 60 por ciento. En el momento de nuestro último cambio de tasa, nuestros márgenes eran \$ 3,128,315, y en 2015 los márgenes eran \$ 1,693,958, una disminución de \$ 1,434,357. Así que usted puede ver el aumento de 944.231 dólares en impuestos a la propiedad atribuido al 65.8 por ciento de la disminución de los márgenes. Además de los impuestos a la propiedad, hemos visto aumentos en el costo de los materiales (es decir, postes, alambre, transformadores, etc.); Costos escalables de cumplimiento ambiental (es decir, pollo de pradera menor, plan de energía limpia, etc.); Y los gastos relacionados con los daños causados por la tormenta (es decir, los tornados en mayo de 2016 costo más de \$ 300,000 en daños a nuestra infraestructura). Todo esto impacto en nuestras finanzas y cambio de tasa es inevitable para mantener una sólida base financiera.

Es posible que se pregunte cómo se pueden evitar los cambios de tarifas. La respuesta simple no se puede. Los costos aumentarán, se necesitarán mejoras tecnológicas y de infraestructura y el uso de electricidad seguirá aumentando. Sin embargo, pueden permanecer más estables si toman medidas para conservar electricidad.

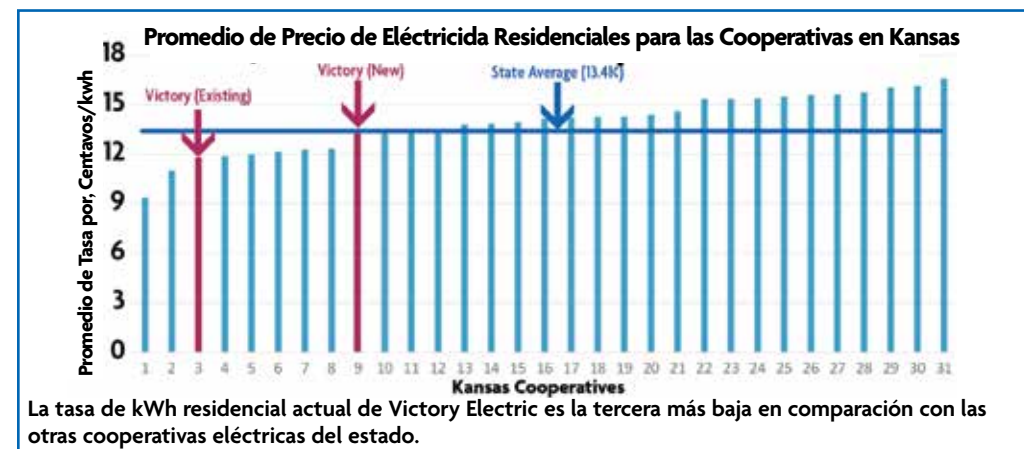
Cada kWh que los miembros de la cooperativa evitan usar es uno que la cooperativa no tiene que comprar y entregar. Este boletín de noticias y nuestro sitio web ofrecen muchas excelentes maneras de ahorrar electricidad y administrar mejor su uso de electricidad.


Cambiar las tasas no es la única manera en que nuestra cooperativa está trabajando para luchar contra los crecientes costos. Buscamos continuamente formas de operar de manera más eficiente y mantener los costos bajos. Por ejemplo, la cooperativa ha refinanciado la deuda, agilizado el proceso interno, contratado consultores para reducir los impuestos a la propiedad e invertido en tecnología para ayudar a reducir los costos. Una actualización de tecnología que requirió una inversión inicial grande ya ha comenzado a pagar, y que es el sistema AMI y metros digitales que permiten la desconexión remota, conexión y lectura de metros. Esto ahorra la cooperativa porque los lectores del medidor no tienen que viajar a esos contadores para hacer cambios u obtener lecturas.

Invertimos en tecnología para mejorar la confiabilidad, las operaciones y la eficiencia. También vivimos por la diferencia cooperativa - como una cooperativa, no estamos impulsados por los beneficios y hacer un retorno para los accionistas. Más bien, estamos orientados al servicio y operamos a costo. Nuestro enfoque es mantener el negocio financieramente fuerte en nombre de todos los miembros, con el fin de continuar proporcionando un servicio seguro y confiable al menor costo práctico.

Pronto recibirá la notificación oficial del cambio de la tarifa propuesta y reunión informativa donde puede hacer preguntas y hablar al directivo de la cooperativa. Puede asistir a una reunión pública el miércoles, 25 de enero o el miércoles 15 de febrero, o una reunión junta especial el viernes, 24 de marzo donde la mesa directiva discutirá y votará la propuesta de cambio de tasa.

Si tiene preguntas sobre este cambio de tarifas, visite nuestro sitio web en victoryelectric.net para un extenso Q&A documento o no dude en llamar a nuestra oficina en 620-227-2139 y haremos nuestro mejor esfuerzo para ayuda.



A Touchstone Energy® Cooperative 
 P.O. Box 1335, 3230 N. 14th Ave.
 Dodge City, KS 67801
 616-227-2139
 www.victoryelectric.net

THE VICTORY ELECTRIC COOPERATIVE

electronews



The Victory Electric Co-op Assn., Inc.

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Manager of Special Projects

FROM THE CEO Electric Rate Change Necessary to Fight Rising Costs and Financial Obligations

In our society, we often strive to be above average, but where our electric bill is concerned, most of us prefer to be below average. Being in rural western Kansas, our number of members per mile of line is fairly low, which means our costs per member are significantly higher to provide electric infrastructure and deliver electricity.

Yet compared to the 30 other electric cooperatives across Kansas, Victory's current residential kWh rate is the third lowest. Compared to Kansas investor-owned utilities, we are slightly cheaper, which is great considering their customer density and number of meters per mile of line is a lot higher.

To maintain the quality, reliability and stability of the services we provide, it is necessary for us to adjust our pricing structure. While virtually all aspects of today's cost of living continue to rise, we pride ourselves on avoiding routine price adjustments. Members haven't seen a rate increase for six and seven years, respectively. The last time rates changed was in 2010 for our MKEC system and 2011 for our rural legacy system. In a world of rising costs for nearly all consumer products, six to seven

years is quite an accomplishment. Victory Electric is proposing a 6.7 percent average increase to go into effect April 1, 2017. This rate change will be reflected starting on the May 2017 electric bills.

The board of trustees and employees of Victory Electric work every day to achieve operating efficiencies to help keep costs low. As your local, not-for-profit electric cooperative, our primary goal is to minimize the effects of any rate increase while maximizing service in a cost-effective reliable manner that you can count on.

In addition to keeping the member's best interests in mind, Victory's member-elected trustees are also responsible for ensuring electric rates are adequate to maintain the cooperative in solid financial condition. Last fall, Victory Electric's board of trustees elected to hire an outside, independent consultant 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

Continued on page 16-B ▶



Shane Laws

Victory Electric Necessary Rate Change *Continued from page 16-A*

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.

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 decision to implement a rate change wasn't easy for the board of trustees and management. We understand members don't want to pay more on their electric bill, but we also have a responsibility to our members to keep the cooperative in a solid financial position to meet financial and loan obligations and keep up with rising costs, inflation and other external pressures. In particular, in the seven years since our last rate change, we have seen a significant increase in property taxes. 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 margins were \$3,128,315, and in 2015 margins were \$1,693,958, a decrease of \$1,434,357. So you can see the \$944,231 increase in property taxes attributed to 65.8 percent of the decrease in margins. In addition to property taxes, we have seen increases in the cost of materials (e.g. poles, wire and transformers); escalating environmental compliance costs (e.g. Lesser Prairie Chicken or the Clean Power Plan); and expenses relating to storm damage (the tornados in May 2016 cost upward of \$300,000 in damages to our infrastructure). All of this has an impact on our finances, and a rate change is inevitable to maintain a solid financial footing.

You may ask how rate changes can be avoided.

The simple answer is that they cannot. Costs will rise, technology and infrastructure upgrades will be necessary and energy use will continue to increase. However, they can remain stable longer if you take steps to conserve energy. Every kWh the cooperative's members avoid using is one the cooperative doesn't have to buy and deliver. This newsletter and our website provide

many great ways to save on electricity and better manage your energy use.

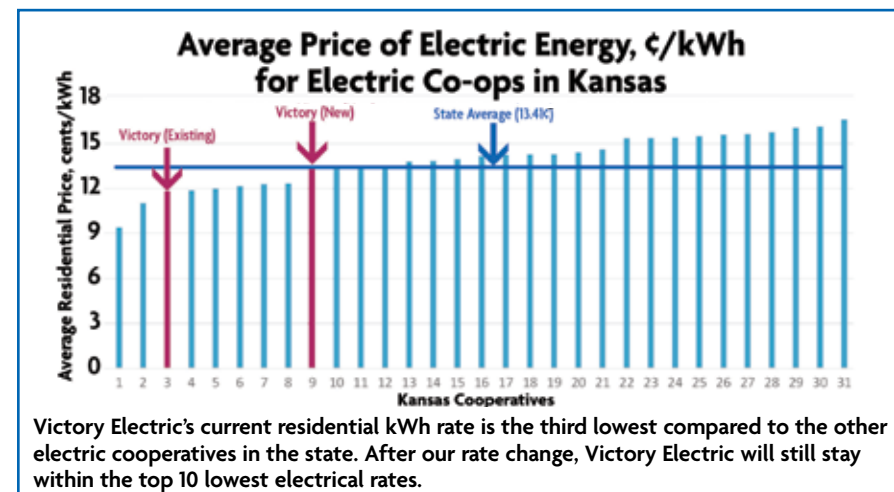
Changing rates is not the only way our cooperative is working to fight rising costs. We continually look for ways to operate more efficiently and keep costs down. For example, the cooperative has refinanced debt, streamlined internal processes, hired consultants to reduce property taxes, and invested in technology to help reduce costs. One technology upgrade that required a large initial investment has already begun to pay off, and that is the AMI system and digital meters that allow for remote disconnection, connection and reading of meters. This saves the cooperative because servicemen and meter readers don't have to travel to those meters to make changes or obtain readings.

We invest in technology to improve reliability, operations and efficiency. We also 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 operate 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.

You will soon receive official notice of the proposed rate change and informational meetings where you can ask questions and talk to co-op trustees. You can attend a public listening meeting on Wednesday, January 25 or Wednesday, February 15, or a special board meeting on Friday, March 24 where the board will discuss and vote on the rate change proposal.

If you have questions about this rate change, please visit our website at victoryelectric.net for an extensive Q&A document, or feel free to call our office at 620-227-2139 and we will do our best to help.

Thanks, Shane



Dodge City Parade of Lights and Chili Contest



The Parade of Lights and Chili Contest welcomed more than 200 people at Boot Hill to taste chili and enjoy the parade.

The 15th Annual Christmas Parade of Lights and Chili Contest was held on Nov. 28 in Dodge City.

Sponsored by the *Dodge City Daily Globe*, Boot Hill, Victory Electric, the City of Dodge City, Main Street, True Value and Q97, the events attracted hundreds of visitors to Dodge City.

The chili contest had 26 entries. The lucky winners in the Judges Choice category were **DODGE CITY/FORD COUNTY DEVELOPMENT CORP.**, first place; **UNITED WIRELESS ARENA**, second; and **2ND AVE. LUNCH**

CO., third. Those who impressed the crowd won the People's Choice category. Winners were **ARROWHEAD WEST**, first place; **DC FIRE DEPT.**, second; and **DODGE CITY HIGH SCHOOL FCCLA**, third. All winners received a plaque sponsored by Victory Electric.

The parade attracted more than 15 entries, ranging from classical cars, Dodge City school bands, to floats decked out in lights.

Thanks to all who attended, and we hope to see you next year!



Arrowhead West serves their first place People's Choice chili.



Dodge City/Ford Co. Development Corp. wins Judge's Choice.



Victory Electric enters the parade with a lighted tree trimming truck.

Victory Electric 2017 Youth Tour Winners Announced

Victory Electric is sponsoring four local high school juniors to participate in our 2017 Youth Tour programs this summer.

ALEC COAST, Cimarron, and **ROXANA ARJON**, Dodge City, will attend the Electric Cooperative Youth Tour to Washington, D.C., in June.

During Youth Tour, the students will join 1,700 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.

SYDNEY FOSTER, Dodge City, and **HAYLEE BROWN**, South Gray, will attend the Cooperative Youth Leadership Camp in Steamboat Springs, Colorado, in July.

At camp, the Kansas students will join youth from Colorado, Oklahoma and Wyoming. Campers will form a mock cooperative, learn leadership skills and learn about the cooperative industry.

The four winners were chosen based on a résumé, two letters of recommendation, and an interview. Congratulations winners!



Alec Coast



Roxana Arjon



Sydney Foster



Haylee Brown

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- Email: program.intake@usda.gov.

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**FROM THE BOARD PRESIDENT
Victory Seeks
Board Nominations**

**Dear Victory
Electric Members,**

It is time once again to start thinking about Victory Electric's annual membership meeting held on April 11, 2017.

We are currently soliciting nominations for Victory Electric's board of trustees. Positions up for election are in District 2, currently held by **JOHN LEIS**, Minneola; District 4, currently held by **JIM IMEL**, Bucklin; District 6, currently held by **KENNY WEHKAMP**, Cimarron; and District 10, currently held by **RANDY QUINT**, Dodge City.

To qualify, you must be a 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 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 John Leis at Victory Electric, P.O. Box 1335, Dodge City, KS 67801 by January 10, 2017.

Sincerely,
JOHN LEIS, PRESIDENT



John Leis