



BALLOTS
for
Districts
1, 3, 8, 10
ENCLOSED

2014 ANNUAL REPORT

OF THE

VICTORY ELECTRIC
COOPERATIVE ASSN., INC.





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.



SCHEDULE OF EVENTS

- 5:30 p.m. Registration begins**
- 6 p.m. Dinner served:
BBQ brisket or pulled pork, baked beans, chips and cookie
- 7 p.m.
 - Business meeting
 - Announce results of trustee elections
 - Brief cooperative reports
 - Adjourn the meeting

The Victory Electric Cooperative Association, Inc., is proud to serve the members in our corner of southwest Kansas. We are committed to helping our communities grow and prosper. To promote this economic growth, Victory Electric is 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 of the newest technologies Victory Electric has embraced to increase efficiency and save our members money.

The board of trustees, CEO and employees of Victory Electric invite you to join us for dinner and have an enjoyable time at the annual meeting on Tuesday, April 14, 2015, at the Western State Bank Expo Center (located at 11333 US Highway 283 in Dodge City).

***A registration gift will be given to the first 600 residential members who register at the annual meeting. Bring the card on the back of this booklet to redeem your gift. Limit one gift per residential member.*

Cover photo by Victory Electric lineman Mikey Goddard.

WHO WE ARE

Victory Electric 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 a voting membership.

We invite you to exercise your membership rights and join us at our annual meeting on April 14, 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 comes from the recognition of the U.S. and Allied forces' victory at the end of World War II.

In the early days of the cooperative, Victory Electric served parts of nine counties with just over 300 miles of transmission and distribution line.

Today, Victory Electric is headquartered in Dodge City in Ford County. We have 73 employees and provide service to 19,612 meters with 2,795 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, black-start natural gas generators, and diesel peaking units. Your democratically elected board of trustees continues to stay abreast of generation

opportunities that will benefit the cooperative and the membership. We are committed to developing generation capabilities in an environmentally responsible manner, while ensuring a reliable energy supply at a reasonable cost.

“The Victory Electric Cooperative Association, Inc., is proud to serve the members in our corner of southwest Kansas. We are committed to helping our communities grow and prosper.”

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 2014, will be held at the Western State Bank Expo Center, Dodge City, Kansas, on Tuesday, April 14, 2015, at 7 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 district 1, 3, 8 and 10 for a three-year term.
3. To take action upon any and all other matters that may properly come before the meeting.

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

District 1: Daryl Tieben, 11424 109 Rd.,
Dodge City, KS 67801

District 3: Ken Schulte, 11039 132 Rd.,
Spearville, KS 67876

District 8: Cedric Drewes, 10597 Briarwood Dr.,
Dodge City, KS 67801
Ted Setzkorn, 14290 SW 208 Rd.,
Jetmore, KS 67854

District 10: Terri Larson, 1412 Highland Terrace,
Dodge City, KS 67801
*Garry Lee Maier, 802 Ragan Rd.,
Dodge City, KS 67801

*In connection with the election of trustees, the following member has been nominated by petition of fifteen or more members pursuant to the bylaws.

Members serving on the nominating committee are Alan Schneweis, Levi Benjamin, Rex Aistrup, Bruce Giessel, Robert Bailey, Lisa Mazza and Dave Harris; and Ron Reinert (by phone).

Dated this 27th day of February 2015
The Victory Electric Cooperative Assn., Inc.


Pat Morse, Secretary-Treasurer



Shane Laws

It has been a challenging, yet successful, year here at Victory Electric Cooperative. The board and employees have focused on streamlining the financials and internal processes by tightening the budget, reducing inefficiencies throughout the business, and taking advantage of different

technologies to increase productivity.

One of our biggest accomplishments in 2014 was the completion of our Advanced Metering Infrastructure (AMI) digital meter installation. In the past, we had to manually read meters. The new AMI system uses radio frequency (RF) signals to relay kilowatt-hour (kWh) use data to our office and has the functionality to turn meters on and off from our office computers. This eliminates the need for employees to visit the meter site to connect a new service or disconnect a meter for non-pay. In the five years since we started the AMI installation process, we have already paid for the initial AMI investment and saved the cooperative more than \$8.1 million.

A year ago, we began talking to our members about the advantages of self-regulation and why it would be in the members' best interest. The vote took place in May 2014, and I am happy to report that 73.8 percent of our members voted in favor of self-regulation. Not being regulated by the Kansas Corporation Commission (KCC) saves Victory Electric from paying large quarterly fees to the KCC and allows our board the flexibility to make decisions on a local level.

Eliminating our electrician services division last spring was not an easy decision, but we felt it was in the best interest of our members. The electrician services division was founded in 2002 when Victory Electric recognized a need for qualified electricians to serve the members in our rural areas. We felt the division had moved away from the goal of servicing the small rural members and was doing more commercial and industrial bid jobs. It was decided by the board of trustees that it would be in the best interest of the cooperative business and the cooperative members to focus on our core mission of providing safe, reliable electricity and dissolve the electrician services division.

Environmental Regulations and Other External Rate Pressures

One of the most important responsibilities of the Victory Electric board of trustees is to design rates that meet the near and long-term financial goals of the cooperative, while keeping electric rates as low as possible. Our ultimate goal is to make every effort to keep rates affordable, but, unfortunately, outside influences have a significant impact.

When businesses are forced to comply with strict environmental regulations, the cost of compliance gets built into the price of goods and services, including electricity, thus increasing rates. Examples of these environmental challenges include the proposed regulations by the Environmental Protection Agency (EPA) that seek to limit greenhouse gas emissions, the listing of the lesser prairie chicken as a threatened species, and the proposed rule by the EPA and the U.S. Army Corps of Engineers that will expand their authority over the Clean Water Act.

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. This forces power suppliers like Sunflower Electric Power Corporation and Mid-Kansas Electric—as well as their member-owners, including Victory Electric—to assume a significant share of the responsibility for building transmission lines capable of delivering wind energy out of the region. These transmission projects add cost and ultimately increase electric rates.

Victory Electric, cooperatives across the nation, and the National Rural Electric Cooperative Association (NRECA), are continuously talking to our legislators, testifying in hearings, and lobbying for fair, affordable rates for our members.

With your help, through letters and emails to our legislators and the EPA, we can demand that government regulations for energy production take into account consumers' need for reliable, affordable energy and reasonable, achievable EPA standards that govern electric generation facilities, especially those that use fossil fuels. Having a voice is one of the most important rights each of us has as a U.S. citizen and as an electric cooperative member. We need to use it. For more information on how to make a difference, visit www.action.coop.

Lesser Prairie Chicken Mitigation

Victory Electric and our partners are constantly working to stay abreast of federal and state regulations that impact the electric industry.

Last spring, the U.S. Fish & Wildlife Service (USFWS) announced its decision to list the Lesser Prairie Chicken (LPC) as threatened under the Endangered Species Act (ESA), a decision that is expected to cost Kansans millions as local governments and businesses comply with regulations associated with the listing.

Since the ESA does not require the USFWS to consider economic impacts when listing a species, costs now associated with compliance of the new regulations will impact economic growth within and beyond the five-state region where the bird is protected. The listing will certainly impact land use by farmers and ranchers and will also impose costs on developers of home sites, new roadways, electric and communication infrastructure, and other utilities.

Electric cooperative members, in particular, will feel the impact of the listing since electric cooperatives often serve rural areas where there are fewer members to share the cost of utility operations. Victory Electric and the other distribution cooperatives in western Kansas will be especially hit hard since, according to the USFWS, of the five states in the native range of the LPC, more than half of the LPC population is located in western Kansas.

In the event that a LPC or its habitat is disturbed or harmed as defined in the ESA, Victory Electric can be subject to hefty fines. What is certain is that costs will increase to complete transmission and

distribution line projects, thereby increasing the cost of electricity. Any new lines built in habitat areas will be subject to mitigation fees and may be required to be buried underground, thus increasing the cost by two to three times. Any new overhead line built requires an environmental survey to be conducted between March 15 and May 7 by a trained biologist at a cost of two to three thousand dollars per square mile. This only scratches the surface of the fees and reporting requirements. We may need to hire an additional employee to meet the reporting requirements.

The LPC is just the first species to be listed as threatened. The long-eared bat is expected to be listed this year, a listing that will affect the eastern third of Kansas. Be assured that Victory Electric and our industry partners will continue to follow the progress of these listings and will actively engage in appropriate measures to ensure that our members continue to receive reliable electricity at the lowest possible cost.

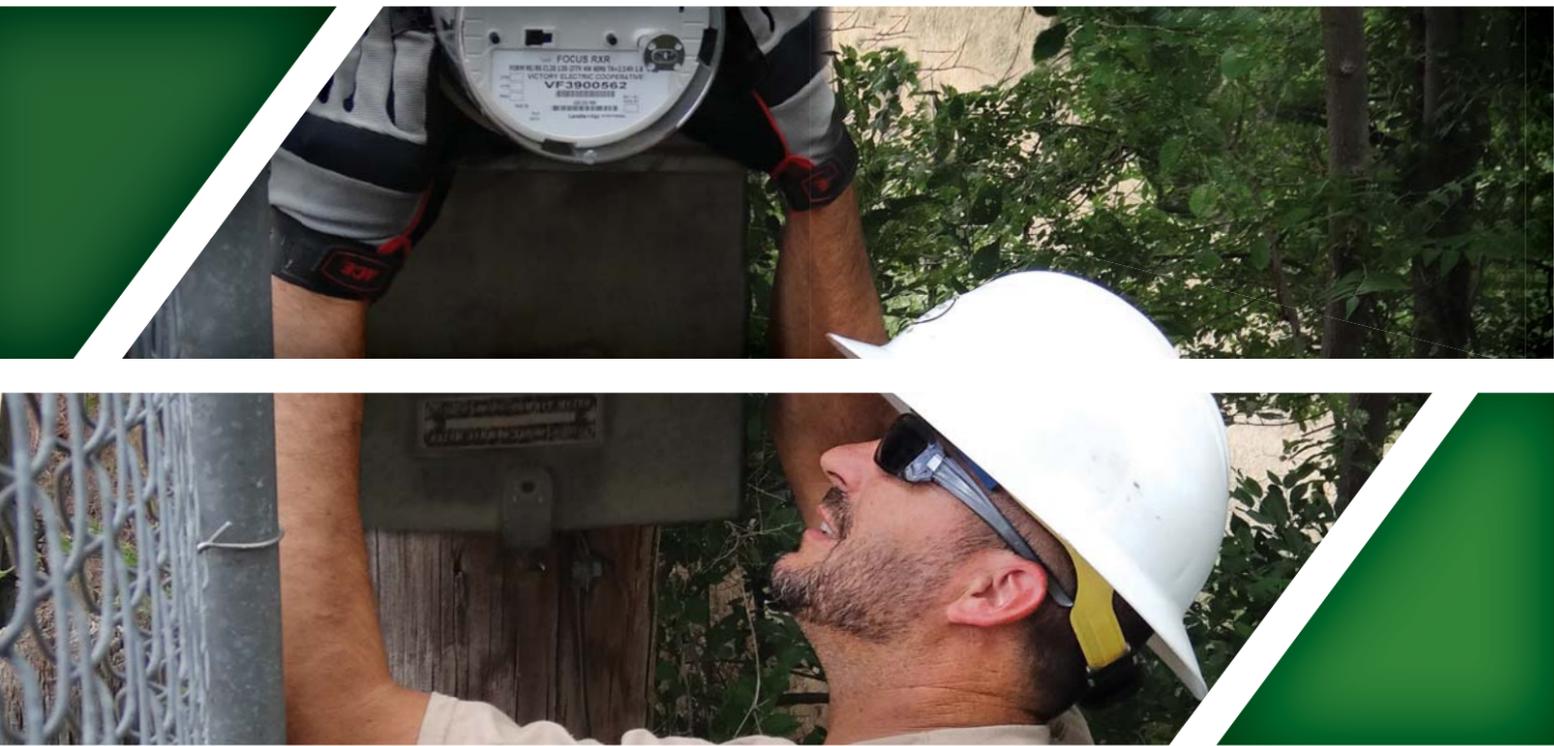
In closing, electric utilities will continue to face many outside influences that cannot be controlled. However, Victory Electric will continue to speak out regarding unreasonable regulations that impact the electric industry and will continue to implement sound business strategies that are in the best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

My door is always open, and I welcome you to contact me or your elected trustee about any questions or concerns you may have regarding Victory Electric.

“Electric cooperative members, in particular, will feel the impact of the listing since electric cooperatives often serve rural areas where there are fewer members to share the cost of utility operations.”

Shane Laws, CEO





VICTORY LEVERAGES TECHNOLOGY TO INCREASE EFFICIENCIES AND EMPOWER MEMBERS

In the age of advanced consumer mobile technology and information at our fingertips, Victory Electric is progressively investing in technology and infrastructure to increase grid efficiency and provide invaluable data to direct system improvements. This investment has proven to have significant cost savings to the cooperative and our members.

Our Gridstream Advanced Metering Infrastructure (AMI) is the backbone of our system and is an integral part of how our online member portal, outage management, distribution automation, and meter data management technologies work in tandem to achieve higher standards for efficiency and increased cost savings for our members.

Advanced Metering Infrastructure and Outage Management

Five years ago, Victory Electric took the first step to automating our electrical system by installing AMI, primarily consisting of digital meters, routers and collectors. These meters are automated and report use information to our office by radio frequency (RF) on a regular basis, using other meters, routers and collectors to transmit data back to our main office in Dodge City. Victory Electric completed the installation of 19,000-plus digital meters in May 2014.

There were several reasons Victory Electric chose to install AMI. The flexibility of the RF system allows

for the integration of many other technologies. Lower operating costs, efficiency, improved reliability and improved accuracy are also advantages of the AMI system. With this technology, Victory Electric receives instantaneous meter reads and knows within seconds when a power outage occurs. The system can tell us the location, the extent of an outage, and many other details that save the line crews' time when dispatched on an outage call. Access to this information results in quicker power restoration.

Some other advantages of the AMI system are reduced meter reading expenses, load management options, alerts of tampering or theft, and remote reconnects and disconnects. The two-way communication system allows the meter to send readings to Victory Electric's office and gives us the ability to remotely shut off or turn on the meter in the event of a non-pay, disconnect or reconnect. This spares the cooperative many miles of driving to turn meters off and on, which saves wear and tear on vehicles, fuel and employee time.

Online Member Portal

The introduction of the AMI system also brings many advantages for members. Currently, members can log on to our website or download the SmartHub app on their phone to pay their bill, report an outage, view past bills, etc. In addition, the data helps to pinpoint

problems and get an accurate look at electric use history. Members can be made aware of a forgotten space heater or a failing compressor on a freezer.

"For example, if a member notices his electric bill is unusually high that month and he doesn't know why," said Heith Konecny, supervisor of metering technology. "he takes a look at the use charts on SmartHub and sees on the 14th of the month was when use started increasing. Doing some investigating, he remembers he bought a space heater around that time. SmartHub will give members the data and information they need to have more control over their energy use."

SmartHub is available in both a mobile application and a web version to give members secure access to maintain account information, view bills, see payment history, make payments on one or more accounts, set-up recurring payments, and report outages. Both versions use graphics and charts to allow members to monitor and manage use.

"We want our members to have the ability to know the best ways to save money and be more energy efficient," said Shane Laws, CEO. "By installing these new digital meters and providing the information and data directly through the SmartHub website and mobile application, members will have the knowledge and power to control their energy consumption at home and at work."

Distribution Automation

The completion of AMI and the installation of the digital meters was the first step to fully utilizing Distribution Automation (DA). DA refers to a distribution system that is controllable, flexible and has the ability to be self-healing in many types of power outages. This helps the grid operate more efficiently.

"Right now we are mainly using DA to operate breakers in our substations," Konecny said. "but in time we hope to utilize DA for demand response, conservation voltage reduction, and load control. Also, during outages the system will be able to heal itself."

The self-healing mechanism would dramatically reduce the number of outages and length of outages. DA would have the ability to isolate the problem, switch breakers in substations, and change switches on the line, all of which will help reduce the number of outages before a truck is even dispatched.

Meter Data Management

Another important piece of the technology puzzle is our Meter Data Management (MDM) system. MDM is

designed to help Victory Electric process, store and prepare the electrical use data received from the AMI digital meters. In the past when meters were read manually, Victory Electric stored 12 readings a year per meter, and now each meter can have more than a million readings in one year. MDM plays an integral role in our system by allowing Victory Electric to store the data where it is easily accessible.

The information in our MDM system is also available to members via the online member portal when they are seeking information about their hourly, daily or weekly electrical use.

"Because MDM stores several years of electrical use information, it helps our customer service representatives assist our members with high bill complaints or other issues," Konecny said. "We can also use the data to detect theft and voltage issues."

Leader in the Industry

When Victory Electric started the conversion from manual read meters to AMI digital meters five years ago, we didn't realize we might be on the leading edge of technology. In no way was AMI a new concept in

“With SmartHub, members are able to take full advantage of all the information provided by the digital meters.”

Heith Konecny

the electric utility industry, but in most cases the technology was primarily used in an urban or suburban setting where the meters were in close enough proximity for the RF frequencies to communicate effectively.

"Very little of Victory Electric's territory is urban, and we knew it would be a challenge to get that technology to work in both our urban areas and our rural areas," Konecny said. "It was

quite by accident we learned the new meters could communicate at longer distances. In the process of changing out the meters, a few meters south of Dodge City were installed and were communicating well without any additional routers or collectors. That's when we went to Landis+Gyr, who designed our AMI system, to create a pilot program for an AMI system that would be effective in our remote rural areas."

In fact, the pilot program proved so successful that Landis+Gyr used Victory Electric's system as a demo/success story in a sales presentation to Japan-based Tokyo Electric Power Company, which has more than 21 million meters.

"Victory Electric has come so far with our different technology applications, and we will continue to leverage the capabilities of each of these technology components," Laws said. "I believe we have only begun to see the potential of the technology and the savings to the cooperative."

VICTORY ENGAGES MEMBERS ONLINE

WEBSITE AND SOCIAL MEDIA KEEP MEMBERS INFORMED

Online-based platforms are becoming a more 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, www.victoryelectric.net, has become more dynamic during the past couple of years, and we are working to incorporate more videos and interactive models to help our members get their information in a manner that is easy to navigate and understand.

Links to our online bill pay site, the latest news, calendar of events, electrical safety information, energy efficiency tips, youth programs, cooperative newsletters, Co-op Connections Card information, and more can be found on our website. The website also lists the cooperative bylaws and tariffs.

Online Bill Pay and More

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.

If you have ever called us in a big storm, you know Victory Electric's phone lines are often busy and it is hard to get through. If you don't feel like waiting on your call to get through, you can report your outage in three easy clicks with your phone, tablet or computer. Start by opening your SmartHub app, click on the "service status" icon,

choose "my power is out," and click "submit." Just like a phone call, the SmartHub outage application lets Victory Electric know there is an outage, except it is much faster. If you would like more details, our website has step-by-step instructions with photos to guide you through the process.

Social Media Platforms

Another new feature of the website is a feed showing Victory Electric's Facebook posts. It provides a direct link to the Facebook page at www.facebook.com/VictoryElectric. A Facebook user can become a "fan" of Victory Electric and elect to receive status updates on their news feed.

Victory Electric's page can also be found by using the Facebook search option or through the direct link Facebook.com/VictoryElectric. On Facebook, you can get the latest co-op 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's Facebook page during large-scale outages. If the outage encompasses a significant number of members, we will post

frequent updates on the status of the outage. This helps members know the extent of the outage, and if possible, we give an approximate time of power restoration. If

you are experiencing an outage, Facebook is NOT a reporting method. The page isn't monitored 24/7, so it is best to call or report the outage on your phone/tablet via SmartHub.

Victory Electric's Facebook page is a public site, so if you have not yet joined the Facebook world, you are still able to visit the page and get news and updates from us.

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



CULTURE STATEMENT

Victory Electric's employees' and board of trustees' culture is based upon integrity, honesty, loyalty and 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.



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 one, three, eight and ten are up for election. Mail-in ballots are enclosed for those members in districts up for election. Ballots must be received by five o'clock p.m. on the date prior to the annual meeting. Only mailed ballots will be counted in the election. No voting will be held electronically or at the annual meeting.

District
1



Daryl Tieben - Dodge City - *Incumbent*

I want to thank everyone who put their trust in me to be your voice at Victory Electric. We, the board of trustees, strive every day to keep your electricity affordable, reliable and safe.

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

With your vote in this year's election, I will continue to advocate to keep your rates as low as possible. My phone is always available for your calls and concerns. Once again, thank you for your support and your vote.

Ken Schulte - Spearville - *Incumbent*

I want to thank the members of Victory Electric for your confidence in electing me to be your representative on the board of trustees. We, the board, have focused on cutting costs and maintaining the integrity of safe, reliable electricity for all. Victory Electric was the first in this region to introduce the AMI digital meters five years ago, and in doing so, we have saved the cooperative more than \$8.1 million. We continue to focus on other ways to cut costs, still maintain our system, and encourage growth in our region.

Thank you again for this opportunity to serve you. I would appreciate your vote again this next election.

District
3



District
8



Cedric Drewes - Dodge City - *Incumbent*

I feel very privileged to have served Victory Electric and its members for the past six years on the board of trustees. We have made many important and tough decisions recently. We have also embraced various technologies that keep us on the leading edge of the electric utility industry.

I graduated summa cum laude from Fort Hays State University with a B.S. in agri-business and a minor in mathematics. I will do my best to ensure Victory Electric continues to bring its members affordable and reliable energy within a culture of safety. Victory Electric is a vital part of our community and I am committed to maintaining its future growth and success. With my education and experience, both on this board and in farm management, I feel that I am qualified and worthy of your continued support in district 8. As always, thank you for the opportunity and your vote.

District
8



Ted Setzkorn - Jetmore

Being a farmer and rancher, I truly appreciate what a rural electric association does for its members. If there is an outage, it's always great to see a friendly face getting your power back up and running. I believe one of Victory's strengths is its employees. They are professional, courteous and friendly. I am interested in learning more about our cooperative and in representing members in my district.

I am the fourth generation on our farm. I graduated from DC3 and continued my education at Kansas State University. In the past, I have served as an associate director at Dodge City Cooperative and have been the chairman of the stewardship board at the Holy Cross Lutheran Church. Currently, I am on the Hodgeman County FSA Committee.

This year my wife, Pam, and I will celebrate 21 years of marriage, and we have five children. Our family enjoys working and playing together. I believe that my experience, along with the wisdom passed to me by my dad, both through stories and actions, will allow me to represent Victory Electric members in a positive way. Thank you for your consideration.

Terri Larson - Dodge City - *Incumbent*

It is a great honor and privilege to serve the members of Victory Electric Cooperative as a trustee. To the people of Dodge City, district 10, I say "thank you" for your consideration and support as I seek another term on the board of trustees.

Victory Electric's mission is to provide safe, reliable service at a competitive rate. It is this mission statement that serves as my guide to making decisions on behalf of the Victory Electric membership. Also, on a personal level, I have made it my goal to educate myself and receive training so I can make sound decisions for the cooperative on behalf of the members. In my tenure on the board of trustees, I earned the Credentialed Cooperative Director certificate and the Board Leadership Certificate. This training enables me to be well-informed of current issues and challenges facing electric cooperatives and to be an effective board member.

I earned my MBA from Fort Hays State University, am currently a long-term substitute teacher at Dodge City High School, and a proud 27-year Dodge City resident. I am married with three grown children, all who graduated from DCHS. Our two daughters are serving in the U.S. Air Force and one son is attending DCCC. I am so thankful for the people of Dodge City and I would appreciate your vote.

District
10



District
10



Garry Lee Maier - Dodge City

I would be honored to obtain your vote to serve and represent you, the members of Victory Electric district 10. As a resident of Dodge City for more than 45 years and the general manager of Stewart Plumbing and Heating, Inc., I have the business experience as well as an understanding of energy efficiency and the future of energy for Dodge City.

I feel my two greatest strengths are my ability to build relationships and keep constant communication with the citizens of Dodge City and surrounding areas.

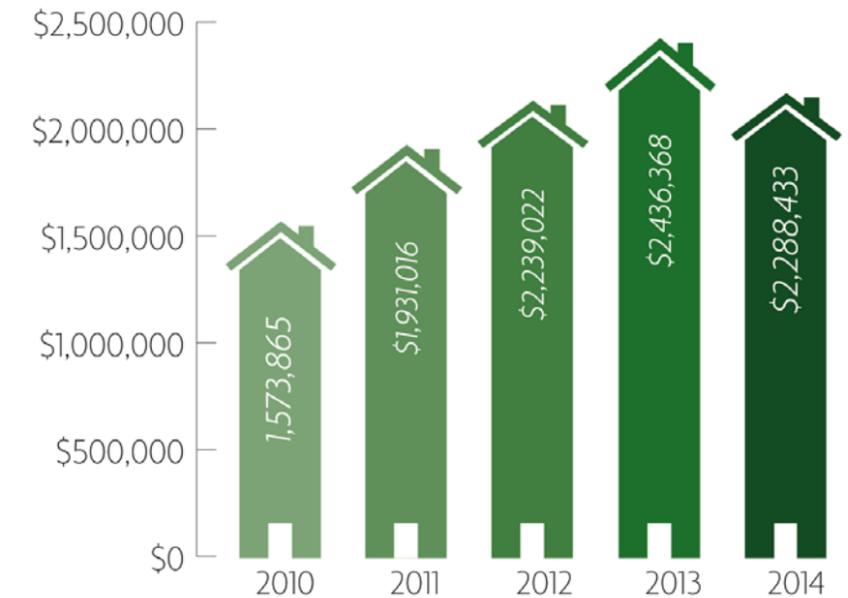
I would be dedicated to the time and responsibility that is necessary to fulfill this commitment and devoted to working through future challenges and changes. Victory Electric has always been a community leader and I am enthusiastic about the possibility of being a part of that leadership and keeping the best interests of members and the cooperative at the forefront. Thank you for your consideration in voting for me.



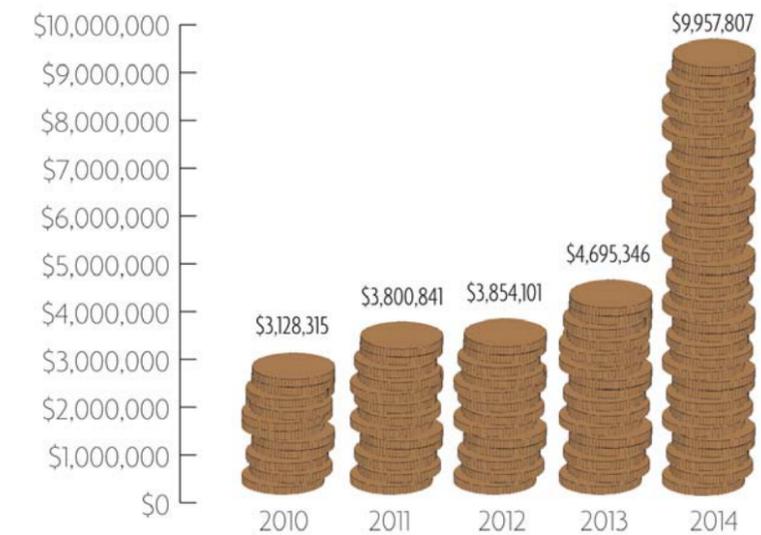
“The Victory Electric employees donated \$826 to douse their managers in cold water for the ALS Ice Bucket Challenge. Our employees are extremely generous and I am proud of them for going above and beyond to support a worthy cause.”

Shane Laws, CEO

PROPERTY TAXES - PAID IN THE LAST FIVE YEARS



CAPITAL CREDITS - ALLOCATED IN THE LAST FIVE YEARS



FINANCIAL REPORT

Balance Sheet

ASSETS	
Total Cost of Plant	\$148,991,110
Less Accum. Depreciation	\$45,743,093
Total Net Value of Plant	\$103,248,017
Cash	\$417,090
Investments	\$23,969,578
Receivables	\$6,780,978
Materials and Supplies	\$1,247,326
Prepayments	\$84,480
Other Current & Accrued Assets	\$11,430
Deferred Debits	\$3,511,410
TOTAL ASSETS	\$139,270,309
LIABILITIES	
Long-Term Debt	\$92,521,217
Deposits	\$820,252
Notes & Accounts Payable	\$6,622,522
Current Liabilities	\$1,771,832
Deferred Credits	\$76,806
Equities & Margins	\$37,457,680
TOTAL LIABILITIES	\$139,270,309

Income Statement

Income	
Electric Revenue	\$73,415,363
Expenses	
Cost of Power	\$51,905,327
Operating & Maintenance Expenses	\$6,895,772
Depreciation	\$4,172,595
Taxes	\$2,288,433
Interest	\$3,658,287
Total Expenses	\$68,920,414
Operating Margins	\$4,494,949
Non-Operating Margins	\$5,462,858
TOTAL MARGINS FOR 2014	\$9,957,807



Revenues

Industrial	\$23,722,233
Large commercial	\$23,314,792
Residential	\$18,273,034
Irrigation	\$4,395,309
Small commercial	\$2,878,258
Other	\$831,737
Total	\$73,415,363

Expenses

Cost of power	\$51,905,327
Operating & Maintenance	\$6,895,772
Depreciation	\$4,172,595
Interest	\$3,658,287
Taxes	\$2,288,433
Total	\$68,920,414





VICTORY ELECTRIC EMPLOYEES

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

Accounting

Angela Unruh – Chief Financial Officer
 Jennifer Gaut – Supervisor of General Accounting
 Monica Lampe – Accounting Clerk
 Melissa Ruiz – Payroll Specialist
 Steve Stecklein – Supervisor of Plant Accounting

Customer Service Department

Amy Grasser – Manager of Corporate Services
 Ross Adams – Customer Service Representative
 Dania Blatnick – Customer Service Representative
 Rubi Carbajal – Customer Service Representative
 Sandy Long – Supervisor of Billing
 Alexa Lozano – Customer Service Representative
 Jessica Mashak – Customer Service Representative
 Alma Robison – Billing Clerk
 Martha Ruiz – Customer Service Representative

Communications & Marketing Department

Jerri Imgarten – Manager of Marketing and Communications
 Micaela Morales – Member Relations Coordinator

Engineering Department

Greg Underwood – Manager of Engineering
 Brad Ackerman – Supervisor of IT
 Cory Ackerman – Construction Coordinator
 Mark Bennett – Electrical Engineer
 Armando Ceja – Journeyman Tree Trimmer
 Jerry Dick – Substation Technician
 Harold Flax – Supervisor of System Technology
 Roy Hampton – Journeyman Meterman
 Rob Henry – Supervisor of Substation Technology
 Jeff Hubbell – Electrical Engineer
 Steve Jimmerson – Tree Trimmer Foreman
 Heith Konecny – Supervisor of Metering Technology
 Daniel Pogue – Staking and Field Engineering Technician
 Craig Renick – Journeyman Meterman
 Jarod Scheve – Substation Technician

Josh Schmidt – Supervisor of Key Accounts and Business Development
 Richard Torres – Substation Technician

Operations Department

Tom Lowery – Manager of Operations
 Ryan Miller – Supervisor of Operations
 Ross Ackerman – 3rd Class Lineman
 Joel Daniels – Crew Chief
 Pat Deaver – Crew Chief
 Jeremy Elling – 3rd Class Lineman
 David Gechter – Journeyman Lineman
 Tanner Gemaehlich – 2nd Class Lineman
 Mikey Goddard – Crew Chief
 Kade Henry – 2nd Class Lineman
 Phil Huffman – Crew Chief
 Chris Konrade – Journeyman Lineman
 Kirk Konrade – Journeyman Lineman
 Jacob Ledford – 3rd Class Lineman
 Dave Lowery – Journeyman Lineman
 Jeff Martinez – 2nd Class Lineman
 Dave Masden – Crew Chief
 Ted McAtee – Journeyman Lineman

Kyndell Penick – 3rd Class Lineman
 Nick Rennaker – Journeyman Lineman
 Shea Ricke – Journeyman Lineman
 Jason Rohr – Crew Chief
 Jesus Ruiz – 2nd Class Lineman
 Paul Schmidt – Journeyman Lineman
 Mike Shewey – Crew Chief
 Eric Speer – Crew Chief
 Clayton Stein – 2nd Class Lineman
 Nate Stormont – Journeyman Lineman
 Justin Straight – Journeyman Lineman
 Lee Vierthaler – 2nd Class Lineman
 Leroy Woods – Crew Chief

Purchasing and Warehouse Department

Michael Clark – Manager of Purchasing
 Jason Guillen – Warehouse Clerk
 Larry Schneweis – Warehouse Clerk
 Kevin Sprott – Mechanic
 Michael Stefan – Warehouse Clerk
 Rod Webster – Mechanic

2014 ANNUAL MEETING MINUTES

The 69th Annual Meeting of Members of The Victory Electric Cooperative Assn., Inc., was held on Tuesday, April 15, 2014, at the Western State Bank Expo in Dodge City, beginning at 7 p.m. The meeting followed a BBQ dinner served to 417 members and guests for a total of approximately 834 meals served.

The meeting began with the national anthem sung by the Dodge City Madrigals; and Kirk Larson gave the invocation.

President Kenny Wehkamp called the meeting to order at 7 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: Vice-President John Leis and Jill; Secretary-Treasurer Pat Morse and Shannon; 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; Daryl Tieben and Carol; CEO Shane Laws and Ali; Dave Snapp, Victory Electric attorney; and himself, Kenny Wehkamp.

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 followed by a brief video presentation of "Storm Soldiers," a movie about linemen.

Jerri Imgarten, manager of marketing and communications, introduced the 2013 youth tour winners: Myranda Axtell and Ashlee Redger, both from South Gray; Saif Khan, Dodge City; Byrum Bittel, Spearville; Everly Wise, Fowler; and Aaron Pinkerton, Minneola. Axtell and Redger gave a brief presentation on the

Washington, D.C., trip. Bittel spoke of the Steamboat Springs, Colo., leadership camp. Imgarten introduced the 2014 winners of the Washington, D.C., trip: Camryn Williamson and Andrea Sanchez, both from Dodge City; and MacKenzy Meis, Cimarron. Winning the Steamboat Springs, Colo., trip were Madison Salmans, Hodgeman County; Andrea Bryant, Cimarron; and Ashlee Bohannan, Ingalls.

Dave Snapp, attorney for Victory Electric,

2014 FAST FACTS

Plant worth	\$148,991,110
Total operating revenue in 2014	\$73,415,363
kWh sold in 2014	713,843,311
System kW demand	146,934
Miles of line	2,794.71
Number of meters	19,612
Number of full-time employees	73

PRESIDENT'S REPORT



Kenny Wehkamp
President

First, I would like to thank our members who voted in the self-regulation election last year. I believe our members' decision to self-regulate underscores their belief in the democratic process, which is cornerstone of the cooperative business model. It also gives me confidence that our members responded with a "yes" vote, as they understood the benefits of self-regulation and how it reduces our overall expenses.

Votes were cast in May 2014, and 3,162 ballots were cast. Of those members who voted, 73.8 percent voted "yes" to self-regulation, giving Victory Electric the majority needed. The Kansas Corporation Commission was notified, and Victory Electric is now effectively a self-regulated cooperative.

I have no doubt the members made a solid decision in their vote to self-regulate. As a cooperative, our goal is to provide our members with reliable power at the most affordable cost. Eliminating the unnecessary costs of regulation will help us better serve our members and position Victory Electric for future opportunities.

Many of you may be wondering "what's next?" After the election, we hired an independent consultant to conduct a cost-of-service study. I am happy to say Victory Electric is doing well financially and the consultants don't foresee any rate increase for years to come.

Your board and cooperative employees are working to keep costs as low as possible. The board has a duty of care, concern and responsibility to maintain the financial integrity of the cooperative to ensure members receive safe, affordable and reliable electric service.

discussed the bylaw amendments. With no questions, he called for a vote. A motion was made, seconded and carried. The bylaw amendments were adopted.

Wehkamp introduced Greg Hainer, chairman of the nominating committee. Wehkamp then 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.

In the president's report, Wehkamp explained the process Victory Electric's board took to hire a new CEO upon the retirement of Terry Janson.

Laws gave the CEO's report. He explained the importance of self-regulation and the upcoming vote to self-regulate.

Wehkamp gave the results of the election. Winners were: district 2, John Leis; district 4, Jim Imel; district 6, Kenny Wehkamp; and district 10, Randy Quint.

Wehkamp asked for old business. There being none, he asked for any new business. A question was asked about the electrician services division and why it had been shut down. CEO Laws answered the question.

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

Wehkamp thanked everyone for their attendance and participation and adjourned the 69th Annual Meeting at 8:15 p.m.

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.



Kenny Wehkamp
President
18 yrs. of service



John Leis
Vice President
10 yrs. of service



Pat Morse
Secretary/Treasurer
8 yrs. of service



Richard Lightner
Trustee
33 yrs. of service



Jim Imel
Trustee
28 yrs. of service



Ken Schulte
Trustee
8 yrs. of service



Cedric Drewes
Trustee
6 yrs. of service



Daryl Tieben
Trustee
6 yrs. of service



Randy Quint
Trustee
4 yrs. of service



Gary Gillespie
Trustee
3 yrs. of service



Terri Larson
Trustee
3 yrs. of service



Jim Ochs
Trustee
2 yrs. of service



“Victory Electric is proud to support the youth tour program and send local youth for an experience of a lifetime. Our hope is that local students will use the information and leadership skills obtained on these trips as inspiration to become leaders in the community.”

Shane Laws, CEO



2014 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 2014 winners will attend the annual meeting to share their experiences with you. The program is now in its 51st year, and we look forward to introducing you to the 2015 winners at the annual meeting.

During the Electric Cooperative Youth Tour, students join 1,600 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 **MACKENZY MEIS**, Cimarron; **ANDREA SANCHEZ**, Dodge City; and **CAMRYN WILLIAMSON**, Dodge City (pictured in the top left photo).

“Winners are selected every winter by Victory Electric from local high school applicants.”

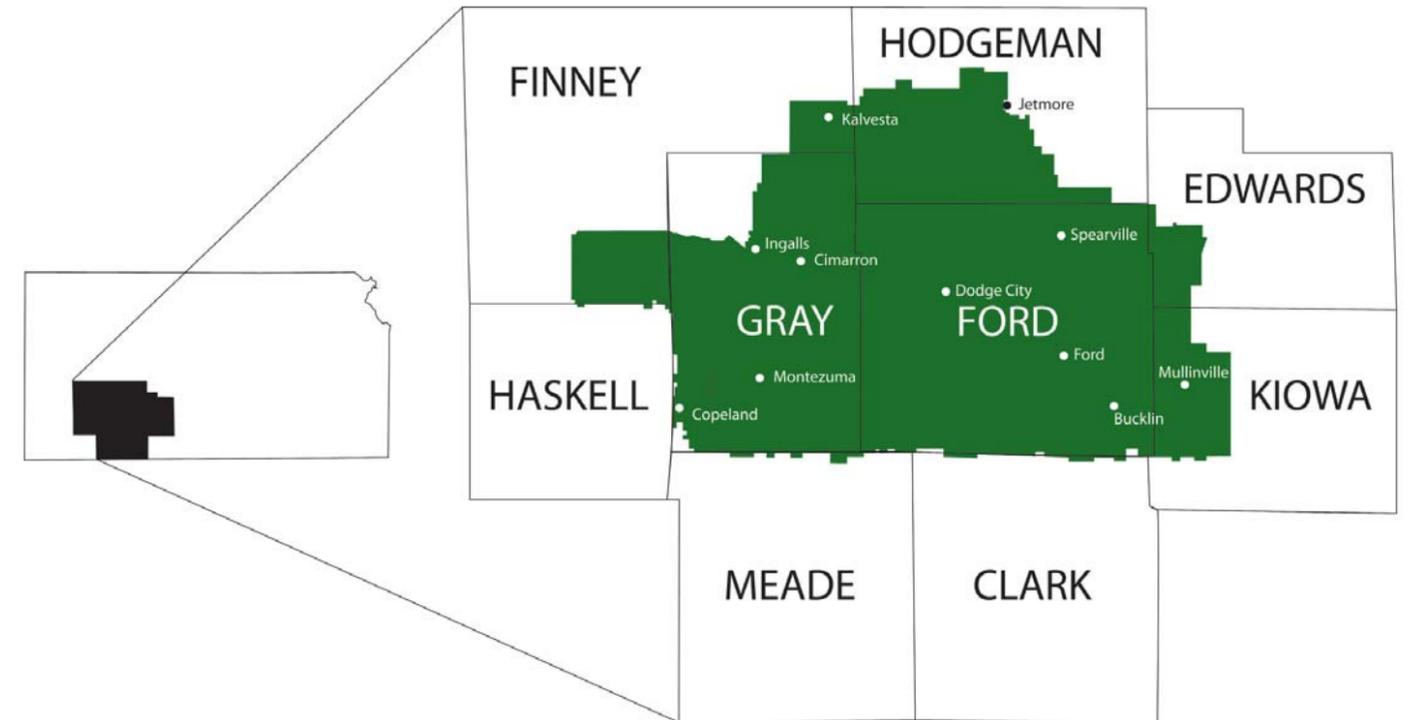
At Cooperative Youth Leadership Camp in Steamboat Springs, Colo., students join other youth from Colorado, Wyoming, Oklahoma and Kansas. Campers form a mock cooperative, participate in leadership activities, visit a power plant, and learn about the electric cooperative industry. Winning the camp trip were **MADISON SALMANS**, Hodgeman County; **ASHLEY BOHANNAN**, Ingalls; and **CAROLINA RAMIREZ**, Dodge City (pictured in the bottom photo).

Winners are selected every winter by Victory Electric from local high school applicants. Only high school juniors are eligible to apply. To win this trip, students are asked to submit a résumé with two short essays, two letters of recommendation, and interview with a panel of judges.

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WHERE WE SERVE

The majority of our service area is within the three counties of Ford, Gray and Hodgeman. Other counties partially served are Clark, Edwards, Finney, Haskell, Kiowa and Meade. We serve the members in all of the rural areas and cities with the exception of Montezuma and Cimarron, which are municipalities that we serve wholesale.



THIS IS YOUR REGISTRATION CARD PLEASE BRING IT TO THE ANNUAL MEETING

- Victory Electric’s annual meeting will be held on April 14, 2015, at the Western State Bank Expo Center, located at 11333 US Highway 283.
- Be sure to bring this registration card to the annual meeting and register at the door. Registration starts at 5:30 p.m.
- The meal will be served at 6 p.m.
- The business meeting starts at 7 p.m.

We look forward to seeing you there!

Quick Tips:

- 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.
- A registration gift will be given to the first 600 residential members who register at the annual meeting. Bring this card to redeem your gift. Limit of one gift per residential member.



A Touchstone Energy[®] Cooperative 

3230 North 14th Ave, Dodge City, Kansas 67801
Phone 800-279-7915 or 620-227-2139

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This is your registration card.
Please bring to the annual meeting on April 14.